MDxHealth®

Annual Report 2018

Improving patient outcomes by delivering molecular diagnostic solutions for urologic cancers

MDxHealth

MDxHealth is a leading multinational urologic healthcare company delivering innovative and disruptive molecular technologies to personalize the diagnosis and treatment of cancer.

Our tests assist healthcare professionals with the diagnosis, prognosis of recurrence risk, and prediction of therapeutic response to cancer .

ConfirmMDx for Prostate Cancer

ConfirmMDx is a non-invasive tissue test that helps urologists identify men at risk for aggressive prostate cancer who may benefit from a repeat biopsy despite having a prior negative prostate biopsy result, thereby improving the chance of early detection of clinically significant disease.

SelectMDx for Prostate Cancer

SelectMDx, is a non-invasive urine test which helps in the identification of men at increased risk for aggressive disease who would benefit from a prostate biopsy and early detection.

ConfirmMDx and SelectMDx are designed to improve the early detection of clinically significant prostate cancer, but more importantly, to reduce the unnecessary costs associated with the diagnosis and treatment of prostate cancer.

MDxHealth's US headquarters and laboratory operations are based in Irvine, California.

European headquarters are in Herstal, Belgium, with laboratory operations in Nijmegen, The Netherlands.
MDxHealth is listed on the Euronext Brussels stock exchange (Ticker symbol MDXH.BR)

Commercial strategy overview

- CLIA & CAP accredited lab
- Laboratory Developed Test (LDT)
- National Sales Force
- Established reimbursement

- ISO service lab
- CE-marked in-vitro diagnostic (IVD) kits
- European Sales Force
- Growing distributor network

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Message from the Chairman

Koen Hoffman

2018 was an important year for MDxHealth. Although we made progress in a number of areas of the business, we experienced some commercial challenges in the US and fell short of expectations in adoption of ConfirmMDx and associated revenue.

Dear Shareholders,

We have taken decisive action to address these challenges with new leadership and expect to return to consistent and sustainable growth across our product offering. We are singularly focused on execution in all operational disciplines and building value for all of our stakeholders. We remain very confident in the clinical and economic value of our offering as proven by our significant clinical data and customer adoption.

In February 2019 we were pleased to welcome Michael K. McGarrity as our Chief Executive Officer and member of the Board of Directors. Mike has more than 25 years of experience in the healthcare industry with a unique combination of device, diagnostics and biotechnology experience – most recently as CEO of Sterilis Medical and, prior to that, Nanosphere, where he engineered an operational and strategic turnaround that resulted in its successful sale to Luminex in 2016. Mike's experience, combined with his personal integrity and leadership qualifications, makes him ideal to take the helm of the Company, to maximize value for all of our stakeholders including patients, customers and shareholders.

We would also like to take this opportunity to thank Jan Groen, who over the last nine years has shaped MDxHealth into a leading global molecular diagnostics business in urology. I am pleased that Jan will continue to support the Company as an advisor to the board of directors.

While we were disappointed with our sales performance of ConfirmMDx, we firmly believe in the quality, market opportunity and growth potential of our product offering. Our view is that it isn't uncommon to experience an adoption curve like the one we have seen with ConfirmMDx. We also expect to see a crossover to the next stage of market adoption as we focus our sales and marketing efforts on building our clinical and coverage foundations of support. It should be noted that we have been particularly encouraged by the rapid growth and rates of adoption and clinical value understanding of SelectMDx, and we look forward to maintaining this momentum in the coming year.

By turning our operational focus solely to the Company's two core commercial products, ConfirmMDx and SelectMDx, we have been able to reduce our operating expenses and better focus our efforts to drive near term execution, cash conservation and secure the path towards profitability. However, we continue to believe that we have significant value and opportunity to expand our menu in our additional clinical applications for AssureMDx for Bladder Cancer two new products for prostate cancer, InformMDx and MonitorMDx. We believe these will provide significant value for the market and the company in the coming years.

We strongly believe that we have the foundation and demonstrated excellence in key areas of our business. We provide additional commentary and visibility to our near term and longer-term visions for the business as we expect to see stabilization and return to growth going forward.

It should be noted that while the majority of adoption and associated revenue has been driven by ConfirmMDx, we are very encouraged by the appetite and initial adoption of our SelectMDx product, the first available non-invasive liquid biopsy test for prostate cancer. In March 2018 we were pleased to announce the test's inclusion in the European Urology Association (EAU) clinical guidelines. The EAU guidelines assist clinicians in making informed treatment decisions, taking into account the available scientific data. The inclusion of SelectMDx in the EAU guidelines will enable adoption of the test in EU member states' specific guidelines and help drive payor adoption. We will continue to advance and accelerate coverage and reimbursement efforts for SelectMDx in the U.S. and Europe and look forward to reporting progress on this front.

Total normalized revenue for the year remained flat at $28.4 million. The majority of the Company's revenues were realised through sales of ConfirmMDx which accounted for 87% of total product and services revenue over the year.

Operating expenses for 2018 of $48.8 million increased by $6.3 million compared to 2017, mainly as a result of the increased selling expense in the U.S. However, we expect to reverse that spending in 2019 through our optimization and focus-driven reductions in operating expenses.

The Company held $26.2 million in cash at year end having successfully completed a $44 million (€36M) fundraise in March 2018.

We remain confident in the potential of our unique products to provide urologists with a clear clinical pathway to accurately identify high-grade prostate cancer whilst minimizing the use of invasive procedures. We believe this clinical pathway, with SelectMDx guiding cancer detection in a pre-biopsy setting and ConfirmMDx in a post-biopsy setting, will continue driving momentum and increase market share on all fronts. In the longer term, SelectMDx will continue to drive growth in the US and international markets. The Company is positive about the outlook for the current year and believes it can achieve a higher volume of genomic testing for both ConfirmMDx and SelectMDx.

I would like to close by thanking all our employees for their hard work and commitment, our partners and key scientific advisors for their continued support, our clinicians and patients, and our shareholders. This Company's path forward will require focus and execution as we deliver on the continued mission to bring our precision diagnostics to clinicians and patients around the globe.

Kindest Regards,

Belgium, 26 April, 2019

Koen Hoffman
Chairman of the Board of Directors

Strategy & Business Review

Key Figures 2018 (normalized)

	>39K	$28.4M	$32.1M	$-29.1M	Cash
	patients tested	total revenue	operating loss	EBITDA	collection increase
Growth compared to FY 2017	+18%	Equaling 2017 Normalized revenue	2017: $12.3m	2017: $-11.1	+15%

Thousands of $/ except per share amounts Years ended December 31	2018	2017
Services	27,710	28,162
Licenses	512	6,051
Royalties	116	6,295
Government grant income	59	-
Revenues	**28,397**	**40,508**
Cost of goods & services sold	-11,652	10,203
Gross profit	**16,745**	**30,305**
Research and development expenses	-4,280	3,505
Selling, general and administrative expenses	-44,798	39,142
Other operating income	261	71
Other operating expenses	-26	-3
Operating Loss (EBIT)	**-32,098**	**-12,274**
Financial income	21	10
Financial expenses	-414	-137
Loss before income taxes	**-32,491**	**-12,401**
Income taxes	41	113
Net Loss for the year from continuing operations	**-32,450**	**-12,288**
Loss for the year from discontinued operations	-	-
Loss for the year	**-32,450**	**-12,288**
Other comprehensive income		
Items that will be reclassified to profit or loss		
Exchange differences arising on translation of foreign operations	-2,408	1,923
Net result/loss for the year (net of tax)	**-34,858**	**-10,360**
Earnings per share (EPS) $		
Basic	-0.56	-0.25
Diluted	-0.56	-0.25
Number of outstanding shares	**59,939,289**	**49,949,408**
Total number of employees	**187**	**232**

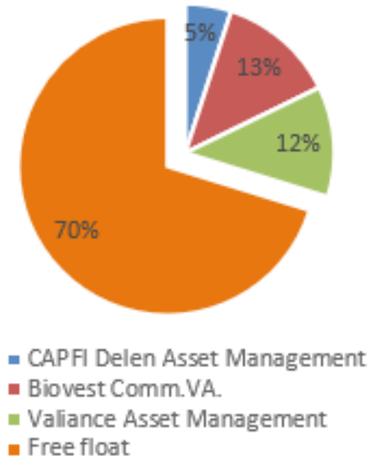
Share Facts 2018

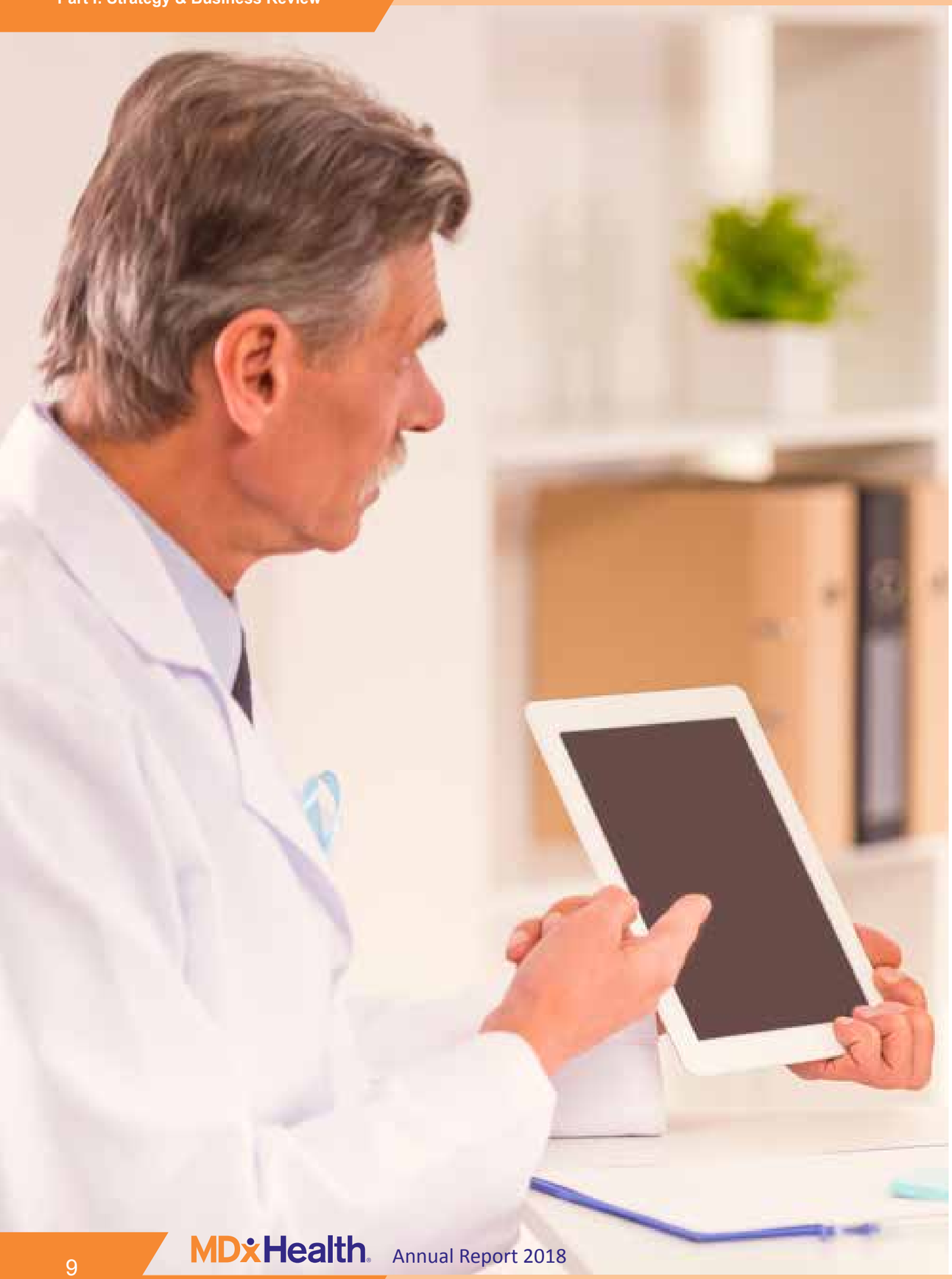
Stock exchanges	Euronext: MDXH.BR OTC: MDXDHF
Total shares outstanding	**59,929,289**
52 week range	€ 1.37 - 4.03
Market cap	**€ 110.9 million**
Analyst coverage	US: - Taglich Brothers EU: - Kempen - KBC - Degroof Petercam

Following the capital increase that was completed on 26 March 2018 by means of a private placement through an accelerated book building procedure, the share capital has increased from € 39,844,140.38 to € 47,813,068.45 and the number of issued and outstanding shares has increased from 49,949,408 to 59,939,289 ordinary shares, through the issuance of a total of 9,989,881 new shares.

Shareholders

Situation after Capital Increase





Business Model

MDxHealth provides service testing in the USand Europe with the ambition of providing in vitro diagnostic kits globally to hospitals and laboratories.

Strategy and mission

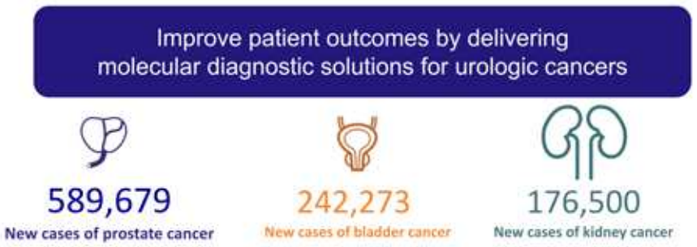
MDxHealth is a multinational healthcare company listed on the Euronext Brussels stock exchange, delivering personalized genomic technologies to improve the diagnosis and treatment of cancer. Our tests are based on proprietary genomic, epigenetic (methylation) and other molecular technologies that assist healthcare professionals with the diagnosis of urologic cancers, prognosis of recurrence risk, and prediction of therapeutic response.

MDxHealth currently offers our laboratory solutions from a 13,444sq. ft. College of American Pathology (CAP)-accredited and Clinical Laboratory Improvement Amendments of 1988 (CLIA), molecular laboratory facility located at our US headquarters in Irvine, California and through our state-of the-art 7,534 sq. ft. diagnostic facilities at the Novio Tech Campus in Nijmegen, The Netherlands.

California, USA

Nijmegen, The Netherlands

Our Focus



MDxHealth's world leading urology focused molecular diagnostic solutions position the Company to capitalize on two critical global trends in healthcare: the ever-growing need for early detection and, cost-effective solutions for diagnosing, monitoring and treating cancer. Our suite of commercial products address these needs in a market which is currently estimated at $ 4.2 billion and is expected to grow by 7% to 4.6 billion in 2022.

MDxHealth's tests employ advanced genomic and bioinformatic technologies to assist healthcare professionals with the diagnosis of cancer, prognosis of recurrence risk, and prediction of response to a specific therapy. Our goal is to deliver on the promise of precision medicine.

Over the past decade, MDxHealth has assembled a world- class scientific team and acquired unique experience in the application of Next-Generation and Deep Sequencing technologies for the identification and validation of life- changing biomarkers.

MDxHealth is employing machine learning techniques to leverage artificial intelligence (AI) for the development of novel genomic signatures which can improve the company's ability to detect cancer earlier, while there is the best opportunity for cure, and to help determine the most appropriate treatment regimen for an individual cancer patient.

MDxHealth has also partnered with leading academic institutions, pharmaceutical companies and other industry leaders to develop and validate diagnostic, prognostic and predictive tests on a variety of sample types, including tissue, sputum, urine and blood, to provide the least invasive approach to addressing a specific cancer type. Through these external collaborations, internal development efforts, in-licensing and acquisition, we have built a robust pipeline of biomarkers which address prostate, bladder, colorectal, lung, breast and brain cancers, among many others.

We continue to collaborate with the pharmaceutical industry on potential companion diagnostics, while we have out-licensed certain biomarkers which fall outside of our core focus.

Molecular (onco)pathology is the fastest growing segment in diagnostics, growing at a 3 year CAGR of 14%. Molecular Diagnostics generated $6B in market revenue in 2016. At MDxHealth our strategic focus is on urology, developing proprietary molecular diagnostic tests for prostate, bladder, kidney and other cancers that aid in early diagnosis, prognosis of aggressiveness and monitoring treatment response.

Our Business

Business Highlights 2018

SelectMDx for Prostate Cancer

Inclusion in European Urology Guidelines and launch of IVD PCR Kit

18,800	Patients tested
Global	Volume up 61%
12	New payor contracts
26	Total number of payor contracts
8	New European distribution agreements
10	Clinical studies and abstracts published in peer reviewed papers

ConfirmMDx for Prostate Cancer

Inclusion in European Urology Guidelines

20,300	Patients tested
18	New payor contracts
80	Total number of payor contracts
2	Integrated Health Systems contracts
6	Clinical publications and abstracts

Overview 2018

2018 Business Review and refocus strategy in 2019

Although good operational progress was made during the first half of 2018 with double-digit growth of overall clinical testing volumes, and we continued to deliver on our four stated strategic objectives, in the latter part of the year the company was confronted with commercial challenges, hampering the growth of ConfirmMDx. Total US test volume in 2018 was 20,300, compared to 21,700 in 2017. Quarter over quarter test volume grew by 11% to 4,796 in Q4 from 4,329 in Q3 of 2018.

Following a strategic evaluation in the fourth quarter, the company launched a, targeted, commercial plan in December 2018. This plan was designed to drive the company's operating footprint, laying the foundation for renewed and sustainable revenue growth. MDxHealth decided to increase the strategic focus on its two commercial products SelectMDx and ConfirmMDx, while reducing operating expenses. In addition MDxHealth chose to delay certain product pipeline initiatives.

Also the further commercial roll-out of AssureMDx for Bladder Cancer has been delayed, pending the expected completion of US validation and health economic studies. Additionally, planned investments in the two new products for prostate cancer, InformMDx and MonitorMDx, have been delayed.

ConfirmMDx

During 2018, MDxHealth focused on increasing adoption and acceptance of ConfirmMDx in the US with a concentration on private payors. In 2018 A unique CPT-code was assigned to ConfirmMDx, as well as a newly-issued positive final Local Coverage Determination (LCD) by Medicare (Palmetto GBA) in July 2018.

In 2018, an additional 18 new US payor contracts for ConfirmMDx were signed, bringing the total number of contracted payors to 80. Six new US positive coverage commercial policies were issued, bringing the total to 36.

The company announced the completion of a multicenter clinical validation supporting use of ConfirmMDx in African American men at risk of aggressive cancer missed by prostate biopsy. Data of this study were published in the journal Urology.

In early 2018, data were published in the journal The Prostate on the performance of ConfirmMDx biomarkers in blood samples to help guide personalized treatment of castration-resistant prostate cancer (CRPC) patients. Data published in the Journal of Clinical Oncology also showed the potential of ConfirmMDx biomarkers in urine samples from patients with an initial negative biopsy. These two clinical applications extend the potential of MDxHealth's biomarkers to the liquid biopsy market space.

SelectMDx

MDxHealth's focus during 2018 was to drive market penetration, both in the US and Europe, as a result of the on-going roll out of SelectMDx.

Total test volume grew 61% globally to over 18,800 in 2018, compared to 11,700 in 2017. EU test volume was 66% higher to over 5,100 patients tested compared to 3,100 in 2017. US test volume growth was 60%.

In the US, twelve additional payor contracts were signed including the Government Services Administration (GSA), making SelectMDx available to federal, state and local government buyers, bringing the total number of payors in the US to 26 since the product launch in mid-2016.

In March 2018, SelectMDx was included in the 2018 European Association of Urology (EAU) guidelines. The EAU guidelines assist clinicians in making informed treatment decisions, taking into account the available scientific data. The inclusion of SelectMDx in the EAU guidelines will enable adoption of the test in EU member states specific guidelines and contribute to drive payor adoption.

In April 2018 SelectMDx was included in the Dutch Diagnosis Related Groups (DRG) reimbursement system. This also served as an important step in the company's strategy to increase the adoption and acceptance of the SelectMDx CE marked test in Europe among urologists and payors.

MDxHealth has executed contracts with European and Middle-East distributors. In addition US and EU health economic studies were published showing that routine use of SelectMDx in clinical practice would result in better outcomes for patients and in combined savings of nearly US$1 billion for health care providers.

In addition, ten peer-reviewed scientific papers and abstracts have been published, including a clinical utility study in the journal Urology Practice. Existing research shows that survival rates for patients are better when intermediate and high-risk prostate cancers are caught earlier. However, the low specificity of PSA screening, which is the current standard of care, often leads to unnecessary invasive prostate biopsies and the 'over-detection' of lower-risk cancers, which may not benefit from costly treatment.

SelectMDx was shown to have a significant impact on initial prostate biopsy decision-making. SelectMDx-positive men, who are more likely to benefit from treatment, were five times more likely to receive a biopsy than SelectMDx-negative men. In the subset of patients biopsied within three months of receiving test results, high-grade cancers were discovered only in the SelectMDx-positive men, with none of the SelectMDx-negative patients biopsied within three months of testing being diagnosed with a clinically-significant disease.

AssureMDx for Bladder Cancer

AssureMDx is a newly developed non-invasive urine test that offers to improve the identification of patients at increased risk for bladder cancer who will benefit from further clinical evaluation. The test delivers a negative predictive value (NPV) of 99% for bladder cancer, helping to reduce the need for unnecessary invasive cystoscopy procedures by up to 77%, thereby reducing healthcare costs

The further commercial rollout of AssureMDx will be postponed, until the expected completion of the US validation and health economic studies to support reimbursement.

Private placement

In March, the Company raised US$44.0 million (€36.0 million) in gross proceeds by means of a private placement of 9,989,881 new shares at an issue price of € 3.60 per share.

Partnerships

In March, MDxHealth broadened its existing license with LabCorp (Laboratory Corporation of America) for rights to certain patents owned and controlled by MDxHealth relating to the MGMT biomarker. The MGMT biomarker test is companion diagnostics test for Glioblastoma (GBM), a rare form of brain cancer. The MGMT test is included in the NCCN guidelines and has its own unique CPT reimbursement code. Under the terms of the expanded license agreement, which previously covered the US and Canada only, but is now worldwide. This test is predominantly used for pharmaceutical service testing.

In June, MDxHealth launched an exclusive worldwide licensing agreement with Royal Philips NV for the use of the rights to manufacture and market prognostic biomarker PDE47, paving the way for finalization of development of InformMDx® for Prostate Cancer, a new tissue-based molecular test to stratify patients with a low or indeterminate Gleason score to predict the risk of disease progression. MDxHealth anticipates that InformMDx will provide actionable information to help clinicians guide post-biopsy treatment decisions at the time of diagnosis, as well as post-surgical treatment decisions following prostatectomy. In the US alone, over 150,000 patients per year could benefit from the InformMDx test.

Post period events

In early 2019 MDxHealth signed an exclusive partnership agreement with LifeLabs to make SelectMDx® available in Canada.

Positive data for SelectMDx and ConfirmMDx were presented at the American Society of Clinical Oncology Genitourinary Cancers Symposium (ASCO GU), California, February 14-16 2019.
These presented data demonstrated:

- Annual cost savings of nearly $500 million when SelectMDx is used prior to multiparametric magnetic resonance imaging (mpMRI) for the identification of US patients at high risk of aggressive prostate cancer;
- SelectMDx outperforms the Prostate Health Index (Phi) blood test for the detection of clinically significant prostate cancer prior to prostate biopsy;
- A retrospective validation of SelectMDx in German patients confirms robust clinical performance;
- Clinical utility study demonstrates that ConfirmMDx had a significant positive impact on repeat prostate biopsy decision-making.

Data showing SelectMDx for Prostate Cancer urine test outperforms the Prostate Health Index (phi) blood test were presented at the 29th Annual International Prostate Cancer Update (IPCU) meeting in Beaver Creek, Co, January 24-27, 2019.

2019 outlook

The Company remains confident in the potential of its two complementary commercial stage products to provide urologists with a clear clinical pathway to accurately identify clinically significant prostate cancer whilst minimizing the use of invasive procedures. We believe this clinical pathway, with SelectMDx guiding cancer detection in a pre-biopsy setting and ConfirmMDx in a post-biopsy setting, will continue driving momentum and increase market share on all fronts. In the longer term, we expect SelectMDx to continue to drive growth in the US and international markets.

Growth in 2019 and beyond will benefit from:

- Completion of the dossier for SelectMDx to file for Medicare coverage;
- Increasing private payor adoption and securing favorable reimbursement rates for ConfirmMDx and SelectMDx in the US, which should improve collections
- Enhanced visibility and clinical utility of the Company's product portfolio through publication of peer-review articles, including:
- a prospective clinical study combining SelectMDx with mpMRI;
- a EU and US clinical validation study for SelectMDx, a health economic study comparing SelectMDx with mpMRI;
- An evaluation of ConfirmMDx and multiparametric MRI in patients with prior negative prostate biopsy.

Part I: Strategy & Business Review

2018

Financial Review

The review of the Company's financial condition and results of operations pertains to the Company's consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) as adopted by the EU. The financial statements can be found below in Part IV of the present report.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2018 COMPARED TO YEAR ENDED DECEMBER 31, 2017

Revenues and Income

Total normalized revenue for the year ended December 31, 2018 was little changed at $28.4 million, compared to $28.4 million a year earlier. Including the one-time sale of the Company's patents to Exact Sciences in 2017, total revenue was $28.4 million for the year ended December 31 compared with $40.5 million a year earlier. ConfirmMDx remained the lead product and accounted for 87% of total product and services revenue. The reduction of ConfirmMDx's contribution to 87% in 2018 from 91% in 2017 also reflects continued strong growth of SelectMDx, both in the US and in Europe. Test volumes for SelectMDx grew by more than 61%, and accounted for 48% of global volumes. The lower price point of SelectMDx compared to ConfirmMDx and the early stage of payor adoption however limited revenue for SelectMDx to approximately $2.4 million, an increase of 30% year-on-year.

Revenue recognized on the sales of ConfirmMDx and SelectMDx represented 51% of total gross billings, same to 2017, with a marginal improvement in the revenue recognition rate for ConfirmMDx being offset by the lower rate applicable to the fast-growing test volumes of SelectMDx.

Cost of goods and services sold

The cost of goods includes royalties that MDxHealth must pay to third parties and the costs associated with providing testing services to third parties. Cost of goods sold for 2018 came in at $11.7 million, compared to $10.2 million in 2017. The gross profit margin on products and services decreased from 75% in 2017 to 58% as a result of SelectMDx increasing as a percent of total volume and greater overhead being attributed to COGS, partially offset by continued efficiency improvements in the laboratory.

Research and development expenses

The Company continued to validate the clinical utility of its expanded offering through clinical trials and publications. Research and development expenses amounted to $4,280 thousand in 2018 compared to $3,505 thousand in 2017.

The increase by 22% directly resulted from reduction of capitalizing development expenses associated with the Company's tests in 2018. Including capitalized expenses, R&D expenditure amounted to $5,092 thousand compared to $5,350 thousand in 2017.

Thousands of $/ For the years ended December 31	*2018*	*2017*
Personnel costs	1,293	1,089
Lab consumables	726	474
External research and development collaborator fees	927	692
Depreciation and amortization	1,177	589
Other expenses	157	661
Total R&D expenses	**4,280**	**3,505**

Selling, general and administrative expenses

Operating expenses for 2018 of $44.8 million increased by $5.6 million compared to 2017, mainly as a result of the accelerated expansion of the sales force and the management team in the US to address the mounting market opportunity for its robust portfolio of molecular diagnostic tests for urology. The details of administrative and selling expenses is as follows:

Thousands of $/ For the years ended December 31	*2018*	*2017*
Personnel costs	27,778	24,031
Depreciation	1,760	1,605
Professional fees	4,728	4,183
Marketing expenses	5,227	3,592
Travel expenses	2,389	1,641
Offices & facilities expenses	1,461	1,926
Royalties to third parties	307	520
Patent expenses	603	165
Other expenses	545	1,479
Total selling, general and administrative expenses	**44,798**	**39,142**

Financial results

The financial results largely related to the revaluation of the contingent consideration related to the acquisition of NovioGendix in 2015, for a total of $113 thousand in 2018, and $17 thousand in 2017. Other financial losses relate to bank costs incurred during the year.

Net loss

EBITDA for the year decreased by $18.6 million as the loss increased from $12.3 million in 2017 to $32.5 million.

LIQUIDITY, WORKING CAPITAL, AND CAPITAL RESOURCES FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Year ended December 31, 2018

Cash and cash equivalents stood at $26.2 million at December 31, 2018, compared to $16.8 million at December 31, 2017. The net proceeds from new financing of $42.4 million were offset by an operational cash burn of $28.4 million, $2.4 million of unfavorable foreign exchange translation effects, and investments in tangible and intangible assets of $1.4 million. Cash collections from ConfirmMDx and SelectMDx only amounted to $26.5 million, 15% more than a year earlier.

Year ended December 31, 2017

Cash and cash equivalents stood at $16.8 million at December 31, 2017, compared to $30.8 million at December 31, 2016. The gross proceeds from the sale of patents to Exact Sciences of $15.0 million, net new financing of $0.6 million and $1.9 million of favorable foreign exchange translation effects were offset by an operational cash burn of $25.5 million, the non-recurring payment of royalties and milestones of $1.1 million and investments in tangible and intangible assets of $4.9 million. Cash collections from ConfirmMDx and SelectMDx amounted to $23.1 million, 17% more than a year earlier. The unique ConfirmMDx CPT code, effective January 2018, is expected to further streamline the Company's reimbursement efforts and significantly reduce collection periods.

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Part II: Corporate Governance

Part II:

Corporate Governance

This section summarizes the main rules and principles of MDx-Health's Corporate Governance Charter. The complete Corporate Governance Charter is available on the MDxHealth website, at http://www.mdxhealth.com/shareholder-information

The Company's corporate governance charter was adopted in accordance with the recommendations set out in the Belgian Corporate Governance Code 2009 (the "2009 Code"), issued on March 12, 2009 by the Belgian Corporate Governance Committee (replacing the 2004 edition). The Corporate Governance Charter forms an integral part of this Report of the Board of Directors. MDxHealth has adopted the 2009 Code as its reference code. It complies to a large extent with the provisions of the 2009 Code, but believes that certain deviations are justified in view of the Company's specific situation. In line with the "comply-or-explain" principle of said 2009 Code, MDxHealth does not fully comply with the following provisions:

- Given the size of the Company, no internal audit function exists at this time.
- According to provision 7.7 of the 2009 Code, Non-Executive Directors should not be entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits. The Board of Directors is however of opinion that this provision of the 2009 Code is not appropriate and adapted to take into account the realities of companies in the life sciences industry that are in a development and growth phase, such as MDxHealth. Notably, the ability to remunerate independent and other Non-Executive Directors with warrants allows to limit the portion of remuneration in cash that MDxHealth would otherwise need to pay to attract or retain renowned experts with the most relevant skills, knowledge and expertise. All Non-Executive Independent Directors nominated before the May 2017 annual general shareholders' meeting have been awarded warrants to subscribe for shares of the Company.

The performance and functioning of the Board of Directors, its committees, and the Executive Management team are summarized below.

Part II: Corporate Governance

Board of Directors

The Board of Directors' role is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed. The Board of Directors acts as a collegiate body. Pursuant to the Belgian Company Code and the articles of association of the Company, the Board of Directors should be composed of at least three Directors. In accordance with the principles of corporate governance, the Board of Directors will, to the extent possible, be composed of at least five Directors of which at least three Directors are Independent Directors. To the extent possible, at least half of the Board shall consist of Non-Executive Directors. Currently, the Board of Directors comprises 7 Directors, of which 4 are Independent Directors and 2 are Non-Executive Directors. The Directors of the Company are appointed by the general shareholders' meeting.

The Company's Board of Directors strives to maintain a well-balanced general diversity at the Board of Directors. Currently, there are 2 female Directors among a total of 7 Board members (representing a ratio of 28.6% female Directors against 71.4% male Directors). The Belgian Company Code provides that by January 1, 2017, at least one third of the members of the Board of Directors had to be of the opposite gender. The deadline to comply with this obligation was January 1, 2019 for companies that meet on a consolidated basis at least two of the following criteria: (a) an average number of employees of less than 250; (b) a balance sheet total of €43 million or less; and (c) an annual turnover of €50 million or less. The Company complies with at least two of these criteria. In order to calculate the required number of directors of a different gender, fractions must be rounded to the nearest whole number, which means that the Company's board in its current composition must include at least 2 female directors. The Company met the one-third gender diversity requirement by January 1, 2018 and is still complying with such requirement at the date of this Annual Report.

The Board of Directors is a collegial body, and deliberates and makes decisions as such. Excluding the Board committee meetings, the Board of Directors met [8] times throughout 2018. All Directors were present or represented at these [8] meetings.

Chairman

The chairman of the Board of Directors is responsible for the leadership of the Board of Directors. The chairman takes the necessary measures to develop a climate of trust within the Board of Directors, contributing to open discussion, constructive dissent and support for the decisions of the Board of Directors. The chairman promotes effective interaction between the Board and the executive management. The chairman establishes a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO.

The Board of Directors appoints a chairman amongst the Non-Executive Directors. Currently, Ahok BVBA, with Mr. Koen Hoffman as permanent representative, is the chairman of the Board of Directors. Mr. Hoffman assumed the role of Board chair in 2018.

Independent Directors

The four Independent MDxHealth Directors listed in the table below meet at least the criteria set out in article 526ter of the Belgian Company Code, which can be summarized as follows:

- Not being an executive member of the board of directors, exercising a function as a member of the executive management or as a person entrusted with daily management of the Company or a company or person affiliated with the Company, and not having been in such a position during the previous five years before his or her nomination.
- Not having served for more than three terms as a non-executive director of the board of directors, without exceeding a total term of more than twelve years.
- Not being an employee of the senior management (as defined in article 19, 2° of the Belgian Act of September 20, 1948 regarding the organisation of the business industry) of the Company or a company or person affiliated with the Company and not having been in such a position for the previous three years before his or her nomination.
- Not receiving, or having received, any significant remuneration or other significant advantage of a financial nature from the Company or a company or person affiliated with the Company, other than any bonus or fee (tantièmes) he or she receives or has received as a non-executive member of the board of directors.
- Not holding (directly or via one or more companies under his or her control) any shareholder rights representing 10% or more of the Company's shares or of a class of the Company's shares (as the case may be), and not representing a shareholder meeting this condition.
- If the shareholder rights held by the director (directly or via one or more companies under his or her control) represent less than 10%, the disposal of such company's share or the exercise of the rights attached thereto may not be subject to contracts or unilateral undertakings entered into by the director. The director may also not represent a shareholder meeting this condition.
- Not having, or having had within the previous financial year, a significant business relationship with the Company or a company or person affiliated with the Company, either directly or as partner, shareholder, member of the board of directors, member of the senior management (as defined in article 19, 2° of the aforementioned Belgian Act of 20 September 1948) of a company or person who maintains such a relationship.
- Not being or having been within the last three years, a partner or employee of the current or former statutory auditor of the Company or a company or person affiliated with the current or former statutory auditor of the Company.
- Not being an executive director of another company in which an executive director of the Company is a non-executive member of the board, and not having other significant links with executive directors of the Company through involvement in other companies or bodies.
- Not being a spouse, legal partner or close family member (by marriage or birth) to the second degree of a member of the board of directors, a member of the executive management, a person charged with the daily management, or a member of the senior management (as defined in Article 19, 2 of the aforementioned Belgian Act of September 20, 1948) of the Company or a company or person affiliated with the Company, or of a person who finds him or herself in one or more of the circumstances described in the previous bullets.

Composition of the Board of Directors

The table below describes the composition of the Board of Directors as of the date of this Annual Report.

Name	Age on Dec 31, 2018	Position	Term Start	Term End[1]	Professional Address
Ahok BVBA, represented by **Mr. Koen Hoffman**	50	Chairman, Non-Executive Independent Director	2018	2021	
Mr. Michael K. McGarrity	55	Executive Director	2019	2021	15279 Alton Pkwy Ste 100 rvine, CA 92618 USA
Gengest BVBA, represented by **Mr. Rudi Mariën**	73	Non-Executive Director	2017	2021	Karel van de Woestijnestraat 1-3, 9000 Gent, Belgium
Lab Dx L.L.C., represented by **Mr. Walter Narajowksi**	65	Non-Executive Independent Director	2016	2020	CAP Business Center Rue d'Abhooz, 31 4040 Herstal, Belgium
Valiance Advisors LLP, represented by **Mr. Jan Pensaert**	47	Non-Executive Director	2018	2021	Lilly House 13 Hanover Square London W1S 1HN United Kingdom
Qaly-Co BVBA, represented by **Dr. Lieve Verplancke**	59	Non-Executive Independent Director	2017	2021	Dikkemeerweg 54 1653 Dworp, Belgium
Hilde Windels BVBA, represented by **Ms. Hilde Windels**	53	Non-Executive Independent Director	2017	2020	Kasteellaan 89 9000 Gent - Belgium

Notes:

(1) The term of the mandates of each Director will expire immediately after the annual general shareholders' meeting held on the last Thursday of the month of May in the calendar year indicated.

(2) In 2018, Mrs. Ruth Devenyns, as permanent representative of Hasseltberg BVBA, was Non-Executive Independent Director (until her resignation effective as of 31 August 2018). In addition, Dr. Jan Groen was Executive Director during the entire year 2018 (Dr. Jan Groen resigned as Director effective as of February 18, 2019).

Koen Hoffman obtained a Master in Applied Economics and an MBA at Vlerick Business School. Between 1992 and July 2016, he was active at KBC Group in which he started his career in the corporate finance department and later became the CEO of KBC Securities as from October 2012. Since August 2016, he is the CEO of Value Square asset management. Mr Koen Hoffman serves also as board member at Fagron (Chairman),Greenyard (chairman) Mithra Pharmaceuticals and SnowWorld.

Mr. Michael K. McGarrity has more than 25 years of experience in the healthcare industry with a unique combination of device, diagnostics and biotechnology experience. Michael was most recently the CEO of Sterilis Medical. Prior to Sterilis Michael was the CEO of Nanosphere (NASDAQ: NSPH), a nanotechnology-based molecular diagnostics company, where he engineered an operational and strategic turnaround that resulted in its successful sale to Luminex (NASDAQ: LMNX) in 2016. Prior to Nanosphere, McGarrity spent 13 years at Stryker Corporation (NYSE: SYK).

Mr. Rudi Mariën is President and Managing Director of Gengest BVBA and Biovest CVA. He was the Vice President of Cerba European Lab. Through his management company, Gengest BVBA, Mr. Mariën has Board mandates in different listed and private biotech companies. Mr. Mariën was co-founder, reference shareholder and Chairman of Innogenetics, and has been the founder, shareholder and Managing Director of several clinical reference laboratories including the Barc Group, a leading international centralized clinical laboratory, exclusively dedicated to pharmaceutical studies. Mr. Mariën holds a degree in pharmaceutical sciences from the University of Gent, and is specialized in clinical biology.

Mr. Walter Narajowski has over 25 years of executive and board level experience in the diagnostic industry. Until the end of 2015, Mr. Narajowski served as Senior Vice President and General Manager at Roka Bioscience (NASDAQ: ROKA) in San Diego. Previously, Mr. Narajowski was CEO of Pathway Diagnostics, a biomarker development and testing company, which was subsequently sold to Quest Diagnostics. Prior to Pathway, Mr. Narajowski served as Vice President and General Manager of Focus Diagnostics, an infectious disease CLIA reference laboratory and diagnostic product business. The majority of Mr. Narajowski's career was with Abbott Laboratories where he served as Vice President, General Manager of critical care products, vice president, general manager of the infusion pump business, General Manager of physician office diagnostics, and a Director of research and development. Mr. Narajowski received his MS in bioengineering from the University of Utah, and his BS in electrical engineering from the Illinois Institute of Technology.

Mr. Jan Pensaert is the founder and CEO/CIO of Valiance Advisors LLP, a specialist investment business with offices in London and Guernsey, formed in 2008. From 2003 to 2007, he was CEO of La Fayette Investment Management, a leading fund of hedge funds, where he was responsible for the overall business management of the firm, as well as second member of the investment committee. Prior to La Fayette, Mr. Pensaert was responsible for the European-based investment management and research activities of the Permal Group (assets under management of $10 billion at the time) from 2001-2003. Prior to that, he was active at Lazard in Corporate Finance M&A, where he advised on transactions with a total value of more than $40 billion. He holds a BA in Business Economics from the University of Gent, Belgium, and a Masters in Banking & Finance from the University of Aix-Marseille.

Lieve Verplancke MD a Belgian national, began her career in 1984 with The Beecham Group (now part of GlaxoSmithKline), and has since held key management positions with Merck & Co., as well as Bristol-Myers Squibb, where she served as Managing Director, leading their Belgian/GDL subsidiary, until 2012. Ms. Verplancke has also served as a Board Member for Brussels-based Europe Hospitals; the Imelda Hospital in Bonheiden; and the Euronext fund, Quest for Growth and Materialise. She is also the Founder and Managing Director of Qaly@Beersel, an elderly care center in Belgium. In addition to being a medical doctor (MD – KULeuven University), Ms. Verplancke holds a postgraduate degree in Economics and an MBA from the University of Antwerp. She has also completed courses at INSEAD, CEDEP, Co- lumbia University and the Vlerick Business School, and is a certified Executive Coach (PCC).

Hilde Windels is the CEO of Mycartis and has 20 years of experience in the biotechnology sector with a track record of building and structuring organizations, fundraising, M&A, public capital markets and corporate strategies. At Biocartis, she was CEO ad interim and Deputy CEO from September 2015 until September 2017 and CFO from 2011 until September 2015. Previously, Mrs. Windels worked as independent CFO for several private biotech com- panies and from 1999 to 2008 she was CFO of Devgen. Currently, Mrs. Windels also serves as a board member at EryTech, Celyad and Biocartis. In the past, she also served on the boards of Devgen, MDxHealth and FlandersBio. Mrs. Windels holds a Masters in Economics from the University of Leuven, Belgium.

In 2019, the Company announced that the Board of Directors initiated a search for new independent Directors with relevant U.S. industry experience.

Committees of the Board of Directors

The Board of Directors of MDxHealth has set up two permanent committees, the audit committee and the nomination and remuneration committee. The committees are advisory bodies only and the decision-making remains within the collegial responsibility of the Board of Directors.

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Audit Committee

MDxHealth has had an audit committee in place since the Company's inception. According to applicable law, MDxHealth would meet the size criteria in order to operate without a separate audit committee, but the Company has chosen to continue operating with a separate audit committee.

MDxHealth's audit committee must be composed of at least three members and is limited to Non-Executive Directors who have a collective competence in the business of the Company. The committee appoints a chairman amongst its members. The chairman of the Board of Directors should not chair the committee. A majority of its members should be Independent Directors The audit committee must include amongst its members at least one Independent Director with the necessary competence in auditing and accounting, which is and has always been the case for MDxHealth's audit committee.

The role of the audit committee is to assist the Board of Directors in fulfilling its financial, legal and regulatory monitoring responsibilities. The committee reports regularly to the Board of Directors on the exercise of its duties, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken. The audit review and the reporting on that review cover the Company and its subsidiaries as a whole.

The specific tasks of the audit committee are outlined in the Company's governance charter and include the following:

- to inform the Board of Directors of the result of the audit of the financial statements and the manner in which the audit has contributed to the integrity of the financial reporting and the role that the audit committee has played in that process;
- to monitor the financial reporting process, and to make recommendations or proposals to ensure the integrity of the process;
- to monitor the effectiveness of the Company's internal control and risk management systems, and the Company's internal audit process and its effectiveness;
- to monitor the audit of the annual statutory and consolidated financial statements, including the follow-up questions and recommendations by the statutory auditor and, as the case may be, the auditor responsible for the audit of the consolidated financial statements;
- to assess and monitor the independence of the statutory auditor and, as the case may be, the auditor responsible for the audit of the consolidated financial statements, in particular with respect to the appropriateness of the provision of additional services to the Company; and to make recommendations to the Board of Directors on the selection, appointment and remuneration of the Company's statutory auditor in accordance with article 16 § 2 of Regulation (EU) No 537/2014.

The following Non-Executive Directors were members of the audit committee in 2018: Hilde Windels BVBA, represented by its permanent representative, Ms. Hilde Windels (chair), for the entire 2018 calendar year, assuming the role of Chair following the resignation of Hasseltberg BVBA, represented by Mrs Ruth Devenyns from the Board in August 2018, Qaly-Co BVBA, represented by its permanent representative, Dr. Lieve Verplancke, following the resignation from the Audit Committee by Valiance Advisors LLP, represented by Mr. Jan Pensaert in November 2017. As required by law, the chair of the audit committee is competent in accounting and auditing, as is evidenced by her role as the chief financial officer of multiple life sciences companies, including most recently at Biocartis SA.

The audit committee is a collegial body, and deliberates and makes decisions as such. The audit committee met 3 times in 2018. All members of the audit committee were present or represented at all meetings.

Nomination and Remuneration Committee

MDxHealth's nomination and remuneration committee must be composed of at least three members and must be composed exclusively of Non-Executive Directors who have the necessary competence in terms of remuneration policy. A majority of its members should be Independent Directors. The committee appoints a chairman amongst its members. The chairman of the Board of Directors can chair the committee, but should not chair the committee when dealing with the designation of his successor. The CEO should participate in the meetings of the committee when it deals with the remuneration of other executive managers.

The role of the remuneration and nomination committee is to make recommendations to the Board of Directors with regard to the appointment and remuneration of Directors and members of the executive management and, in particular, to:

- identify, recommend and nominate, for the approval of the Board of Directors, candidates to fill vacancies in the Board of Directors and executive management positions as they arise. In this respect, the remuneration and nomination committee must consider and advise on proposals made by relevant parties, including management and shareholders;
- advise the Board of Directors on any proposal for the appointment of the chief executive officer and on the chief executive officer's proposals for the appointment of other members of the executive management;
- draft appointment procedures for members of the Board of Directors and the chief executive officer;
- ensure that the appointment and re-election process is organized objectively and professionally;
- periodically assess the size and composition of the Board of Directors and make recommendations to the Board of Directors with regard to any changes;
- consider issues related to succession planning;
- make proposals to the Board of Directors on the remuneration policy for Directors and members of the executive management and the persons responsible for the day-to-day management of the Company, as well as, where appropriate, on the resulting proposals to be submitted by the Board of Directors to the shareholders' meeting;
- make proposals to the Board of Directors on the individual remuneration of Directors and members of the executive management, and the persons responsible for the day-to-day management of the Company, including variable remuneration and long-term incentives, whether or not share-related, in the form of share options or other financial instruments, and arrangements on early termination, and where applicable, on the resulting proposals to be submitted by the board of directors to the shareholders' meeting;
- prepare a remuneration report to be included by the Board of Directors in the annual corporate governance statement;
- present and provide explanations in relation to the remuneration report at the annual shareholders' meeting; and
- report regularly to the Board of Directors on the exercise of its duties.

The following Non-Executive Directors were members of the nomination and remuneration committee in 2018: Lab Dx L.L.C., represented by Mr. Walter Narajowski (chair), Gengest BVBA, represented by Mr. Rudi Mariën, and Qaly-Co BVBA, represented by its permanent representative, Dr. Lieve Verplancke.

The nomination and remuneration committee is a collegial body, and deliberates and makes decisions as such.

The nomination and remuneration committee met 2 times in 2018. All of the committee members attended all of the committee meetings.

Process for Evaluating the Board, its Committees, and its Individual Directors

Every year the Board of Directors will, under the lead of its Chairman, assess its size, composition, performance and those of its committees, as well as the contribution of each Director.

This evaluation process has five objectives:

1. assessing how the Board of Directors and its committees operate,
2. checking that the important issues are suitably prepared and discussed,
3. checking the Board's and committees' current composition against the desired composition,
4. evaluating the actual contribution of each Director's work, the Director's presence at Board and committee meetings and his involvement in discussions and decision-making, and
5. evaluating whether the fees and costs of the full Board and individual Directors is in line with the performance of the Company and the performance of the individual Director.

The Chairman can organize an individual meeting with each Director to discuss these items, including each Director's own performance and the performance of its colleague Directors. The conclusions resulting from these individual meetings will be submitted to the Board by the Chairman.

An individual evaluation of each Director will be conducted every year as part of the global evaluation of the Board and each time the Board considers his or her nomination for reappointment by the General Shareholders' Meeting. The Non-Executive Directors should assess their interaction with the executive management at least once a year. To this end, they will meet at least once a year in the absence of the Executive Directors.

Executive Management

Executive management

The Board of Directors has appointed the executive management of the Company. The terms of reference of the executive management have been determined by the Board of Directors in close consultation with the CEO.

Chief Executive Officer

The CEO is appointed, and can be removed, by the Board of Directors of the Company.

The CEO is charged by the Board of Directors with the day-to-day management of the Company and is therefore also managing Director of the Company. In this function, the CEO has the following general responsibilities:

- the implementation of the decisions of the Board of Directors, within the strategy, planning, values and budgets approved by the Board of Directors,
- overseeing the different central departments and business units of the Company, and reporting to the Board of Directors on their activities,
- the development of proposals for the Board of Directors relating to strategy, planning, finances, operations, human resources and budgets, and other matters that are to be dealt with at the level of the Board of Directors.

The specific tasks of the CEO are further described in the Company's corporate governance charter.

Other Members of Executive Management Team

The other members of the executive management team, being the heads of the main activities and central departments (and their divisions) of MDxHealth, are appointed and removed by the CEO in close consultation with the Board of Directors of the Company.

The main tasks of the executive management are to organize their department in accordance with the guidelines determined by the CEO and to report to the CEO on the operation and activities of their department.

Composition of the Management Team

The composition of the Management Team is set out below and reflects the situation at the date of this Annual Report:

Name	Age on Dec 31, 2018	Position	Permanent Address
Mr. Michael K. McGarrity	*55*	*Chief Executive Officer (CEO)*	*15279 Alton Pkwy Ste 100 Irvine, CA 92618 USA*
Joseph Sollee	*54*	*Executive Vice President, General Counsel & Chief Compliance Officer*	*15279 Alton Pkwy, Ste 100 Irvine, CA 92618, USA*

In 2018 the Management Team consisted of Dr. Jan Groen, as CEO (who resigned with effect as of February 18, 2019), Marcofin BVBA, represented by its permanent representative, Jean-Marc Roelandt, as CFO (who is on medical leave of absence and whose mandate will come to an end on June 30, 2019), Joseph Sollee, as Executive Vice President of Corporate Development, General Counsel & Chief Compliance Officer, and Dr. Michael Brawer, as Executive Vice-President & Chief Medical Officer (who resigned with effect as of December 14, 2018).

The executive management does not constitute an executive committee (comité de direction / directiecomité) within the meaning of article 524bis of the Belgian Company Code.

Following are biographies of the executive management team members (also referred to as executives) as of the date of this Annual Report:

Michael K. McGarrity, Chief Executive Officerr
See "Board of Directors - Composition of the Board of Directors".

Mr. Jean-Marc Roelandt, as representative of Marcofin BVBA, Executive Vice President & Chief Financial Officer
Mr. Roelandt, the representative of Marcofin BVBA, joined MDxHealth in January 2017. Mr. Roelandt is currently on medical leave of absence and his mandate will come to an end on June 30, 2019. Mr. Roelandt was born in 1965 in Ghent, Belgium and holds a master's degree in Applied Economic Sciences from the University of Ghent, Belgium. He started his professional career as audit manager at Ernst & Young and qualified as a Certified Public Accountant (Instituut van de Bedrijfsrevisoren) in 1996, after which he held various senior positions in several publicly listed Belgian companies. He was Chief Financial Officer of Ubizen NV from April 1999 until he joined BHF Kleinwort Benson (previoulsy known as RHJ International) in January of 2005. At BHF Kleinwort Benson Group, he served as Chief Financial Officer and Managing Director for more than 11 years. In addition to his responsibilities as a member of BHF Kleinwort Benson Group's executive management, he was also appointed Executive Director and Chief Financial Officer of Kleinwort Benson Bank in London in July 2015. He held those positions until the public take-over of BHF Kleinwort Benson Group in 2016.

Mr. Joseph Sollee, Executive Vice President, General Counsel & Chief Compliance Officer
Mr. Sollee has provided legal counsel to MDxHealth since its inception in 2003, and in April 2008 joined our management team. Prior to joining the Company, Mr. Sollee served as Special Counsel with the law firm of Kennedy Covington (now K&L Gates), where he led the Life Sciences Practice Group. Mr. Sollee has more than 20 years of experience in the life sciences industry, and has held senior legal and management positions at Triangle Pharmaceuticals and TherapyEdge. In addition, he has practiced as a corporate attorney in the Washington D.C. legal firm Swidler & Berlin and in investment banking at Smith Barney in New York. Mr. Sollee received a Juris Doctorate in Law (JD) and a Master's degree in International & Comparative Law (LLM) from Duke University, a BA degree from Harvard University, and has been certified into the legal bars of New York, Washington D.C. and North Carolina.

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Part II: Corporate Governance

Statutory auditor

Services performed by the auditor and performance of exceptional activities or execution of special instructions (Article 134 Belgian Company Code)

BDO Réviseurs d'Entreprises, a cooperative company with limited liability organized and existing under the laws of Belgium, with registered office at Da Vincilaan 9, 1935 Zaventem, Belgium, was re-appointed on May 26, 2017 as the statutory auditor of the Company for a term of 3 years ending immediately after the closing of the annual shareholders' meeting to be held in 2020. Mr. Gert Claes has represented BDO since May 29, 2015.

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 €71 thousand (USD equivalent $83 thousand) in fees to the auditor in 2018. The fees are broken down as follows:

- Audit fee for statutory and consolidated financials of €68 thousand ($80 thousand)
- Audit related services (legal missions) €3 thousand ($3 thousand)

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Remuneration report

The following report has been prepared by the nomination and remuneration committee and approved by the Board of Directors of MDxHealth on April 26, 2019. This report contains the remuneration report as referred to in Article 96, §3 of the Belgian Company Code (the "Remuneration Report"). The Company has reviewed the remuneration policy of its management, Executive and Non-Executive Directors in light of Article 96 of the Belgian Company Code, as supplemented by the relevant provisions of the 2009 Belgian Corporate Governance Code, and has prepared this Remuneration Report in accordance with the requirements contained therein.

Procedure adopted in 2018 to develop a remuneration policy

During 2018, MDxHealth has continued to apply the remuneration policy first adopted in 2012. In conformity with the applicable legislation, the nomination and remuneration committee of the Board of Directors, composed of Non- Executive members of the Board, has the tasks (i) to formulate proposals on the remuneration policy applicable to directors, managers and other executives, as well as on the determination of their remuneration on an individual basis, and (ii) to prepare the remuneration report to be inserted in the corporate governance statement of the annual report.

The remuneration report will be submitted to a vote by the annual general shareholders' meeting. The main recommendations seek to align the interests of the Board members with the goals of the Company, and can be summarized as follows:

- the setting in place of an equity incentive program, including a general pool of stock options in the form of warrants, for management and other personnel;
- the non-granting of fees to Non-Independent Directors for serving on the Board;
- the demand (but not the request) to Independent Directors serving as representatives of investors that own an amount of Company shares greater than the five percent (5%) transparency filing threshold to waive their Board fees;
- the change from the variable component of Board remuneration to a fixed annual compensation scheme;
- the annual grant of ten thousand (10,000) stock warrants to each Non-Executive Board member, under the terms of a Company warrant program.

These recommendations, as reflected in the remuneration policy, were first implemented in 2012 and, except for an increase in the fixed annual warrant grant from six thousand (6,000) to ten thousand (10,000) warrants, remained applicable for the accounting year 2018. The increase in annual warrants grants was first approved at the annual general shareholders' meeting held in May 2014.

Procedure adopted 2018 to determine the level of remuneration

Directors

Annually, the nomination and remuneration committee reviews the fee levels paid to Directors and compares them to fee levels paid at other comparable companies.

Grants of warrants to Directors are recommended by the non-conflicted members of the nomination and remuneration committee, reviewed by the Board of Directors and submitted to the general shareholders' meeting for approval. Non-Executive Directors may be entitled to warrants. Such warrants must be approved by a general shareholders' meeting. The warrants are used to attract, motivate, and retain key talents at the Director level. The number of warrants granted to Non-Executive Directors has remained low compared to the number of total outstanding security instruments. Non-Executive Directors are not entitled to bonuses, fringe benefits or pension benefits.

Non-Executive Board members who provide services to the Company outside of the formal Board meetings or Board committee meetings, must have their work and fees pre-approved by the non-conflicted members of the nomination and remuneration committee. These fees are then submitted for approval at the ensuing annual general shareholders' meeting.

For the executive Director position, the nomination and remuneration committee proposes remuneration changes and bonuses, if any to the Board of Directors for approval.

CEO and Managers

The remuneration of the executive management is designed to attract, retain and motivate executive managers. The level and structure of the remuneration are subject to an annual review by the nomination and remuneration committee to take into account market practice. The annual review does not provide mechanisms for automatic adjustments, except for changes that are legally required.

The fixed remuneration level, the variable bonus, and the objectives of the CEO are reviewed by the nomination and remuneration committee, compared to industry and market levels, and confirmed by the Board of Directors. The Board of Directors sets the Company objectives and the personal objectives of the CEO.

The CEO sets the personal objectives of the other executive managers. He recommends grants of warrants, bonuses and changes, if any, in the fixed remuneration of executive managers to the nomination and remuneration committee. The nomination and remuneration committee reviews these recommendations and compares them to industry and market practices. It then proposes the warrant grants, bonuses and remuneration changes, if any, to the Board of Directors, and to the extent required by applicable law, to the general shareholders' meeting, for approval.

Declaration on the remuneration policy

Remuneration policy in 2018

The Board of Directors determines, upon recommendation of the nomination and remuneration committee, the remuneration policy for Directors and Managers.

Directors

The remuneration policy for Non-Executive and executive Directors was modified at the annual shareholders' meeting of May 25, 2012, and remained in effect for the accounting year 2018.

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- Non-Executive Directors

The Non-Executive Directors are remunerated on the basis of a pre-defined fixed annual retainer fee. The fee level is the applicable fixed annual retainer fee approved at the last annual general shareholders' meeting concerning this matter, i.e.:

- €35,000 (USD equivalent $41,335)[1] for the Chair of the Board of Directors;
- €30,000 ($35,430)[1] for the Chair of the Audit Committee;
- €28,000 ($33,068)[1] for the Chair of the Nomination and Remuneration Committee; and
- €25,000 ($29,525)[1] for any other Director.

A record of Board 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 Board minutes. 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 may reduce such Director's applicable annual retainer fee by a pro rata amount to reflect actual attendance.

Apart from the above remuneration, Directors will be entitled to a reimbursement of out of pocket expenses actually incurred to participate to Board meetings.

Although all Non-Executive Directors have the right to receive the foregoing applicable annual retainer fee, the Board suggests that each Non-Independent Director elect, in his or her discretion, to waive its right to receive such fees. In calendar year 2018, the two Non-Independent Directors, who have not held an executive position within the Company, agreed to waive their Director's fees.

The mandate of Non-Executive Directors can be terminated at any time without any compensation. Non-Executive Directors do not receive any form of pension plan benefits from the Company. The Company has not made any loans to the members of the Board of Directors.

- Executive Directors

[1] exchange rate 1€ = 1.1810$ (historical rate 2018)

Executive Directors do not receive any remuneration for their position as a Director. Executive Directors are only remunerated for their role as executive managers. These individuals receive a fixed remuneration plus a variable bonus that is linked to their personal achievements and the achievements of the Company. They do not receive any additional remuneration for the exercise of their Board mandate. The mandate of executive Directors may be terminated at any time without any form of compensation. Their remuneration package is approved by the general shareholders' meeting. The CEO is the only executive Director of the Board of Directors of the Company and he does not earn any remuneration in respect of his executive Director position.

- Relative importance of the components of remuneration

The relative importance of the various components of remuneration as referred to in article 96, §3, al. 2, 2°, b) of the Belgian Company Code, is provided below under the "Remuneration Amounts for the Reported Year" section of this Remuneration Report.

CEO and Managers

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 CEO has a fixed remuneration, a fixed bonus and a variable bonus linked to the performance of the Company and to his capacity to manage remuneration costs.

The 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 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.

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).

In 2018, all the members of the executive management were engaged on the basis of an employment contract. The employment contracts are generally for an indefinite term, with a trial period. The employment contracts may be terminated at any time by the Company, subject to a severance notice or payment in line with market standards (see also above). The employment contracts 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).

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 enroll 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 organizations 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.

Warrants

Stock options granted by the Company generally take the form of warrants in the sense of article 496 et seq. of the Belgian Company Code. Warrants can periodically be awarded to managers, Directors, employees, or even certain consultants, primarily as a retention and motivation tool. Warrants typically vest over time (subject to the beneficiary remaining with the Company) and can only be exercised after a specific period of time, except where the Company decides otherwise. There was no significant change in the remuneration policy in 2018.

Expected changes with respect to accounting year 2018 and the following accounting year

No significant change to the remuneration policy of Directors and Executive managers is envisaged for 2019 or the following accounting year.

The bonuses of the management team members for 2019 and the following accounting year will be primarily linked to the following objectives:

- respect of the Board-approved annual budget, with a focus on revenue growth and cash-flow management;
- meeting measurable operational targets, including specific product development and commercialization goals.

Remuneration amounts for the reported year

Remuneration earned by the Non-Executive Directors for the reported year

The following table provides the 2018 compensation of the Non-Executive Directors in function during 2018:

Name[1]	Position[2]	Pro-rata of annual retainer fee (€K)	Other services (€K)	Total[3] (€K)
Mr. Koen Hoffman	NED – Board Chair, [member NRC] (as from August 2018)	20	0	20
Mr. Narajowski	NED – Board Chair (until August 2018) and NRC Chair	32	26	58
Mr. Mariën	NED – member NRC	0	0	0
Mr. Pensaert	NED – member AC	0	0	0
Ms. Verplancke	NED – member AC and NRC	25	0	25
Ms. Windels	NED – member AC	27	0	27
Mrs. Ruth Devenyns	NED – Chair AC (until 31 August 2018)	20	0	20
TOTAL for Non-Executive Board members		124	26	150

Notes:

[1]: *Mr. Walter Narajowski serves on the Board as a permanent representative of LabDx, L.L.C. Mr. Rudi Mariën serves on the Board as a permanent representative of Gengest BVBA. Mr. Jan Pensaert serves on the Board as a permanent representative of Valiance Advisors LLP. Ms. Verplancke serves on the Board as a permanent representative of Qaly-Co BVBA. Ms. Windels serves on the Board as a permanent representative of Hilde Windels BVBA. Mr. Koen Hoffman serves on the Board as a permanent representative of Ahok BVBA. Ms. Devenyns served on the Board as a permanent representative of Hasseltberg BVBA until 31 August 2018.*

[2]: *"NED" = Non-Executive Director, "AC" = Audit Committee, "NRC" = Nomination & Remuneration Committee.*

[3]: *Excludes expense reimbursement and warrants. No other form of remuneration exists for Directors.*

During the course of 2018, the composition of the Board of Directors changed. Notably, Mrs. Ruth Devenyns acting through Hasseltberg BVBA resigned on August 31, 2018. The Board of Directors did not appoint a new director to fil her vacancy.

During the course of 2018, the Company has not deviated from its remuneration policy for the Non-Executive Directors. The total remuneration of the Board of Directors (including the Executive Director) in 2018 and 2017 was €603,000 ($713,000) and €582,000 ($661,000) respectively (excluding VAT, stock-based compensation and expenses reimbursement).

On May 23, 2006, the Board of Directors decided, with application of Article 523 of the Belgian Company Code, that the Company would indemnify the Directors against any claim by a third party based on Directors' liability, except in the event of gross negligence and willful misconduct. Therefore the Company has taken out Directors' liability insurance. The insurance policy was renewed in 2016. Additionally, the Company's US subsidiary, MDxHealth, Inc., has entered

into indemnification agreements directly with each of its Directors, as well as each Director of the Company, to indemnify each such person for liabilities to the extent that they may arise from, or claims therefor which are based on, US-associated activities of the US subsidiary or of the Company, including any claims based on a theory of derivative liability in the right of the US subsidiary.

Remuneration earned by the Executive Director for the reported year

Dr. Jan Groen (who resigned as Director and CEO of the Company with effect as of February 18, 2019) was not remunerated for his position as an Executive Director of the Company in 2018.

Remuneration earned by the CEO for the reported year

Dr. Jan Groen was hired as CEO starting April 26, 2010 and resigned as CEO and Director of the Company with effect as of February 18, 2019. During 2018, he was remunerated on the basis of his executive management position. Dr. Jan Groen had a variable bonus linked to the performance of the Company, which could amount to a maximum of 30% of his annual compensation, and a fixed annual supplementary compensation of 22,000, linked to his capacity to manage human resources costs. Excluding the value of warrants, the remuneration and benefits provided to the CEO in 2018 were composed as follows:

	Euro (€)	$ equivalent
Fixed gross remuneration1:	407,472	481,224
Supplementary paid compensation2 (gross)	22,000	25,982
Pension benefits:	16,246	19,187
Other benefits3:	34,652	40,925
Total	**480,370**	**567,318**

Notes:

1: Total cost to the Company, including employer social security contributions and vacation pay accrual.

2: Excludes value of [400,000] warrants already created, issued, and accepted (under several warrants plans).

3: Includes Company-paid housing, Company car, meal vouchers, and other similar benefits. Excludes reimbursement of normal professional expenses such as telephone and Company travel expenses.

The total service fees paid to the CEO in 2018, 2017 and 2016 were €480,000, €487,000 and €573,000 respectively (in USD equivalent $567,000, $550,000 and $632,000 respectively) (gross amount, excluding VAT and stock based compensation). It is to be noted that Dr. Jan Groen was hired in and as from April 2010 up until February 18, 2019.

Upon being hired in April 2010, Dr. Groen was granted 130,000 new warrants in the Company. The warrants were granted at the extraordinary general shareholders' meeting of June 21, 2010 and have the following characteristics:

- Exercise price of €2.07 (one stock option (warrant) gives right to buy one share)
- Vesting: straight-line on a quarterly basis over 4 years (no vesting if less than one year of service or employment is provided)
- Duration of options: 5 years

The IFRS share-based compensation of the above 130,000 warrants granted in 2010 amounts to €162,000.

Dr. Groen was granted an additional 30,000 new warrants in the Company at the Board of Directors' meeting of May 27, 2011, with the following characteristics:

- Exercise price of €1.71 (one stock option (warrant) gives right to buy one share)
- Immediate and full vesting of all stock options on the date of grant (December 7, 2010)
- Duration of options: 10 years

The IFRS share-based compensation of the above 30,000 warrants granted in 2011 amounts to €26,000.

At the Board meeting of December 7, 2011, the non-conflicted members of the Board of Directors agreed to the following bonus for the performance of Dr. Jan Groen in 2011:

- €82,000 cash bonus
- 45,000 new warrants (employee stock options) formally issued on March 15, 2012 to vest straight-line over 4 years. The exercise price is based on the 30-day average market price prior to their issuance. The warrants are not exercisable until after the third anniversary of the date of their grant.

The IFRS share-based compensation of the above 45,000 warrants granted in 2012 amounts to €51,000.

At the Board meeting of December 5, 2012, the non-conflicted members of the Board of Directors agreed to the following bonus for the performance of Dr. Jan Groen in 2012:

- €85,000 cash bonus
- 45,000 new warrants (employee stock options) formally granted on January 1, 2013 to vest straight-line over 4 years. The exercise price is based on the 30-day average market price prior to their grant. The warrants are not exercisable until after the third anniversary of the date of their grant.

The IFRS share-based compensation of the above 45,000 warrants granted in 2013 amounts to €52,000.

At the Board meeting of January 27, 2014, the non-conflicted members of the Board of Directors agreed to the following bonus for the performance of Dr. Jan Groen in 2013:

- €75,800 cash bonus
- 50,000 new warrants (employee stock options) formally granted on March 12, 2014 to vest straight-line over 4 years. The exercise price is based on the 30-day average market price prior to their grant. The warrants are not exercisable until after the third anniversary of the date of their grant.

The IFRS share-based compensation of the above 50,000 warrants granted in 2014 amounts to €86,900.

At the Board meeting of January 22, 2015, the non-conflicted members of the Board of Directors agreed to the following bonus for the performance of Dr. Jan Groen in 2014:

- €105,797 cash bonus
- 50,000 new warrants (employee stock options) formally granted on February 9, 2015 to vest straight-line over 4 years. The exercise price is based on the 30-day average market price prior to their grant. The warrants are not exercisable until after the third anniversary of the date of their grant.

The IFRS share-based compensation of the above 50,000 warrants granted in 2015 amounts to €104,750.

At the Board meeting of February 4, 2016, the non-conflicted members of the Board of Directors agreed to the following bonus for the performance of Dr. Jan Groen in 2015:

- €104,756 cash bonus
- 50,000 new warrants (employee stock options) formally granted on February 4, 2016 to vest straight-line over 4 years. The exercise price is based on the 30-day average market price prior to their grant. The warrants are not exercisable until after the third anniversary of the date of their grant.

The IFRS share-based compensation of the above 50,000 warrants granted in 2016 amounts to €78.050.

At the Board meeting of February 21, 2017, the non-conflicted members of the Board of Directors agreed to the following bonus for the performance of Dr. Jan Groen in 2016:

- €113,959 cash bonus
- 50,000 new warrants (employee stock options) formally granted on February 21, 2017 to vest straight-line over 4 years. The exercise price is based on the 30-day average market price prior to their grant. The warrants are not exercisable until after the third anniversary of the date of their grant.

The IFRS share-based compensation of the above 50,000 warrants granted in 2017 amounts to €121.500.

At the Board meeting of February 21, 2018, the non-conflicted members of the Board of Directors agreed to the following bonus for the performance of Dr. Jan Groen in 2017:

- no cash bonus
- no new warrants (employee stock options).

During the course of 2018, the Company has not deviated from its remuneration policy for the Executive Director.

Dr. Jan Groen is an advisor to the Company since February 19, 2019 and provides advisory and related consulting services to the new CEO, Mr. McGarrity, in relation to the daily management of the Company.

The Company's current CEO, Mr. Mike McGarrity, is remunerated on the basis of his executive management position. as CEO, Mr. McGarrity is entitled to (a) a gross annual base salary of USD 400,000, which will be reviewed by the Board of Directors (or the Nomination and Remuneration Committee) on an annual basis, (b) an annual bonus of up to 50% of the then applicable base salary, (c) the grant of 1,500,000 share options, and (d) a one-time sign on bonus in the gross amount of USD 85,000. Furthermore, Mr. McGarrity is entitled to a reimbursement of expenses, and he and his dependents are eligible to participate in all group health, medical, dental, disability and insurance plans, incentive, savings and retirement plans, and other employee benefits that are established by the Company for its executives.

Remuneration earned by other Executive Managers

The 2018 combined remuneration package of the other executive management team members in office in 2018 (excluding the CEO) -
i.e. Joseph Sollee, Michael Brawer and Jean-Marc Roelandt - including employer taxes, was €964,048

	Euro (€)	$ equivalent
Fixed gross remuneration[1]:	919,436	1,085,584
Bonuses paid and awarded[2] (gross) :	0	0
Pension benefits:	21,435	25,315
Other benefits[3]:	23,177	27,373
Total	**964,048**	**1,138,272**

Notes:
1: Includes employer taxes and vacation pay accrual. Excludes VAT.
2: Excludes value of warrants the Board of Directors has agreed to issue to certain other executive managers.
3: Includes for some individuals a Company car, meal vouchers, and other similar benefits. Excludes reimbursement of normal professional expenses such as telephone and Company travel expenses.

The total remuneration and benefits paid to the executive management team members (including the CEO) in 2018, 2017 and 2016 was €1,444,420, €989,541 and €2,073,642, respectively (USD equivalent $1,705,860, $1,117,886 and $2,286,399 respectively) (gross amount, excluding VAT and stock based compensation). In the aforementioned figures, the service fees of the managers hired on the basis of a service agreement are included with the salaries of the other management team members.

The primary performance objectives for the bonuses of the above management team members in 2018 were the following:

- respect of the Board-approved annual budget, with a focus on cash-flow management
- meeting measurable operational targets, such as the commercialization of its ConfirmMDx for Prostate and SelectMDx for Prostate tests and attainment of revenue targets

In the course of 2018, no warrants were exercised by Directors and Executive managers.

During the course of 2018, the Company has not deviated from its remuneration policy for the executive managers.

Special provisions of the contractual relationship of the Executive Managers

The executive managers have contractual agreements. The contracts with each of Dr. Groen and Mr. Sollee date from before the entry into force of the law of April 6, 2010 on corporate governance in public and listed companies and are in conformity with common employment law. At the meeting of the Board of Directors on December 4, 2013, the Board directed the nomination and remuneration committee to review and assess the remuneration of members of the executive management against industry standards. Following its review and assessment, the nomination and remuneration committee prepared a report and proposal on January 16, 2014, recommending to the Board that certain changes to the existing remuneration terms and levels be implemented.

Upon the advice and recommendation of the nomination and remuneration committee, the non-conflicted members of the Board of Directors approved on January 27, 2014, that a number of changes be implemented, including notably an extension of the severance notice or payment, and a retention bonus to encourage employee retention in the event of certain events.

Inclusive of the aforementioned changes, the special contractual provisions include the following terms:

- the employment contract with Dr. Jan Groen (which was terminated with effect as of February 18, 2019), provided that if the employment contract is terminated for a reason other than serious misconduct, he will be entitled to a severance pay of three (3) months gross remuneration per initiated period of five (5) years of service with the Company, however, such severance pay will be at a minimum equivalent to eighteen (18 months) of gross remuneration. This agreement was entered into on April 3, 2010, i.e. before the entry into force of the law of April 6, 2010 on corporate governance in public and listed companies. Upon resignation of Dr. Jan Groen, the Company paid a termination amount to Dr. Jan Groen in line with the terms of the employment contract.
- the employment contract with Mr. Joseph Sollee provides that if the employment contract 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;
- Acting under the direction of Board, the Company engaged Marcofin BVBA under the terms of a Management Services
- Agreement, with Mr. Jean-Marc Roelandt serving as its permanent representative and acting in the role of Chief Financial Officer, to provide financial management services and assistance for the daily operations of the Company's activities, effective as of January 16, 2017. The Management Services Agreement will come to an end on June 30, 2019.

Acting under the direction of Board, the Company hired Dr. Michael Brawer, acting in the role of Chief Medical Officer, effective as of September 6, 2017. The employment contract with Dr. Brawer provides that if the employment contract is terminated for a reason other than serious misconduct, he will be entitled to a severance pay of six (6) months gross remuneration and benefits. Upon the separation of Dr. Brawer, the Company paid a termination amount to Dr. Brawer in line with the terms of the employment contract.

The Company hired Mr. Michael K. McGarrity, acting in the role of Chief Executive Officer, effective as of February 18, 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 six months of base salary in effect at the time of the separation, which amount will increase to twelve months of base salary in 2020.

The contracts with the Executive managers and the Executive Director do not include a provision as referred to in Article 96, §3, al 2, 11° of the Belgian Company Code: there is no contractual clause in the employment contracts or service agreements with the Executive Directors/management stating that the variable part of the remuneration based upon faulty financial information will be recovered by the Company.

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2018 Share-based compensation of Directors and Executive Managers

During the course of 2018, no share-based compensation was awarded to Executive managers of MDxHealth. Each Non-Executive Director serving on the Board as of May 31, 2018, the date of the 2018 annual general shareholders meeting, received 10,000 new warrants with the following characteristics:

- Exercise price of €4.97 (one stock option (warrant) gives right to buy one share)
- Cliff vesting over 1 year for all beneficiaries
- Duration of options: 10 years

The Company has not materially deviated from its remuneration policy during the financial reported year.

Done on April 26, 2019
On behalf of the Board of Directors

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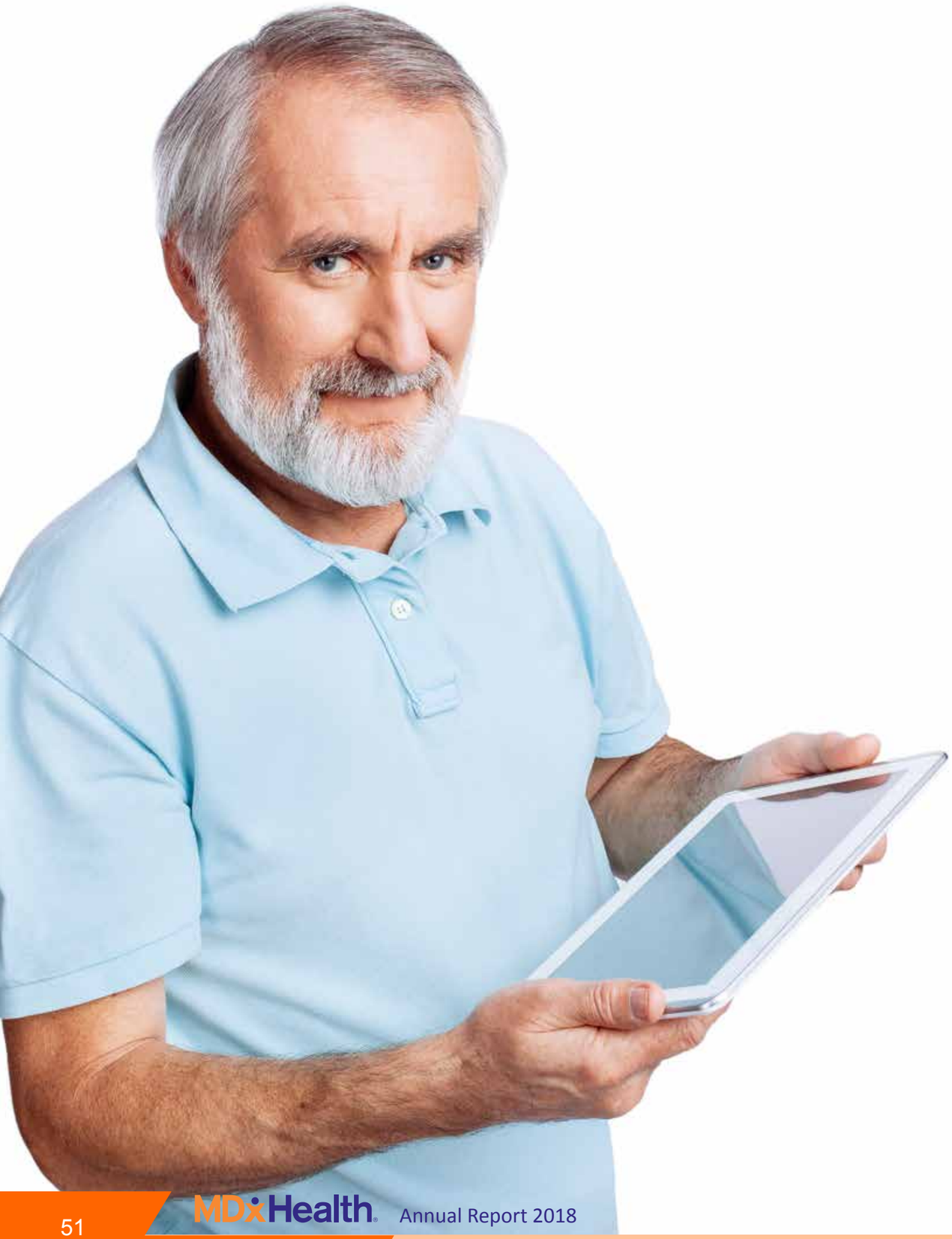

Part III: Principle Risks & Uncertainties

MDxHealth operates in a rapidly changing environment that involves a number of risks and uncertainties, some of which are beyond its control. This discussion highlights some of the principal risks and uncertainties, which may affect MDxHealth's business, financial condition and results of operation. The Company cannot be certain that it will successfully address these risks. Additional risks and uncertainties not presently known, which management currently deems immaterial or which are like those faced by other companies in the Company's industry or business in general, may also impair its business operations.

Strategic and commercial risks

The molecular diagnostics industry is highly competitive and characterized by rapid technological changes

The molecular diagnostics field is characterized by rapid technological changes, frequent new product introductions, changing customer preferences, emerging competition, evolving industry standards, reimbursement uncertainty and price competition. Moreover, the molecular diagnostics field is intensely competitive both in terms of service and price, and continues to undergo significant consolidation, permitting larger clinical laboratory service providers to increase cost efficiencies and service levels, resulting in more intense competition.

The market for assessing men at risk for prostate cancer is large. As a result, this market has attracted competitors, some of which possess substantially greater financial, selling, logistical and laboratory resources, more experience in dealing with third-party payors, and greater market penetration, purchasing power and marketing budgets, as well as more experience in providing diagnostic services. Some companies and institutions are developing serum-based tests and diagnostic tests based on the detection of proteins, nucleic acids or the presence of fragments of mutated genes in the blood that are associated with prostate cancer. These competitors could have technological, financial, reputational, and market access advantages over MDxHealth.

The commercial success of MDxHealth will depend on the market acceptance and adoption of its tests

Healthcare providers typically take a long time to adopt new products, testing practices and clinical treatments, partly because of perceived liability risks and the uncertainty of third-party coverage and reimbursement. It is critical to the success of the Company's sales efforts that it educates enough patients, clinicians and administrators about molecular diagnostics testing, in general, as well as about its tests, and demonstrate their clinical benefits. It is likely that clinicians may not adopt, and third-party payors may not cover or adequately reimburse for, the Company's tests unless they determine, based on published peer-reviewed journal articles and the experience of other clinicians, that they provide accurate, reliable and cost-effective information.

As the healthcare reimbursement system in the United States evolves to place greater emphasis on comparative effectiveness and outcomes data, MDxHealth cannot predict whether it will have sufficient data, or whether the data it has will be presented to the satisfaction of any payors seeking such data, in the process of determining and maintaining coverage for its diagnostic tests.

The administration of clinical and economic utility studies is expensive and demands significant attention from the management team. Data collected from these studies may not be positive or consistent with the Company's existing data, or may not be statistically significant or compelling to the medical community. If the results obtained from ongoing or future studies are inconsistent with certain results obtained from previous studies, adoption of diagnostic services would suffer and MDxHealth's business would be harmed.

If MDxHealth's tests or the technology underlying its current or future tests do not receive sufficient favorable exposure in peer-reviewed publications, the rate of clinician adoption of its tests and positive reimbursement coverage decisions for its tests could be negatively affected. The publication of clinical data in peer-reviewed journals is a crucial step in commercializing and obtaining reimbursement for diagnostic tests, and the Company's inability to control when, if ever, its results are published may delay or limit its ability to derive sufficient revenue from any product that is the subject of a study..

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.

Revenues in 2018 were still largely dependent on the sales of the Company's ConfirmMDx test for Prostate Cancer. Revenues from sales of ConfirmMDx accounted for approximately 87% of products – and services revenues and is expected to decrease further over the next several years, based on anticipated sales of the SelectMDx for Prostate Cancer test. However, there can be no assurance that SelectMDx will be successfully commercialized. If the Company is unable to increase sales and reimbursement of ConfirmMDx or successfully develop and commercialize other solutions or enhancements, its revenues and its ability to achieve profitability would be impaired, and the market price of its shares could decline.

MDxHealth faces uncertainties over the reimbursement of its tests by third party payors

Successful commercialization of the Company's tests depends, in large part, on the availability of coverage and adequate reimbursement from government and private payors. Favorable third-party payor coverage and reimbursement are essential to meeting the Company's immediate objectives and long-term commercial goals. The Company does not recognize revenue for test results delivered without a contract for reimbursement or without a history of consistent payment. In the US, for new diagnostic solutions, each private and government payor decides whether to cover the test, the amount it will reimburse for a covered test and the specific conditions for reimbursement. Clinicians and recipients may be likely not to order a diagnostic test unless third-party payors pay a substantial portion of the test price. Therefore, coverage determinations and reimbursement levels and conditions are critical to the commercial success of a diagnostic product.

Governmental payors, as well as private insurers, and other private payors have implemented and will continue to implement measures to control the cost, utilization and delivery of healthcare services, including laboratory services. US Congress has from time to time considered and implemented changes to laws and regulations governing healthcare service providers, including specialized diagnostic service providers. Additionally, with the recent implementation by the US Centers for Medicare and Medicaid (CMS) of a comprehensive oversight regime that consolidates program integrity powers into a single Unified Program Integrity Contractor (UPIC), audit and investigatory activity into potential billing fraud, waste and abuse in the industry has increased. These changes have adversely affected and may in the future adversely affect coverage and reimbursement for laboratory services, including the molecular diagnostics testing services MDxHealth provides.

Outside of the US, various coverage, pricing and reimbursement approvals are required. The Company expects that it will take several years to establish broad coverage and reimbursement for its tests with payors in countries outside of the US where it commercializes its solutions, and its efforts may not be successful. Even if public or private reimbursement is obtained, it may cover competing tests, the reimbursement may be conditioned upon local performance of the tests or other requirements MDxHealth may have difficulty satisfying. Reimbursement levels outside of the US may vary considerably from the reimbursement amounts the Company receives in the US. In addition, because MDxHealth plans in many circumstances to rely on distributors to obtain reimbursement for its tests, to the extent it does not have direct reimbursement arrangements with payors, the Company may not be able to retain reimbursement coverage in certain countries with a particular payor if its agreement with a distributor is terminated or expires or a distributor fails to pay for other reasons.

Operational risks

If MDxHealth is unable to protect its intellectual property effectively, it may be unable to prevent third parties from using its intellectual property

MDxHealth relies on patent protection as well as a combination of trademark, copyright and trade secret protection and other contractual restrictions to protect its proprietary technologies, all of which provide limited protection and may not adequately protect its rights or permit MDxHealth to gain or keep any competitive advantage. It is not certain that any of its currently pending or future patent applications will result in issued patents, or that any patents issued or licensed to the Company will not be challenged, invalidated or held unenforceable. Issued patents may not be broad enough to provide any meaningful protection. If MDxHealth fails to protect its intellectual property, third parties may be able to compete more effectively and the Company may incur substantial litigation costs in its attempts to recover or restrict use of its intellectual property.

MDxHealth is dependent on licenses and collaborations with third parties

The Company licenses technology from third parties necessary to develop and commercialize its products. Termination of any of these licenses could prevent the Company from producing or selling some or all of its tests, and a failure of the licensors to abide by the terms of the licenses or to prevent infringement by third parties could harm the Company's business and negatively impact its market position.

MDxHealth is also engaged in several collaborations and licenses with commercial partners, such as leading pathology laboratories with large urology client bases. Failure to maintain these partnerships could adversely affect revenues and profitability.

MDxHealth faces an inherent risk of product liability claims

The marketing, sale and use of MDxHealth's tests could lead to product or professional liability claims against it if someone were to allege that its tests failed to perform as they were designed, or if someone were to misinterpret test results or improperly rely on them for clinical decisions. Although MDxHealth maintains product and professional liability insurance which is deemed to be appropriate and adequate, it may not fully protect the Company from the financial impact of defending against product liability or professional liability claims or any judgments, fines or settlement costs arising out of any such claims. Furthermore, any product liability lawsuit could harm its reputation, which could impact its results of operations.

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

Competition for desirable personnel is intense, and there can be no assurance that MDxHealth will be able to attract and retain the necessary staff. The failure to maintain management or to attract sales personnel as the Company moves towards the commercialization of its tests could materially adversely affect the business, financial condition and results of operations.

MDxHealth has established relationships with leading key opinion leaders and scientists at important research and academic institutions that it believes are key to establishing tests using its technologies as a standard of care for cancer assessment and diagnosis. If its collaborators determine that cancer testing using its technologies are not appropriate options for prostate cancer diagnosis, or superior to available prostate cancer methods, or that alternative technologies would be more effective in the early diagnosis of prostate cancer, the Company would encounter significant difficulty establishing tests using its technologies as a standard of care for prostate cancer diagnosis, which would limit its revenue growth and profitability.

MDxHealth laboratory facilities may become inoperable

MDxHealth currently perform all its testing in its laboratory facilities located in Irvine, California and Nijmegen, The Netherlands. The Company does not have redundant laboratory facilities in the US or in Europe. Its laboratory facilities could become inoperable due to circumstances beyond its control, which could adversely affect its business and operations. The facilities, the equipment MDxHealth uses to perform its tests and services and its other business process systems would be costly to replace and could require substantial time to repair or replace.

The facilities may be damaged or destroyed by natural or man-made disasters, including earthquakes, wildfires, floods, acts of terrorism or other criminal activities, infectious disease outbreaks and power outages, which may render it difficult or impossible for MDxHealth to perform its tests for some period.

The facilities may also be rendered inoperable because of regulatory sanction. In the US, MDxHealth is subject to federal and state laws and regulations regarding the operation of clinical laboratories. The US Federal Clinical Laboratory Improvement Amendments (CLIA) and laws of California and certain other states, impose certification requirements for clinical laboratories, and establish standards for quality assurance and quality control, among other things. Clinical laboratories are subject to inspection by regulators, and to sanctions for failing to comply with applicable requirements. Sanctions available under CLIA include prohibiting a laboratory from running tests, requiring a laboratory to implement a corrective plan, and imposing civil monetary penalties.

MDxHealth relies on a limited number of suppliers for manufacture and supply of its laboratory instruments and materials

Many of the consumable supplies and reagents used as raw materials in the Company's testing process are procured from a limited number of suppliers, some of which are sole-source. In addition, it relies on a limited number of suppliers, or in some cases a single supplier, for certain equipment with which it performs testing services. Because the actual production or manufacture of such critical equipment and materials cannot be ensured, MDxHealth may be subject to significant delays caused by interruption in production or manufacturing, which could adversely affect its business, results of operations and financial condition.

Failure in MDxHealth's information technology, telephony or other systems could significantly disrupt business operations

Information technology and telephony systems are used extensively in virtually all aspects of the business, including laboratory testing, sales, billing, customer service, logistics and management of medical data. The Company's information technology, telephony and other systems, are vulnerable to damage and failure, computer viruses, natural disasters and physical or electronic break-ins. Despite the precautionary measures MDxHealth has taken to prevent breakdowns in its information technology and telephony systems, sustained or repeated system failures that interrupt its ability to process test orders, deliver test results or perform tests in a timely manner or that cause it to lose patient information could adversely affect its business, results of operations and financial condition.

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

MDxHealth faces four primary risks relative to protecting sensitive and critical personally identifiable information, intellectual property or other proprietary business information about its customers, payors, recipients and collaboration partners, including test results: loss of access risk, inappropriate disclosure or access risk, inappropriate modification risk, and the risk of being unable to identify and audit controls over the first three risks.

The secure processing, storage, maintenance and transmission of this critical information is vital to the Company's operations and business strategy, and it devotes significant resources to protecting such information. Although measures to protect sensitive information from unauthorized access or disclosure are taken, MDxHealth's information technology and infrastructure, and that of its third-party billing and collections provider, may be vulnerable to attacks by hackers or viruses or breached due to employee error, malfeasance or other disruptions.

Security breaches, the loss or misappropriation of data, privacy violations or the failure to implement satisfactory remedial measures could disrupt operations and lead to loss of reputation, regulatory penalties and other material financial losses and adversely affect MDxHealth's business, prospects, results of operations and financial condition.

Regulatory risks

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.

Failure to comply with applicable Medicare, Medicaid and other governmental payor rules could result in exclusion from participation in one or more governmental payor programs, returning funds already paid, civil monetary penalties, criminal penalties and/or limitations on the operational function of its laboratories. If MDxHealth were unable to receive reimbursement under a governmental payor program, a material portion of its revenue would decline, which could adversely affect results of operations and financial condition.

MDxHealth conducts business in a heavily regulated industry, and changes in regulations or violations of regulations may, directly or indirectly, adversely affect its results of operations and financial condition and harm its business

MDxHealth's business operations and activities are subject to a range of healthcare laws and regulations (at the local, national and federal levels), as well as investigatory and program integrity oversight by Medicare, Medicaid and other governmental payer program auditors. The clinical laboratory testing industry is highly regulated, and there can be no assurance that the regulatory environment in which the Company operates will not change significantly and adversely to it in the future. In addition, the commercialization of any of its tests as kits will subject the Company to additional healthcare laws and regulations governing diagnostics products.

While MDxHealth believes that it is currently in material compliance with applicable laws and regulations, a determination that it has violated these laws, or the public announcement that it is being investigated for possible violations of these laws, would adversely affect its business, prospects, results of operations and financial condition.

If its operations or products are found to be in violation of any applicable laws and regulations, MDxHealth may be subject to penalties, including civil and criminal penalties, damages, fines, the curtailment or restructuring of its operations, the exclusion from participation in governmental healthcare programs and imprisonment, any of which could adversely affect its business and results of operations. In addition, a significant change in any of these laws may require the Company to change its business model to maintain compliance with these laws, which could reduce revenue or increase costs and adversely affect its business, prospects, results of operations and financial condition.

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.

MDxHealth is subject to laws and regulations on tax levies and other charges or contributions in different countries, including transfer pricing and tax regulations for the compensation of personnel and third parties. MDxHealth's tax structure involves several transfers and transfer price determinations between its parent company and its subsidiaries or other affiliates. The Company's effective tax rates could be adversely affected by changes in tax laws, treaties and regulations, both internationally and domestically. An increase of the effective tax rates could have an adverse effect on its business, financial position, results of operations and cash flows.

Financial risks

MDxHealth has a history of losses, and expects to incur net losses for the next several years

MDxHealth has incurred substantial net losses since its inception, and there can be no assurance that it will achieve profitability. Even if the Company achieves significant revenues, it may not become profitable, and even if it achieves profitability, it may not be able to sustain or increase profitability on a quarterly or annual basis. Failure to become and remain consistently profitable could adversely affect the market price of MDxHealth's common stock and could significantly impair its ability to raise capital, expand its business or continue to pursue its growth strategy.

MDxHealth might require substantial additional funding to respond to business challenges or take advantage of new business opportunities, which may not be available on acceptable terms, or at all

At the end of 2018, cash and cash equivalents totalled $26,2 million. Following the Company's completion of a EUR 36 Million (USD 44 million) capital increase in March 2018 and based on its assessment of operational and industry factors, the Board of Directors believes that there is enough cash to sustain the Company's current projects at least until the date of the annual general shareholders' meeting scheduled for May 2020. Although the Company believes that it has sufficient capital to fund its operations for at least the next twelve months, capital outlays and operating expenditures are expected to increase over the next several years as infrastructure, commercial operations and research and development activities expand. MDxHealth may require additional equity or debt funding from time to time to respond to business challenges or take advantage of new business opportunities, which may not be available at acceptable terms, or at all.

If additional funds are raised through the sale of equity, convertible debt or other equity-linked securities, stockholders' ownership will be diluted. Any equity securities issued also may provide for rights, preferences or privileges senior to those of holders of common stock. If additional funds are raised by issuing debt securities, these debt securities would have rights, preferences and privileges senior to those of holders of common stock, and the terms of the debt securities issued could impose significant restrictions on the Company's operations.

If adequate funds are not available, MDxHealth may have to scale back its operations or limit its research and development activities, which may cause the Company to grow at a slower pace, or not at all, and the business could be adversely affected.

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

In addition to the acquisition of NovioGendix, a privately held company based in Nijmegen (The Netherlands), in September 2015, MDxHealth may enter into other transactions in the future to acquire other businesses, products or technologies. Any acquisitions may not strengthen the Company's competitive position, and these transactions may be viewed negatively by customers or investors.

The Company could incur losses resulting from undiscovered liabilities of the acquired business that are not covered by the indemnification it may obtain from the seller. In addition, MDxHealth may not be able to successfully integrate the acquired personnel, technologies and operations into its existing business in an effective, timely and non-disruptive

manner. Acquisitions may also divert management from day-to-day responsibilities, increase expenses and reduce cash available for operations and other uses. MDxHealth cannot predict the number, timing or size of future acquisitions or the effect that any such transactions might have on its operating results.

MDxHealth is exposed to fluctuations in currency exchange rates

MDxHealth's results of operations may be particularly affected by volatility in currency exchange rates and its ability to effectively manage currency transaction risks. In general, the Company conducts its business, earn revenue and incur costs in the local currency of the countries in which it operates. During the year ended December 31, 2017, approximately 99% of revenue was generated, and approximately 81% of total costs were incurred in, US dollars. As MDxHealth continues to expand internationally, its exposure to currency risks will increase. Historically, foreign currency exposure has not been managed in a manner that would eliminate the effects of changes in foreign exchange rates.

Further financial risks are described in note 16 to the Consolidated Financial Statements

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Part IV: Financial Statements

Part IV:

Financial Statements

Consolidated financial statements

The following consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU. 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 Annual Report have been approved and authorized for issue by the Board of Directors at its meeting of April 26, 2019. The financial statements have been signed by Mr. Koen Hoffman, Chairman 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 May 29, 2019.

Consolidated statement of profit and loss

Thousands of $ (except per share amounts) For the years ended December 31	Notes	2018	2017
Services	3	27,710	28,162
Licenses	3	512	6,051
Royalties	3	116	6,295
Government grants	3	59	0
Revenues		**28,397**	**40,508**
Cost of goods & services sold	3	-11,652	-10,203
Gross profit		**16,745**	**30,305**
Research and development expenses	4	-4,280	-3,505
Selling, general and administrative expenses	4	-44,798	-39,142
Other operating income		261	71
Other operating expenses		-26	-3
Operating Loss		**-32,098**	**-12,274**
Financial income	6	21	10
Financial expenses	6	-414	-137
Loss before income tax		**-32,491**	**-12,401**
Income tax	7	41	113
Loss for the year		**-32,450**	**-12,288**
Earnings per share attributable to parent (EPS)			
Basic, $	19	**-0.56**	**-0.25**
Diluted, $	19	**-0.56**	**-0.25**

Consolidated statement of comprehensive income

Thousands of $ For the Years ended December 31	Notes	2018	2017
Loss for the year		**-32,450**	**-12,288**
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		-2,408	1,923
Total comprehensive loss for the year (net of tax)		**-34,858**	**-10,365**

Consolidated statement of financial position

Assets

Thousands of $ For the years ended December 31	Notes	2018	2017
ASSETS			
Non-current assets			
Goodwill	8	1,145	1,145
Intangible assets	9	14,394	15,492
Property, plant and equipment	10	2,074	2,568
Total non-current assets		**17,613**	**19,205**
Current assets			
Inventories	11	1,807	1,919
Trade receivables	12/18	19,062	19,825
Prepaid expenses and other current assets	12	791	745
Cash and cash equivalents	13/18	26,203	16,827
Total current assets		**47,863**	**39,316**
TOTAL ASSETS		**65,476**	**58,521**

Liabilities & Shareholders' Equity

Thousands of $ For the years ended December 31	Notes	2018	2017
EQUITY			
Share capital	21	53,877	45,946
Issuance premium	21	135,731	101,239
Accumulated profit/(loss)		-111,088	-98,800
Result of the year		-32,450	-12,288
Share-based compensation	23	7,218	6,212
Translation reserves		-1,171	1,237
Total equity		**52,117**	**43,546**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	14/18	262	523
Deferred revenue		0	60
Deferred tax liabilities	7	575	616
Other non-current financial liabilities	15/18	1,045	661
Total non-current liabilities		**1,882**	**1,860**
Current liabilities			
Loans and borrowings	14/18	264	361
Trade payables	17/18	6,453	8,055
Other current liabilities	17	4,358	3,816
Other current financial liabilities	17/18	402	883
Total current liabilities		**11,477**	**13,115**
Total liabilities		**13,359**	**14,975**
TOTAL EQUITY AND LIABILITIES		**65,476**	**58,521**

Consolidated statement of changes in equity

Thousands of $	ATTRIBUTABLE TO OWNERS OF MDXHEALTH SA				
	Share capital & issuance premium	Retained earnings	Share-based compemsation	Translation reserves	Total equity
Notes	21		23		
Balance at January 1, 2017	**146,958**	**-98,800**	**5,269**	**-686**	**52,741**
Loss for the year		-12,288			-12,288
Other comprehensive income				1,923	1,923
Total comprehensive income for the year		**-12,288**		**1,923**	**-10,365**
Transactions with owners in their capacity as owners:					
Issuance of shares	227				227
Share-based compensation costs			943		943
Balance at December 31, 2017	**147,185**	**-111,088**	**6,212**	**1,237**	**43,546**
Balance at January 1, 2018	**147,185**	**-111,088**	**6,212**	**1,237**	**43,546**
Loss for the year		-32,450			-32,450
Other comprehensive income				-2,408	-2,408
Total comprehensive income for the year		**-32,450**		**-2,408**	**-34,858**
Transactions with owners in their capacity as owners:					
Issuance of shares	44,311				44,311
Deduction of transaction costs	-1,888				-1,888
Share-based compensation costs			1,006		1,006
Balance at December 31, 2018	**189,608**	**-143,538**	**7,218**	**-1,171**	**52,117**

Consolidated statement of cash flow

Thousands of $/ For the years ended December 31	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss		**-32,098**	**-12,274**
Depreciation, amortization and impairment	9/10	2,937	1,886
Share-based compensation	23	1,006	943
(Increase)/decrease in inventories	11	112	-440
(Increase)/decrease in receivables	12	717	-1,432
Increase/(decrease) in payables	17/18	-1,120	867
Other changes		-97	-
Total adjustments		3,555	1,824
Net cash (outflow) from operating activities		**-28,543**	**-10,450**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	-433	-1,172
Purchase of intangible assets	9	-912	-3,688
Earn out related to business combination		-	-1,105
Net cash (outflow) from investing activities		-1,345	-5,965
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	713
Repayments of borrowings		-358	-367
Interests paid	6	-393	-127
Proceeds from issuance of shares (net of transaction costs)	21	42,423	227
Net cash (outflow) from financing activities		41,672	446
Net (decrease) in cash and cash equivalents		**11,784**	**-15,969**
Cash and cash equivalents at beginning of the financial year		16,827	30,871
Effect on Exchange rate changes		-2,408	1,925
Cash and cash equivalents at end of the financial year	13/18	26,203	16,827

Notes

Notes to consolidated financial statements

NOTE 1: Status and principal activity

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MDxHealth SA (“The Company”) is a limited liability company incorporated in Belgium.

MDxHealth is a molecular diagnostics company that develops and commercializes advanced epigenetic and other molecular tests for cancer assessment and the personalized treatment of patients. Applying its DNA methylation platform and proprietary biomarkers, the Company helps address a large and growing unmet medical need for better cancer diagnosis and treatment information. The Company develops and commercializes advanced molecular diagnostic products for personalized cancer treatment that provide physicians with tools to aid in the diagnosis and or prognosis of cancers, and aid in the physician’s ability to predict disease progression and response to therapy. MDxHealth’s products and pipeline cover major cancer areas such as prostate, bladder, kidney, cervical and brain cancer.

MDxHealth’s products are developed based on a DNA methylation platform integrating proprietary DNA biomarkers. These assays deliver highly accurate analytical results and can be performed on a variety of sample types including formalin-fixed paraffin embedded (FFPE) tissue, fresh/frozen tissue, urine, plasma, serum, sputum, broncho-alveolar lavages and stool using commercially available PCR equipment.

MDxHealth offers its products in North America through a CLIA certified, ISO 9001 certified and CAP accredited service laboratory. Since September 2015, following the acquisition of NovioGendix, MDxHealth also operates in The Netherlands, offering its SelectMDx test in Europe through its laboratory in Nijmegen.

The Company is headquartered in Belgium. The parent company, MDxHealth SA, has its registered and corporate office in Cap Business Center, Rue d’Abhooz 31, 4040 Herstal, Belgium. MDxHealth, Inc., the Company’s US subsidiary, is located at 15279 Alton Parkway – Suite 100 – Irvine, CA 92618, United States. MDxHealth B.V., the Company’s Dutch subsidiary, is located at Transistorweg 5, 6534 Nijmegen, The Netherlands.

The functional and presentation currency is the US Dollar.

NOTE 2: Summary of Significant Accounting policies

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2.1. Basis of preparation and statement of compliance

MDxHealth’s consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issues by the IFRS Interpretations Committee (IFRS IC) applicable to companies reported under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. All amounts are presented in thousands of US Dollars ($) unless otherwise indicated, rounded to the nearest $1,000.

2.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of MDxHealth SA (Belgium), MDxHealth Inc. (United States), and MDxHealth BV (The Netherlands) for each fiscal year ending on December 31.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. The acquisition method of accounting is used to account for business combinations by the Company.

All intercompany balances, profits and transactions are eliminated upon consolidation.

2.3. Going concern

The Company has experienced net losses and significant cash used in operating activities since our inception in 2003, and as of December 31, 2018, had an accumulated deficit of $143.5 million, a net loss of $32.5 million and net cash used in operating activities of $28.5 million. As of December 31, 2017, the Company had an accumulated deficit of $111.1 million, a net loss of $12.3 million and net cash used in operating activities of $10.5 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 substantial doubt about our 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 our 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 our cost structure. As at December 31, 2018, the Company had cash and cash equivalents of $26.2 million. Following a comprehensive strategic evaluation in the fourth quarter, the company launched an aggressive, targeted, commercial plan in December 2018. This includes a further rationalization of the company's operating footprint, laying the foundation for renewed and sustainable revenue growth. The group decided to increase the strategic focus on its two commercial products SelectMDx and ConfirmMDx, reducing operating cost. In addition, MDxHealth chose to delay certain product pipeline initiatives. The executive team has commenced efforts to secure additional financial resources, but that even without new financial sources, our board of directors is of the opinion that, assuming the successful realization of this budget, our liquidity position is sufficient to continue our current operations at least until end of May 2020.

2.4. Use of estimates and judgments

Management makes certain critical accounting estimates and management judgment when applying the Company's accounting policies, which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The areas where assumptions and estimation uncertainties in the financial statements have potentially the most significant effect within the following twelve months, are included in the following notes: revenue recognition (note 3); deferred income tax (note 7); goodwill and intangible assets with indefinite useful life impairment testing (notes 8 and 9); internally generated development costs (note 9); share based payments (note 23); and recognized fair value measurements (note 18 and 25).

Management has exercised judgments in the application of its accounting policies and those that have the most significant effect on the amounts recognized in the financial statements is the Company's ability to continue as a going concern (note 2.3).

2.5. New Standards, Interpretations and Amendments

2.5.1. New Standards, Interpretations and Amendments adopted by the Company

During the current financial year, the Company has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, that are relevant to its operations and effective for the accounting year starting on January 1, 2018. The Company has not applied any new IFRS requirements that are not yet effective as per December 31, 2018.

The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC are effective for the current annual period:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The adoption of these new standards and amendments has not led to major changes in the Company's accounting policies.

IFRS 9, Financial Instruments was implemented under the exemption not to restate comparative information for prior periods. As a result of no history of reported write offs, no adjustments to the carrying amounts of financial assets and liabilities resulting from the adoption of the standard were required to be made in retained earnings or reserves as at January 1, 2018. The adoption of IFRS 9 did not have a material impact on the Company in the current reporting period and is not expected to have any material impact in future reporting periods.

IFRS 15, Revenue from Contracts with Customers was adopted using the cumulative effect option. No differences in carrying amounts of financial assets and liabilities resulting from the adoption of the standard are required to be made in retained earnings and reserves on initial application at January 1, 2018. The impact of the new standard did not have a material impact on the amounts reported and is not expected to have any material impact in the future reporting periods.

2.5.2. Standards and Interpretations issued but not yet effective in the current period

The Company elected not to early adopt the following new Standards relevant for the Company, Interpretations and Amendments, which have been issued by the IASB and the IFRS IC but are not yet effective as per December 31, 2018 and/or not yet adopted by the European Union as per December 31, 2018 and for which the impact might be relevant.

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company's future financial statements:

The adoption of **IFRS 16, Leases** will result in the Company recognizing right-of-use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Company does not recognize related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

The Board has decided it will apply the modified retrospective adoption method in IFRS 16, and, therefore, will only recognize leases on balance sheet as at January 1, 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This will ensure there is no immediate impact to net assets on that date.

At December 31, 2018 operating lease commitments amounted to $2,265 thousand (see note 16), which is not expected to materially different to the anticipated position on December 31, 2019 or the amount which is expected to be disclosed at December 31, 2018. Assuming the Company's lease commitments remain at this level, the effect of discounting those commitments is anticipated to result in right-of-use assets and lease liabilities of approximately $1,527 thousand being recognized on January 1, 2019. However, further work still needs to be carried out to determine whether and when extension and termination options are likely to be exercised, which will result in the actual liability recognized being higher than this.

Instead of recognizing an operating expense for its operating lease payments, the Company will instead recognize interest on its lease liabilities and amortization on its right-of-use assets. This will increase reported EBITDA by the amount of its current operating lease cost, which for the year ended December 31, 2018 was approximately $100 thousand.

2.6. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Company's functional and presentation currency is the US dollar based on the continuing development of the commercial activities in the US market.

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

The results and financial positions of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and
- All resulting exchange differences are recognized in other comprehensive income.

2.7. Revenue recognition

Performance obligations and timing of revenue recognition

The majority of the Company's revenue is derived from laboratory services with revenue recognized at a point in time when control of the services has transferred to the customer. This is generally when the test results are delivered to the customer.

Minor other Company's revenue is derived from license fees, royalties and government grants:

- License fees are recognized when the Company has fulfilled all conditions and obligations. If the Company has continuing performance obligations towards the fees, the fee will be recognized on a straight-line basis over the contractual performance period.

- Royalties are recognized as revenue once the amounts due can be reliably estimated based on the sale of the underlying products and services and when the collection of the royalties can be reasonably assured.

- Government grants are recognized as revenue over the life of the grant as the required or planned activities are performed and the related costs incurred and when there is reasonable assurance that the Company will comply with the conditions of the grant.

Determining the transaction price

Most of the group's revenue is derived from fixed or determinable price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

In some cases, the Company does not have contractual certainty of the amount that will be paid for services rendered. In accordance with IFRS 15, revenue is recognized where such a variable consideration is included in the transaction price only to the extent that it is highly probable that the amount of revenue recognized will not be subject to significant future reversals as a result of subsequent re-estimation.

Allocating amounts to performance obligations

For some contracts, there is a fixed price for each service sold. Therefore, there is no judgement involved in allocating the contract price to each transaction.

In cases of a variable consideration, the Company estimates the probability that the payor will pay and the value based on an individual payor's payment patterns and history for each product or service. The determination of whether there is sufficient history to reliably estimate a payor's individual payment patterns is based on payment history of up to 24 months. To the extent that all conditions and criteria are not met, including where there is no evidence of payment history at the time test results are delivered and billed, product and service revenues will be recognized on a cash basis, meaning that revenues will not be recognized until actual cash payment is received from the payor.

Total revenue in any given year includes amounts related to tests performed in previous years as:

- unrecognized amounts are collected;
- recognized amounts are collected for different amounts than initially accrued for; and
- balances outstanding for more than 2 years are not recognized.

Costs of obtaining long-term contracts and costs of fulfilling contracts

The Company has no contracts of periods longer than one year. Consequently, no costs of obtaining long-term contracts nor assets for work in progress are recognized.

2.8. Segment information

Information for the Company's operating segments has been determined by reference to the information used by the chief operating decision maker of the Company [CODM] to review the performance of the Company and in making decisions on allocation of resources, the nature of the activities and the management structure and accountabilities. The Company's CEO has been identified as the chief operating decision maker in accordance with his designated responsibility for the allocation of resources to operating segments and assessing their performance through periodic reporting. The CODM periodically reviews the Company's performance based on information at a company level. The Company does not distinguish different business segments since most revenues are generated from clinical laboratory service testing, or the out-licensing of the Company's patented DNA methylation platform and biomarkers. On an ancillary and opportunistic basis, the Company may engage in contracting out its R&D and scientific expertise to commercial and non-commercial entities. The Company is not organized, nor does it operate along business lines and all functions supported all the Company's commercial endeavors.

2.9. Goodwill

Goodwill represents the excess between the fair value of the consideration paid for an acquisition and the fair value of the Company's share of the net identifiable assets of the acquired company at the date of the acquisition. Where intangible assets are identified in the acquired company, such as intellectual property, brands, ongoing contracts or customer lists, these are valued to form part of the net identifiable assets.

Goodwill is not amortized but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment of goodwill is not reversed.

Goodwill is allocated to cash generating units, which are expected to receive future economic benefits from synergies that are most likely to arise from the acquisition. These cash generating units form the basis of any future assessment of impairment of the carrying value of the goodwill.

2.10. Externally acquired intangible assets

Intangible assets are recognized on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are determined using appropriate valuation techniques.

Externally acquired patents and software licenses are initially recognized at cost and are subsequently amortized on a straight-line basis over their estimated useful lives on the following basis:

- Patents: shorter of 5 years or the remaining patent life
- Software: shorter of 5 years or the software license period
- Developed technology: 10 years
- In-Process Research and Development: indefinite until the completion or abandonment of the associated research and development effort.

2.11. Internally generated intangible assets (development costs)

Development costs are capitalized if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Company is able to sell the product
- Sale of the product will generate future economic benefits, and;
- Expenditures on the project can be measured reliably.

Internally generated intangible assets are carried at their cost less any accumulated amortization and any accumulated impairment losses. Amortization over the asset's useful life shall begin when the asset is available for use.

2.12. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Repair and maintenance costs are charged to the income statement as incurred. Gains and losses on the disposal of property, plant and equipment are included in other income or expenses. Depreciation is charged to write off the cost or valuation of assets over their useful lives, using the straight-line method, on the following basis:

- Equipment: 5 years
- IT hardware and software: 3 years
- Furniture: 5 years
- Vehicles: 5 years
- Leasehold improvements: in line with the lease agreement period

2.13. Impairment of assets

Goodwill acquired in a business combination and intangible assets that have an indefinite useful life are not subject to amortizations and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.14. Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.15. Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises merely purchase costs, as the inventory consists solely of raw materials. Raw materials are not ordinarily interchangeable and they are as such accounted for using the specific identification of their individual cost.

The Company does not account for work in progress and finished products.

2.16. Trade receivables

Trade receivables do not carry any interest and are recognized initially at fair value and subsequently measured at amortized cost, less provision for impairment.

2.17. Government Grants

A government grant is only recorded as a payable/receivable when (i) the grant has been approved by the granting party, (ii) the amounts are measurable, and (iii) the Company believes it will meet the conditions necessary to be able to receive/use the grant. This note is to be read together with the note related to Revenue recognition.

2.18. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statements, cash and cash equivalents comprise cash on hand, deposits held on call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts, if any, are included in borrowings included in current liabilities.

2.19. Taxation

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income tax is provided in full using the “balance sheet liability method”, on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.20. Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.21. Financial Assets

2.21.1 Measurement on initial recognition

At initial recognition financial assets are measured at fair value including transaction costs unless the financial asset is carried at fair value through profit or loss, in which case the transaction costs are immediately recognised in profit or loss. The best estimate of the fair value at initial recognition is usually the transaction price, represented by the fair value of the consideration given or received in exchange for the financial instrument. Any difference between the fair value estimated by the entity and the transaction price (“day one gain or loss”) is recognised:

- in the income statement if the estimate is evidenced by a quoted price in an active market; and
- deferred as an adjustment to the carrying amount of the financial instrument in all other cases.

2.21.2 Subsequent measurement

After initial recognition, trade and other receivables and some other financial assets are measured at amortised cost using the effective interest method, less provision for impairment based on expected credit losses (IAS 39 applied in prior period, whereby a loss was recorded when incurred).

2.22. Financial Liabilities

2.22.1 Measurement on initial recognition

At initial recognition financial liabilities are measured at fair value including transaction costs unless the financial liability is carried at fair value through profit or loss, in which case the transaction costs are immediately recognised in profit or loss. The best estimate of the fair value at initial recognition is usually the transaction price, represented by the fair value of the consideration given or received in exchange for the financial instrument. Any difference between the fair value estimated by the entity and the transaction price (“day one gain or loss”) is recognised:

- in the income statement if the estimate is evidenced by a quoted price in an active market; and
- deferred as an adjustment to the carrying amount of the financial instrument in all other cases.

2.22.2 Subsequent measurement

After initial recognition, borrowings, trade and other payables, are measured at amortised cost using the effective interest method.

The contingent consideration payable related to business combinations are carried at fair value.

2.23. Other financial liabilities

Other financial liabilities represents the contingent consideration payable resulting from a business combination. Other financial liabilities are classified as a non-current and current liability depending the right to defer the settlement of the liability for more or less than twelve months after the reporting date.

The fair value of any other financial liability at the date of acquisition is computed as the sum of the probability weighted values of the fair values of the purchase prices associated with each of the potential product development routes. The fair value of each route is in turn computed as the sum of the survival probability discounted present values of the contingent payments in each such route including the milestone and commercialization payments.

Any other financial liability included in the consideration payable for a business combination is recorded at fair value at the date of acquisition. The fair values are reviewed on a regular basis, and at least at each reporting date, and any changes are reflected in the income statement.

2.24. Retirement benefit schemes and employee savings schemes

Payments to defined contribution employee savings schemes are charged as an expense as they fall due. The Company does not offer nor operate any defined benefit schemes for its employees.

2.25. Share-based compensation plans for personnel, directors and business associates

The Company grants stock options in accordance with several share-based compensation plans in consideration for services performed by personnel, directors and business associates. The cost of the services rendered is measured at the fair value of the granted options and recognized as an expense in the income statement. The corresponding credit is recorded directly into equity.

The estimate of the number of options which will ultimately vest is revised at each reporting date. The change in estimate is recorded as an expense with a corresponding correction in equity.

The received amount, less directly attributable transaction costs, will be recorded as share capital and share premium when the options are exercised.

NOTE 3: Revenue and Cost of goods & services sold

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Revenues

Thousands of $ For the years ended December 31	2018	2017
Services	27,710	28,162
Licenses	512	6,051
Royalties	116	6,295
Government grants	59	-
Total revenue	**28,397**	**40,508**

Excluding the sale of the Company's patents to Exact Sciences in 2017 for $12,105 thousand, total revenue for the year ended December 31, 2018 was little changed at $28,397 thousand, compared to $28,403 thousand a year earlier.

ConfirmMDx accounted for 87% of total services revenue in 2018 and 91% in 2017.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The specific accounting policies for the Company's main types of revenue are explained in Note 2.7.

The Company assesses whether the fee is fixed or determinable based on an existing contractual arrangement for the nature of the fee charged for the products or services delivered or, when no contractual arrangement exists, based on an analysis of each individual payor's payment patterns and history for each product or service, The determination of whether there is sufficient history to reliably estimate a payor's individual payment patterns is based on payment history of up to 24 months. Absent the availability sufficiently reliable payment history for an individual payor, reference is made to the payment history of the relevant payor group to which the individual payor belongs.

To the extent that all conditions and criteria set forth above are not met, including where there is no evidence of payment history at the time test results are delivered and billed, product and service revenues will be recognized on a cash basis, meaning that revenues will not be recognized until actual cash payment is received from the payor.

In 2018, a net amount of $53.5 million was billed for tests performed, of which approximately 51% was recognized as revenue (2017: 51%). The balance is only recognized when and to the extent a payment is collected, leaving a significant portion of invoiced amounts unrecognized. At the end of 2018, the Company had concluded agreements with 80 payors for ConfirmMDx and 26 payors for SelectMDx. In 2018 Medicare established a Final Positive Local Coverage Determination for use of ConfirmMDx for Prostate Cancer

License fees are recognized when the Company has fulfilled all conditions and obligations. A license fee will not be recognized if the amount cannot be reasonably estimated and if the payment is doubtful. License up-front (signature fees) and non-refundable fees for access to prior research results and databases are recognized when earned, if the Company has no continuing performance obligations and all conditions and obligations are fulfilled. If the Company has continuing performance obligations towards the fees, the fee will be recognized on a straight-line basis over the contractual performance period.

Royalties are generated from the sales by third parties of products or services which incorporate the Company's proprietary technology. Royalties are recognized as revenue once the amounts due can be reliably estimated based on the sale of the underlying products and services and when the collection of the royalties can be reasonably assured.

Segment revenue

In 2018, the Company earned 99.8% of its revenue from external customers from its clinical laboratory testing services and out-licensing of intellectual property. In 2018, the clinical laboratory testing in the US CLIA laboratory represented 91% of the Company's revenue (2017: 67%), while the out-licensing of intellectual property revenue and grant income in Europe represented 9% (2017: 31%).

There were no customers responsible for more than 10% of the Company's revenues in 2018. In 2017, revenues of approximately $12,105 thousand are derived from a single external customer.

The amount of its revenue from external customers broken down by location from the customers is shown in the table below:

Thousands of $ **For the years ended December 31**	**2018**	**2017**
United States of America	27,798	40,165
The Netherlands	251	180
Belgium	85	7
Spain	60	2
Poland	57	37
Italy	49	4
Rest of EU	56	92
Rest of the world	41	21
Total segment revenue	**28,397**	**40,508**

At the end of 2018, 45% of the non-current assets were located in the US (2017: 46%) and the remaining 55% in Europe (2017: 54%).

Cost of goods & services sold

Thousands of $ **For the years ended December 31**	**2018**	**2017**
Cost of goods & services sold	11,652	10,203
Total cost of goods & services sold	**11,652**	**10,203**

The costs of goods include the costs associated with providing testing services to third parties.

NOTE 4: Nature of expenses

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Research and development expenses

Thousands of $ For the years ended December 31	Notes	2018	2017
Personnel costs	5	1,293	1,089
Depreciation and amortization	9/10	1,177	589
Lab consumables		726	474
External research and development collaborator fees		927	692
Other expenses		157	661
Total research and development expenses		**4,280**	**3,505**

Research and development expenses, before capitalization, decreased by 5% compared to previous year.

Development expenses amounting to $802 thousand associated with the improvement of ConfirmMDx and SelectMDx were capitalized and included in intangible assets in 2018, compared to $1,877 thousand in 2017.

Selling, general and administrative expenses

Thousands of $ For the years ended December 31	Notes	2018	2017
Personnel costs	5	27,778	24,031
Depreciation	9/10	1,760	1,605
Professional fees		4,728	4,183
Marketing expenses		5,227	3,592
Travel expenses		2,389	1,641
Offices & facilities expenses		1,461	1,926
Royalties to third parties		307	520
Patent expenses		603	165
Other expenses		545	1,479
Total selling, general and administrative expenses		**44,798**	**39,142**

Selling, general and administrative expenses mainly represent general management costs, consulting, selling and marketing costs. During 2018 the Company continued to invest in the build-out of the organization to support the global commercial launch of SelectMDx. The Company is pursuing a direct sales strategy for SelectMDx in Benelux, Germany, France, Spain and Italy, supported by European and global distributors and commercial lab partners.

NOTE 5: Personnel costs

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Thousands of $/ For the years ended December 31	2018	2017
The number of employees at the end of the year was:		
Management (headcount)	4	5
Laboratory staff (headcount)	13	15
SG&A staff (headcount)	170	203
Total	187	223
Their aggregate remuneration comprised:		
Wages and salaries	22,554	19,561
Social security costs	1,728	1,478
Pension costs	827	675
Health insurance expenses	2.336	1,770
Share-based compensation	1,006	943
Other costs	620	693
Total personnel costs	**29,071**	**25,120**

The personnel numbers in the table reflect year-end numbers. In total, the personnel costs have increased over the year despite the decrease in the number of employees which is impacted by the operational plan announced by the Company on January 14, 2019.

NOTE 6: Finance income / (expenses)

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Thousands of $/ For the years ended December 31	2018	2017
Interests income	21	0
Interests on bank loans	-82	0
Foreign exchange gain/(loss)	-1	-5
Other financial gain/(loss)	-331	-122
Net financial results	**-393**	**-127**

The financial results largely related to the revaluation of the contingent consideration related to the acquisition of NovioGendix in 2015, for a total of $113 thousand in 2018, and $17 thousand in 2017. Other financial losses relate to bank costs incurred during the year.

NOTE 7: Taxes

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Current income tax

No income taxes were payable in view of the losses incurred by the group. On December 31, 2018 the Group had a net tax loss carried forward amounting to $214,280 thousand (2017: $185,761 thousand), implying a potential deferred tax asset of $63.384 thousand (respectively $63,140 thousand in 2017). The tax losses related to MDxHealth SA in Belgium are available for carry forward indefinitely.

The Company has a notional interest deduction to offset future taxable profits amounting to $157 thousand in 2018 and $299 thousand in 2017, which expired during 2018.

Tax credits amounted to $450 thousand in 2017 and $430 thousand in 2018.

It is uncertain if the Company will have taxable profits in the near future to allow all or part of the deferred tax asset to be utilized and as a result, no deferred tax asset was recognized in 2018.

Deferred tax assets	**Income Statement**	
Thousands of $/ For the years ended December 31	**2018**	**2017**
Loss for the year	-32,450	-12,288
Income tax expense	-	-
Loss before income tax	-32,450	-12,288
Tax using the MDxHealth's domestic tax rate (29,58% in 2018 and 33,99% in 2017)	-9,599	-4,177
Effect of unused tax losses not recognized as deferred tax assets	-9,599	-4,177

Deferred tax liabilities	**In the consolidated statement of financial position**		**In the consolidated income statement**	
Thousands of $/ For the years ended December 31	**2018**	**2017**	**2018**	**2017**
Developed Technology	219	260	41	113
In-process research and development	356	356	-	-
Total deferred tax liabilities	**575**	**616**	**41**	**113**

In the context of the business combination with MDxHealth BV (former NovioGendix), the Company recognized a deferred tax liability of $1,950 thousand resulting from the recognition of the intangible assets of MDxHealth BV at the acquisition date. At the same time (i.e. the acquisition date) a deferred tax asset was recognized for the tax losses carried forward of MDxHealth BV amounting to $1,108 thousand.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

NOTE 8: Goodwill

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The Company tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash generating unit (CGU) including the goodwill is determined based on the fair value calculations by reference to the market value of the company as reflected by the quoted prices of its publicly listed shares. The goodwill resulted from the allocation of the purchase price paid for the acquisition of MDxHealth BV in September 2015 and amounted to $ 1,145 thousand. Since most revenues are generated from clinical laboratory service testing,

The Company being the sole CGU, the annual impairment test was performed based on the recoverable amount of the entire Company. The Company's recoverable amount of $127.3 million was determined using the publicly quoted market price of the Company's outstanding shares at December 31, 2018 of $2.12, and was found to be in excess of its carrying value of $52.1 million, including the goodwill. At the date of this document, the Company's recoverable amount has been evaluated at $104 million (share price of $1.74).

A sensitivity analysis was performed where the following changes in key assumptions resulted in the recoverable amount falling to an amount equal to the carrying amount:

Original assumption			**Sensitivity analysis**
Net Cash Flow	100%	–>	61%
Success Factor	95%	–>	69%
Discount rate	30%	–>	41%

NOTE 9: Intangible assets

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Thousands of $	Intellectual and property rights & Software licenses	Development assets	Developed Technology	In-Process R&D from	TOTAL
Gross value					
At January 1, 2017	**4,528**	**5,322**	**4,500**	**3,300**	**17,650**
Additions– externally acquired	483	1,322			1,805
Additions– internally developed		1,877			1,877
Impairment		10			10
Gross value at December 31, 2017	**5,011**	**8,531**	**4,500**	**3,300**	**21,342**
Accumulated amortization					
At January 1, 2017	**-3,619**	**-589**	**-613**	**-**	**-4,821**
Additions	-108	-471	-450		-1,029
Accumulated amortization at December 31, 2017	**-3,727**	**-1,060**	**-1,063**	**-**	**-5,850**
Net value at December 31, 2017	**1,284**	**7,471**	**3,437**	**3,300**	**15,492**
Gross value					
At January 1, 2018	**5,011**	**8,531**	**4,500**	**3,300**	**21,342**
Additions– externally acquired	118				118
Additions– internally developed		802			802
Currency translation adjustments		-8			-8
Gross value at December 31, 2018	**5,129**	**9,325**	**4,500**	**3,300**	**22,254**
Accumulated amortization					
At January 1, 2018	**-3,727**	**-1,060**	**-1,063**	-	**-5,850**
Additions	-353	-1,207	-450		-2,010
Accumulated amortization at December 31, 2018	**-4,080**	**-2,267**	**-1,513**		**-7,860**
Net value at December 31, 2018	**1,049**	**7,058**	**2,987**	**3,300**	**14,394**

Amortization of intangible assets are included in research & development expenses and selling, general & administrative expenses in the statement of profit and loss.

Development expenses amounting to $802 thousand associated with the improvement of ConfirmMDx and SelectMDX aimed at increased cost efficiency and automation were capitalized and included in intangible assets.

The In-process R&D resulted from the allocation of the purchase price paid for the acquisition of MDxHealth BV in September 2015 and is related to the development of AssureMDx.
Development costs for AssureMDx are included in development assets and are not yet subject for amortization. The Company test the development costs for AssureMDx and the In-process R&D for any impairment.

The recoverable amount of the In-process R&D is determined based on the cash flow projections derived from the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the assumptions stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the Company operates.

	2018	2017
Sales volume (% annual growth rate)	2%	5%
Contributory asset charges (%)	7.9%	7,7%
Long term growth rate (%)	3%	3%
Pre-tax discount rate (%)	30%	30%

The discount rate remains at 30% in both 2018 and 2017 given the probability of success of the business which has been demonstrated by a positive history of commercial sales.

NOTE 10: Property, plant and equipment

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Thousands of $	Laboratory equipment	Furniture	IT equipment	Leasehold improvements	Leasing	TOTAL
Gross value a At January 1, 2017	4,978	193	465	395	324	6,355
Additions	680	87	190	152	76	1,185
Disposals	-105	-1	-196			-302
Currency translation adjustments	-4	-9	-26	-3	-1	-43
Gross value at December 31, 2017	**5,549**	**270**	**433**	**544**	**399**	**7,195**
Accumulated amortization						
At January 1, 2017	**-3,201**	**-145**	**-302**	**-303**	**-145**	**-4,096**
Additions	-561	-21	-108	-65	-107	-862
Disposals	102		196			298
Currency translation adjustments	18		16	-1		33
Accumulated amortization at December 31, 2017	**-3,642**	**-166**	**-198**	**-369**	**-252**	**4,627**
Net value at December 31, 2017	**1,907**	**104**	**235**	**175**	**147**	**2,568**

Thousands of $	Laboratory equipment	Furniture	IT equipment	Leasehold improvements	Leasing	TOTAL
Gross value						
At January 1, 2018	**5,549**	**270**	**433**	**544**	**399**	**7,195**
Additions	430		17	8		455
Disposals	-243					-243
Gross value at December 31, 2018	**5,736**	**270**	**450**	**552**	**399**	**7,407**
Accumulated amortization						
At January 1, 2018	**-3,642**	**-166**	**-198**	**-369**	**-252**	**-4,627**
Additions	-626	-23	-133	-59	-86	-927
Disposals	221					221
Accumulated amortization at December 31, 2018	**-4,047**	**-189**	**-331**	**-428**	**-338**	**-5,333**
Net value at December 31, 2018	**1,689**	**81**	**119**	**124**	**61**	**2,074**

NOTE 11: Inventories

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Thousands of $/ For the years ended December 31	2018	2017
Raw materials and consumables	1,807	1,919
Total Inventories	**1,807**	**1,919**

Inventories are recognized at the lower of cost or net realizable value. Inventories recognized as an expense during the year ended December 31, 2018 amounted to $ 4,296 thousand (2017: $ 4,708 thousand). These were included in cost of sales and services.

NOTE 12: Trade and other receivables

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Trade receivables

Thousands of $/ For the years ended December 31	2018	2017
Trade receivable	19,062	19,825
Total trade receivable	**19,062**	**19,825**

Trade receivables mainly consist of fees due from the customers of the Company.

In 2018, the trade accounts receivable balances were mainly composed of services for ConfirmMDx for Prostate Cancer for $16,993 thousand in comparison with $17,796 thousand in 2017, while SelectMDx for Prostate Cancer represents a total of $1,808 thousand in 2018 (2017: $1,224 thousand). The average Days Sales Outstanding (DSO) stood at 258 days in 2018 compared to 257 days in 2017.

In consideration with the revenue recognition methodology further described under section 2.7 of the financials, our total accounts receivable balance could be presented in relation with the claim date of each case sold.

	Months				
Thousands of $/	1-3 months	4-6 months	7-12 months	13-24 months	Total A/R
A/R by claim date - SELECT	$ 468	$ 289	$ 524	$ 527	$ 1,808
A/R by claim date - CONFIRM	$ 4,262	$ 2,195	$ 4,477	$ 6,059	$ 16,993
Other A/R	$ 261				$ 261

Prepaid expenses and other current assets

Thousands of $/ For the years ended December 31	2018	2017
Prepayments	617	615
Deposits	54	20
Recoverable VAT	70	106
Other	50	4
Total prepaid expenses and other current assets	**791**	**745**

All financial assets carried at amortized cost are shown net of expected credit losses.

NOTE 13: Cash and cash equivalents

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Thousands of $/ For the years ended December 31	2018	2017
Cash at bank and in hand	26,203	16,827
Total cash and cash equivalents	**26,203**	**16,827**

The bank balances and cash held by the Company and short-term bank deposits have an original maturity of less than 3 months. The carrying amount of these assets approximates their fair value.

The Company has restricted cash for an amount of $152 thousand representing a guarantee with respect to the loan granted by ING (see Note 14 for more information on bank loans). The group holds no other restricted cash.

NOTE 14: Loans and Borrowings

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Thousands of $/ For the years ended December 31	2018	2017
Non-current loans and borrowings		
Loans	-	147
Finance lease liabilities	262	376
Total non-current loans and borrowings	**262**	**523**

Thousands of $/ For the years ended December 31	2018	2017
Current loans and borrowings		
Loans	147	191
Finance lease liabilities	117	170
Total current loans and borrowings	**264**	**361**

All bank loans, for an initial amount of $412 thousand and a maturity of 2 years, have been used to finance the acquisition of laboratory equipment of the US facilities in Irvine. The interest rate is fixed by the LIBOR rate in USD with a margin of 1.20%. These loans are secured by a cash pledge. More information on interest rate risk and a sensitivity analysis is presented in Note 20 Financial Risks Management – interest risk.

The Company has several finance lease obligations. The leases have terms of 3 to 5 years and includes an option to purchase the equipment.

Maturity of loans and borrowings are as follows at the balance sheet date:

Thousands of $/ For the years ended December 31	2018	2017
Within one year	264	361
Years two to five	262	523

NOTE 15: Liabilities arising from financing activities

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Thousands of $/ For the years ended December 31	2018	2017
Gross debt		
Non-current loans and borrowings	262	523
Current loans and borrowings	264	361
Total gross debt	**526**	**884**

Thousands of $/ For the years ended December 31	2018	2017
Other financial liabilities		
Other non-current financial liabilities	1,045	661
Other current financial liabilities	402	883
Total other financial liabilities	**1,447**	**1,544**

Other financial liabilities were transferred from current liabilities to non-current liabilities as a result of a certain delay in the sale of SelectMDx, being a contractually agreed milestone payment.

A reconciliation of cash and non-cash movements of debt and other financial liabilities is presented below:

	Debt		Other financial liabilities	
Thousands of $/ For the years ended December 31	2018	2017	2018	2017
Opening balance	**884**	**538**	**1,544**	**2,632**
Cash movements				
Loans and borrowings repaid	-358	-367	-	-1,105
Loans and borrowings received	-	713	-	-
Non-cash movements				
Fair value changes through profit and loss			-97	17
Closing balance	**526**	**884**	**1,447**	**1,544**
Less cash balance	-26,203	-16,827		
Debt net of cash	**-25,677**	**-15,943**		

NOTE 16: Operating lease obligations

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Thousands of $/ For the years ended December 31	2018	2017
Outstanding commitments for future minimum rent payments, which fall due as follows:		
Within one year	907	999
In the second to fifth year	1,358	1,662
After five years	-	-
Total operating lease obligations	**2,265**	**2,661**

Outstanding commitments for future minimum rent payments include rental fees related to leased facilities and vehicles. These lease contracts can be terminated early with certain indemnity fees. All figures shown assume that the lease contracts will not be terminated early.

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NOTE 17: Trade and other payables

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Trade accounts payable

Thousands of $/ For the years ended December 31	2018	2017
Trade accounts payable	4,006	6,085
Accruals for invoices to be received	2,447	1,970
Total trade accounts payable	**6,453**	**8,055**

Other current liabilities

Thousands of $/ For the years ended December 31	2018	2017
Payroll	4,326	3,806
Other accruals	32	10
Total other current liabilities	**4,358**	**3,816**

NOTE 18: Financial instruments and fair value

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The table shows the Group's significant financial assets and liabilities. All financial assets and liabilities are carried at amortized cost with the exception of the contingent considerations in relation to acquisitions reported at fair value through profit and loss.

All financial assets and liabilities are considered to have carrying amounts that do not materially differ from their fair value.

Thousands of $/ For the years ended December 31	2018	2017	Hierarchy
ASSETS			
At amortized cost			
Trade receivables	19,062	19,825	
Cash and cash equivalents	26,203	16,827	
Total financial assets	**45,265**	**36,652**	
LIABILITIES			
Financial liabilities at fair value:			
Other financial liabilities	1,447	1,544	Level 3
Subtotal financial liabilities at fair value	**1,447**	**1,544**	
At amortized cost:			
Loans and borrowings	526	884	
Trade payables	6,453	8,055	
Other liabilities	4,358	3,816	
Subtotal financial liabilities at amortized cost	**11,337**	**12,755**	
Total financial liabilities	**12,784**	**14,299**	

Recognized fair value measurements - Valuation technique and principal inputs

The carrying value of the financial instruments has been determined on the basis of the following methods and assumptions:

- The carrying value of the cash and cash equivalents, the trade receivables, the trade payables and the other liabilities approximate their fair value due to their short-term character;
- Loans and borrowings are evaluated based on their interest rates and maturity date. Their fair value approximates their carrying value.
- The contingent liabilities are evaluated at their fair value calculated on the present value of future earn out based on the defined milestones.

Fair value hierarchy :

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : quoted prices in active markets for identical assets and liabilities;
- Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data. No financial assets or financial liabilities have been reclassified between the valuation categories during the year.

No financial assets or financial liabilities have been reclassified between the valuation categories during the year.

The fair value of the other financial liability is based on risk-adjusted future cash flows of different scenarios discounted using an appropriate interest rate of 9.3%. The structure of the possible scenarios and the probability assigned to each one of them is reassessed by management at every reporting period and requires judgement from management about the outcome and probability of the different scenarios as well as the evolution of the variables. As a result of a change in the scenario regarding a delay in the commercialization of SelectMDx, a transfer from other current financial liabilities to other non-current financial liabilities was reported. This impacted the fair value of the total other financial liabilities.

NOTE 19: Earnings per share

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The basic earnings per share is calculated by dividing the net result attributable to shareholders by the weighted average number of shares outstanding during the year.

Years ended December 31	2018	2017
Loss for the year, in thousands of $	-32,450	-12,288
Basic EPS, in $	-0.56	-0.25
Diluted EPS, in $	-0.56	-0.25

Weighted average number of shares	2018	2017
Weighted average number of shares for basic EPS	57,612,878	49,913,851
Weighted average number of shares for diluted EPS	57,612,878	49,913,851

At December 31, 2018, the Company has a total of 59,939,289 outstanding shares compared to 49,949,408 the previous year

NOTE 20: Financial Risk Management Back to Notes list

Capital management

The Company manages its capital with the aim of ensuring that the Company can continue to operate in continuity.

Credit risk

At the end of 2018, the Company operated with more than 1,000 different customers, systematically reducing credit risk compared to prior periods.

In the US healthcare system, and particularly within the molecular diagnostic CLIA laboratory industry, where there are rapid technological advances in diagnostic services, companies provide services to healthcare professionals and their patients, while being reimbursed from commercial and governmental insurance systems. Often these services are provided out of network and without supplier contracts. As a result, there is reimbursement risk, separate from credit risk that is characterized by uncertainty in reimbursement value, delays in payment, and ultimately non-payment. This impacts the Company's revenue recognition and cash collections.

In addition to reimbursement risk associated with commercial third-party payors, credit risk may also arise from amounts due directly from patients. In many cases, payors will cover the entire cost of testing. The ConfirmMDx test falls under the Clinical Laboratory Fee Schedule, so there is no co-payment, co-insurance or deductible for patients covered under traditional Medicare. However, patients covered by commercial insurance companies may be responsible for a co-payment, co-insurance, and/or deductible depending on the health insurance plan and individual patient benefit. Credit risk exists for those patients who cannot meet their co-payment or deductible portions.

Customer's compliance with agreed credit terms is regularly and closely monitored. Trade accounts receivable amounted to $19,062 thousand at December 31, 2018 and no allowance for doubtful debt was recorded. The Company applies the simplified approach to providing for expected credit losses (ECL) prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. No ECL has been recorded for other financial assets carried at amortized cost as there is no related credit risk.

The credit risk on cash and cash equivalents $26,203 thousand is limited given that the counterparties are banks with high credit scores attributed by international rating agencies.

Interest risk

The Company is subject to interest risk in regards of the bank loans agreements entered during 2016 and 2017. The Company has contracted bank loans and finance leases for a total of $ 412 thousand with ING and KBC for which the interest rate charged is equivalent to LIBOR + 1.20%.

Despite the non-materiality of the amounts, the Group has performed a sensitivity analysis to report the exposure to variations in interest rates of +2% and -2%. Consequently, the Group is exposed to additional interests' charges of $2 thousand if LIBOR increases by 2%, and to a reduction of $2 thousand if LIBOR is lowered at its minimal value, meaning 0%.

Currency risk

Considering the continuing development of the commercial activities in the US market, the Company has decided to change its presentation currency from the EURO to the US Dollar as of January 1, 2013. The functional currency changed also from the EURO to the US Dollar as of July 1, 2014. In consequence, the currency risk is concentrated on European operations.

The monetary items at December 31, 2018 in EURO are composed of cash on hand of €21,087 thousand.

In accordance with IFRS 7, the Company performed a sensitivity analysis of an increase/decrease of exchange rate on operations of 10%. The exposure of operations to the currency risk is limited to the net amount of €7,274 thousand (€520 thousand revenue and €7,794 thousand costs), resulting in a potential loss of €848 thousand in case of an increase of the USD/Euro exchange rate by 10%, and a potential gain of €694 thousand in case of a decrease of the exchange rate by 10%.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has two loan agreements with banks and five financial leases at December 31, 2018 (see notes 17 and 18) and no derivative instruments.

For the years ended December 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Non derivatives						
Trade payables	6,453				6,453	6,453
Borrowings	153				153	153
Finance lease liabilities	136	217	57		410	410
Total						**7,016**

For the years ended December 31, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Non derivatives						
Trade payables	8,055				8,055	8,055
Borrowings	198	153			351	338
Finance lease liabilities	186	137	275	0	598	546
Total						**8,939**

In the course of 2018, the Company entered into several foreign exchange derivative products to cover the currency risk of USD/EUR. At December 31, 2018, the Company was committed for :

- Six monthly forward EUR/USD (for a total of $12 million until June 2019)
- One Vanilla FX Option with settlement in January 2019.

Other risks

The Group subscribes to certain insurance policies to cover matters such as (i) fire, theft, and other damage to its assets, (ii) product and liability insurance and clinical trial insurance, and (iii) D&O insurance. To date, no significant claims have been made under these insurance policies and there is no guarantee that the insurances will cover all damages if they should ever occur.

To date, the Company has received several government grants for various R&D projects. Some of these grant amounts can be re-claimed if the Company does not fulfill all the conditions of the grant agreements.

NOTE 21: Share capital and reserves

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At December 31, the Company's share capital was represented by the following number of shares (units). Only one class of shares (common shares) exists and they have no par value.

For the Years ended December 31	2018	2017
Common shares	59,939,289	49,949,408
Total outstanding shares	**59,939,289**	**49,949,408**

The capital stock and the issuance premium at December 31 amounted to the following:

	Thousands of $/		Thousands of €/	
For the Years ended December 31	2018	2017	2018	2017
Share Capital as per statutory accounts	61,295	51,476	47,813	39,844
Capital Increase costs	-7,418	-5,530	-6,085	-4,550
Share capital under IFRS	53,877	45,946	41,728	35,294
Issuance premium	135,731	101,239	111,524	83,530
Share capital and issuance premium	189,608	147,185	153,252	118,824

The share capital and issuance premium increased in 2018 via a placement of new shares in March 2018 for a gross amount of $44 million.

The history of the Share Capital can be found in "General Information; Capital and Shares ".

Externally imposed capital requirements

None of the current contracts of the Company imposes any capital requirements on the Company. Article 633 of the Belgian Company Code requires that if in the non-consolidated statutory accounts prepared in accordance with Belgian-GAAP, the net assets of a limited liability company (société anonyme) have fallen below 50% of a company's share capital as a result of sustained losses, a shareholders' meeting must be convened within two months as from the determination of such situation in order to deliberate and to resolve upon the dissolution of the Company or the continuation of its activities of the Company (and any other proposed measures to address the situation) upon proposal of the Board of Directors of the Company. Article 634 of the Belgian Company Code states that if in the statutory Belgian-GAAP accounts the net assets of a limited liability company (société anonyme) have fallen below €61,500, any interested party can ask the courts to dissolve the Company. The courts may grant the Company time to rectify the situation. At the date of this document, the Company's financial situation is such that no action needs to be taken pursuant to either Article 633 or 634 of the Belgian Company Code.

NOTE 22: Retirement benefit schemes

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The Company operates defined contribution schemes for all its qualifying employees. The assets of these schemes are held separately from those of the Company in designated funds.

A total cost of $827 thousand in 2018 (2017: $675 thousand) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans.

The employees of the Company in Belgium are members of a state-managed retirement benefit scheme operated by the government (i.e., legal pension) and are members of a bank-operated private pension scheme. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The obligation of the Company with respect to the retirement benefit scheme is to make the specified contributions.

Because the Company must guarantee the statutory minimum return on these plans, not all actuarial and investment risks relating to these plans are transferred to the insurance company or pension fund managing the plans. The Company has considered the potential impact of the employer's obligation to guarantee a minimum return and that this was assessed not to be significant.

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, strictly speaking, those plans classify as defined benefit plans. The IASB recognized that the accounting for such so-called "contribution-based plans" in accordance with the currently applicable defined benefit methodology is problematic. Considering as well the uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium, the Company adopted a retrospective approach whereby the net liability recognized in the statement of financial position is based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date (i.e. the net liability is based on the deficit measured at intrinsic value, which is not significant).

NOTE 23: Share based payments

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This section provides an overview of the outstanding warrants as of December 31, 2018. The warrants were created within the context of stock-based incentive plans for employees, directors and consultants of the Company.

The Company has created several pools of warrants under stock option plans for grant to eligible employees, Directors, and consultants. On May 12, 2004 (30,000), July 12, 2005 (15,000), March 22, 2006 (66,700), November 8, 2006 (47,500), April 18, 2007 (55,100), May 25, 2007 (50,000), May 30, 2008 (61,000), January 2, 2009 (120,500), June 21, 2010 (145,000), May 27, 2011 (225,000), March 15, 2012 (195,000), June 15, 2012 (700,000), June 23, 2014 (1,500,000), June 19, 2017 (2,500,000). In aggregate 5,710,800 warrants were issued, subject to warrants being granted to and accepted by the beneficiaries. Of these 5,710,800 warrants, (i) 934,802 warrants were terminated or lapsed, (ii) 577,123 warrants were exercised, (iii) 2,124,375 warrants were granted but not yet exercised, and (iv) 2,074,500 warrants were not yet granted by the Company. For the year 2018, 233,375 warrants were terminated or lapsed, no warrants were exercised, and 352,689 warrants were vested. As a result, as at December 31, 2018, there are 2,124,375 warrants outstanding, entitling their holders to subscribe to 2,124,375 shares of the Company.

	Number of potential shares from outstanding warrants
At January 1, 2018	2,123,750
Number of warrants cancelled/forfeited during the year	-233,375
Number of warrants exercised during the year	-
Number of warrants granted during the year	234,000
At December 31, 2018	**2,124,375**

The warrants are granted to employees (mainly), consultants or directors of the Company and its subsidiaries. Each warrant entitles its holders to subscribe to one new share of the Company at a subscription price determined by the board of directors, within the limits decided upon at the occasion of their issuance.

The warrants issued have generally a term of ten years as of issuance. Upon expiration of their term, the warrants become null and void.

In general, the warrants vest in cumulative tranches of 25% per year, provided that the beneficiary has provided at least one year of service. However, there are certain exceptions to this rule which are, if applicable, specified in the relevant stock option plans. The 30,000 warrants granted under the May 2011 Stock Option Plan to the CEO became vested immediately on the date of grant (i.e. December 7, 2010). The warrants granted under the May 2012 Stock Option Plan and under the June 23, 2014 Stock Option Plan to directors all vest on the date of the annual meeting that takes place in the calendar year following the calendar year in which they were granted, provided that the mandate of the relevant director has not ended or been terminated. The warrants granted under the May 2012 Stock Option Plan and under the June 23, 2014 Stock Option Plan to beneficiaries who are not directors all vest in instalments of 25% per year, the first tranche of 25% vesting on the first anniversary date of the date of grant and the following tranches vesting on a quarterly basis.

The table below presents the outstanding warrants and their exercise price at the end of each accounting year covered by the financial statements:

		Warrants	Weighted average exercise price (€)	Potential shares from exercise of warrants	Weighted average exercise price per potential share (€)
	Granted in 2017	905,000	4.86	905,000	4.86
Outstanding 31	December 2017	2,123,750	4.26	2,123,750	4.26
	Granted in 2018	234,000	2.68	234,000	2.68
Outstanding 31	December 2018	2,124,375	4.21	2,124,375	4.21
Exercisable at 31	December 2018	1,400,626	3.91	1,400,626	3.91

The following table provides an overview of the outstanding potential shares from warrants per personnel category at December 31, 2018:

Category	Number of potential shares from outstanding warrants
Executive Director	200,000
Non-Executive Directors	258,000
Management team (excluding the Executive Director)	652,500
Other employees, consultants, and former service providers	1,013,875
Total outstanding at December 31, 2018	**2,124,375**

The warrants have been accounted for in accordance with International Financial Reporting Standard 2 Share-based payment. IFRS 2 takes effect for all warrants.

The share-based compensation expense recognized in the statement of comprehensive income is given below as is the cumulated amount per the consolidated statement of financial position:

Thousands of $/ Years ended December 31	2018	2017
Share-based compensation	1,006	943
Cumulated Share-based compensation	7,218	6,212

The Cumulated Share-based compensation amount is part of the Total Shareholders' Equity on the balance sheet. This amount is presented on the balance sheet for both exercised and non-exercised warrants.

The weighted average exercise price of all outstanding warrants (vested and non-vested warrants; assuming 1 warrant = 1 share) is €4.21 ($ conversion 4.82 at December 31, 2018). The weighted average remaining contractual life of all outstanding warrants at the end of 2018 is 5.08 years.

The table below presents the outstanding warrants and their exercise price at the end of each accounting year covered by the financial statements:

Dates	Number of warrants granted to Belgian benef.	Number of warrants granted to other benef.	Exercise price (€)	Expected dividend Yield	Expected stock price volatility	Risk-free interest rate	Expected duration (months) to Belgian benef.	Expected duration (months) to other benef.
30-May-08	12,000	37,000	€ 9.10	-	52.30%	4.92%	82.10	61.10
02-Jan-09	63,400	53,200	€ 6.32	-	57.24%	3.98%	74.08	62.88
21-Jun-10	135,000	10,000	€ 2.07	-	76.17%	3.40%	51.35	33.34
27-May-11	100,000	125,000	€ 1.71	-	68.81%	4.15%	76.21	58.19
15-Mar-12	75,000	120,000	€ 1.72	-	67.74%	3.43%	78.57	60.56
15-Aug-12	12,000	24,000	€ 1.52	-	54.50%	2.57%	73.54	61.54
14-Sep-12	-	85,000	€ 1.65	-	55.58%	2.59%	72.56	60.56
01-Dec-12	-	10,000	€ 2.19	-	57.13%	2.19%	75.98	57.99
01-Jan-13	65,000	107,000	€ 2.00	-	57.13%	2.09%	80.97	62.92
01-Feb-13	-	23,000	€ 2.26	-	49.99%	2.39%	79.96	61.91
01-Apr-13	-	5,000	€ 2.30	-	51.52%	2.18%	78.02	59.97
01-May-13	-	15,000	€ 2.13	-	49.75%	1.93%	77.03	58.98
31-May-13	12,000	18,000	€ 2.05	-	49.62%	2.22%	76.04	57.99
12-Mar-14	76,000	177,000	€ 3.60	-	47.75%	2.24%	72.69	54.67
01-Apr-14	-	12,000	€ 4.32	-	48.82%	2.21%	72.03	54.02
30-May-14	18,000	18,000	€ 4.25	-	48.68%	1.86%	70.09	52.08
01-Jun-14	-	4,000	€ 4.24	-	48.81%	1.86%	70.03	52.01
01-Jul-14	-	15,000	€ 4.02	-	48.58%	1.72%	69.04	51.02
1-avr-15	-	4,000	€ 5.02	-	47.42%	0.40%	60.03	47.97
23-Jun-14	12,000	12,000	€ 4.13	-	48.12%	1.78%	75.32	63.29
10-Oct-14	-	17,500	€ 4.01	-	46.93%	1.01%	69.73	57.70
9-Feb-15	60,000	95,000	€ 4.49	-	46.75%	0.62%	79.73	61.71
29-May-15	20,000	30,000	€ 4.91	-	46.52%	0.81%	64.14	52.11
1-Apr-15	-	3,000	€ 5.02	-	47.42%	0.40%	72.03	54.02
1-May-15	-	20,000	€ 5.05	-	46.59%	0.62%	71.05	53.03
1-Jun-15	-	6,000	€ 4.90	-	46.58%	0.81%	70.03	52.01
1-Jul-15	-	4,000	€ 4.62	-	47.02%	1.27%	69.04	51.02
1-Aug-15	-	4,000	€ 4.64	-	46.54%	0.98%	68.02	50.01
1-Sep-15	-	85,000	€ 4.24	-	49.31%	1.15%	73.02	48.99
1-Oct-15	-	8,000	€ 4.20	-	48.99%	0.90%	72.03	54.02
1-Nov-15	-	4,000	€ 3.81	-	50.88%	0.92%	71.01	52.99
1-Dec-15	-	18,000	€ 3.89	-	51.18%	0.85%	70.03	52.01
1-Feb-16	-	10,000	€4.13	-	51.18%	0.85%	67.99	49.97
4-Feb-16	50,000	134,000	€3.78	-	52.49%	0.72%	67.89	49.87
2-Apr-16	-	52,000	€3.62	-	53.40%	0.58%	65.33	53.33
29-May-16	30,000	40,000	€4.13	-	51.85%	0.54%	64.11	52.11
1-Jan-16	-	4,000	€3.79	-	51.12%	1.06%	69.01	50.99
1-Jun-16	-	2,000	€3.43	-	53.73%	0.49%	64.01	52.01
1-Aug-16	-	4,000	€3.62	-	53.51%	0.16%	62.01	50.01
21-Oct-16	-	20,000	€4.44	-	54.19%	0.28%	59.34	47.34
22-Jan-16	-	20,000	€3.83	-	52.81%	0.86%	68.32	56.32
1-Dec-16	-	22,000	€4.65	-	54.16%	0.75%	57.99	39.98
1-Jan-17	-	19,000	€4.56	-	53.84%	0.73%	56.98	50.96
1-Mar-17	-	95,000	€5.26	-	52.62%	0.68%	55.04	49.02
1-Apr-17	-	18,000	€5.41	-	51.80%	0.81%	54.02	48.00
11-Apr-17	20,000	200,000	€5.35	-	51.83%	0.72%	65.68	47.67
1-Jun-17	-	2,000	€5.01	-	51.86%	0.59%	52.01	52.01
1-Jul-17	-	22,000	€4.96	-	50.94%	0.77%	63.02	44.98
29-Jul-17	-	10,000	€4.72	-	50.95%	0.87%	50.10	44.05
1-Sep-17	-	34,000	€4.92	-	48.08%	0.71%	60.99	42.97
1-Oct-17	-	70,000	€4.80	-	47.32%	0.76%	53.98	41.95
2-Nov-17	-	99,000	€4.61	-	45.23%	0.66%	52.93	40.90
1-Dec-17	-	6,000	€3.92	-	46.50%	0.56%	51.98	39.98
20-Jun-17	30,000	30,000	€4.97	-	51,57%	0.59%	81.40	63.39
27-Jun-17	250,000	-	€4.98	-	51.04%	0.66%	81.17	63.16
01-Apr-18	-	42,000	€3,77	-	46.08%	0.76%	54.02	42.02
01-May-18	-	8,000	€3,64	-	46.27%	0.82%	53.03	41.03
01-Jun-18	-	2,000	€3,79	-	46.15%	0.77%	52.01	40.01
01-Jun-18	50,000	30,000	€4,97	-	46.15%	0.77%	52.01	40.01
01-Aug-18	-	70,000	€3,74	-	44.09%	0.79%	62.01	55.96
01-Jun-18	-	8,000	€3,66	-	44.04%	0.73%	48.99	36.99
01-Oct-18	-	4,000	€3,10	-	46.56%	0.88%	60.00	53.95
05-Dec-18	-	20,000	€1,73	-	57.56%	0.79%	45.86	33.86

The above inputs for the Black-Scholes model have been determined based on the following:

- The dividend return is estimated by reference to the historical dividend payment of the Group. Currently, this is estimated to be zero as no dividends have been paid since inception.
- The expected volatility was determined using the average volatility of the stock over the last two years at the date of grant.
- Risk-free interest rate is based on the interest rate applicable for the 10Y Belgian government bond at the grant date

NOTE 24: Related parties

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Transactions between MDxHealth SA, MDxHealth Inc. and MDxHealth B.V. which are related parties, have been eliminated on consolidation and are not disclosed in this note. Since 2012, the intercompany services relate to royalties paid by MDxHealth Inc. to MDxHealth SA and to interest on intercompany loans. In 2018, the services charged by the parent company to the subsidiary amounted to $6,985 thousand.

Transactions between the Company and its employees, consultants or Directors are described below. There were no other related party transactions.

Remuneration of key management personnel

During the year ended December 31, 2018, the executive management team included four members:

1. Chief Executive Director, Dr. Jan Groen
2. Executive Vice President of Corporate Development & General Counsel, Mr. Joseph Sollee
3. Chief Finance Officer and Executive Vice President of Finance, Mr Jean-Marc Roelandt
4. Executive Vice President & Chief Medical Officer, Dr Michael Brawer

Their combined remuneration package, including employer taxes, amounted to the following:

Thousands of $/ except per personnel, warrants & share amounts For the Years ended December 31	2018	2017
Number of management members and Executive Directors	4	5
Short-term employee benefits	1,593	1,549
Post-employment benefits	45	44
Other employment costs	68	74
Total benefits	1,706	1,667
IFRS share-based compensation expense	392	204
Outstanding receivables from persons	-	-
Outstanding payables to persons	-	-
Shares owned	199,590	260,590
Number of warrants offered	0	475,000
Cumulative outstanding warrants	705,000	952,500
Exercisable warrants	426,875	398,188
Exercised warrants	0	67,813

In 2018, in aggregate for the four members of the executive management team, no warrants were exercised and no new warrants were granted and accepted. The annualized IFRS cost for existing warrants is $392 thousand.

In 2017, in aggregate for the four members of the executive management team, 67,813 warrants were exercised and 475,000 new warrants were granted and accepted (for an annualized IFRS cost of $204 thousand).

No loans, quasi-loans or other guarantees are outstanding with members of the executive management team.

Transactions with non-executive directors

Since 2012, the Non-Independent Directors do not receive a fee payment for attending and preparing for Board meetings or for assisting the Company with Board matters. They receive reimbursement for expenses directly related to the Board meetings, totaling less than $1 thousand in 2018.

The Independent Directors receive a fee for attending and preparing meetings of the Board of Directors and for assisting the Company with Board matters, and they receive reimbursement for expenses directly related to the Board meetings. In 2018 and 2017, respectively $176 thousand and $136 thousand were paid as fees and expense reimbursement to independent members of the Board of Directors.

A total of 80,000 warrants were granted to Non-Executive Directors in 2018 and no warrants were exercised in 2018.

NOTE 25: Significant agreements, commitments and contingencies

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Fair value of other financial liabilities

On September 18, 2015, MDxHealth acquired MDxHealth BV (former NovioGendix), a Dutch molecular diagnostic research and service company with expertise in the urological oncology. The terms of the acquisition consisted of initial consideration paid in 1,086,956 shares of MDxHealth common stock, issued at €4.14 representing the average closing price of the Company's shares on Euronext Brussels during a period of 30 days ending on September 17, 2015. In addition to this equity, additional cash consideration of €250 thousand was paid. On top of the acquisition price, MDxHealth is committed to pay future milestone fees. The Company paid €1,000 thousand, being $1,105 thousand regarding these milestone fees in 2017. In 2018 the contingent consideration has been adjusted for $97 thousand relating to the value of money in time. The fair value of this contingent consideration as of December 31, 2018 is estimated at $1,447 thousand over the period 2019-2020. The Company is contractually required to pay at maturity to the holder of the obligation the amount of maximum $2,200 thousand.

Collaborative research agreements and clinical research agreements

The Company has entered into numerous agreements with universities, medical centers and external researchers for research and development work and for the validation of the Company's technology and products. These agreements typically have durations of one to three years. The Company must pay fixed fees to the collaborators and in exchange typically receives access and rights to the results of the work.

MDxHealth collaborates on research and clinical development with many of the world's leading academic and government cancer research institutes. These important relationships provide the Company with additional resources and expertise for clinical marker validation as well as access to patient samples for testing. MDxHealth's collaborators include such prestigious institutions as Johns Hopkins University Medical Institutions (US), Duke University Medical Center (US), Harvard Medical School (US), Cleveland Clinic (US), University of Colorado (US), University of California at Los Angeles (US), Radboud University (The Netherlands) and University of Gent (Belgium) among others.

Intellectual property in-licensing agreements

The Company has entered into numerous agreements with universities and companies for in-licensing intellectual property. These agreements typically require the Company to pay an up-front fee, annual maintenance fees and/or minimum annual royalty fees, legal fees related to the patents, and certain milestone and royalty fees if the patents are eventually used in a commercialized product. In addition, the Company must provide the licensor with periodic reports.

Commercial and intellectual property sub-licensing agreements

The Company has entered into numerous partnering and sub-licensing agreements. In regard to the Company's developed tests, the Company has entered into a range of marketing and sales arrangements with commercial entities. These important relationships provide the Company with additional resources and infrastructure to expand the geographic reach and awareness of the Company's solutions, primarily in relation to the ConfirmMDx and SelectMDx tests. MDxHealth's marketing partners include Cerba Healthcare (Belgium), Ferrer Internacional (Spain), Teva Pharmaceuticals (Isreal), and SouthGenetics (South and Central America), LifeLabs (Canada) and, in the US, LabCorp, Miraca Life Sciences, Bostwick Laboratories.

In regard to intellectual property that MDxHealth has developed or improved, MDxHealth has sublicensed certain of its non-core epigenetic technologies to commercial partners, several of whom have launched products that generate royalties and other fees. These sublicenses include:

- an exclusive sublicense to Laboratory Corporation of America (LabCorp) for the MGMT test (for the North American market only, of indefinite duration, and limited to service testing only). MDxHealth retained certain rights to develop and commercialize the MGMT test as a companion diagnostic on a worldwide basis. LabCorp began to commercialize the MGMT test in North America in 2008.
- non-exclusive sublicense agreements for the Company's patented methylation specific PCR (MSP) technology for diagnostic applications, in exchange for certain license fees and running royalties, to several partners including oncgnostics GmbH, Qiagen GmbH and Takara Bio.

Litigation

As of the date of this document and as far as MDxHealth is aware, the Company is not involved in any material legal proceedings.

NOTE 26: Events after the reporting date Back to Notes list

In 2019, through the date of this document, the Company made the following normal course of business announcements:

- Mdxhealth announced on January 24, 2019 data to be presented at the 29th Annual International Prostate Cancer Update (IPCU) meeting in Beaver Creek, Co, January 24-27, 2019, demonstrating that SelectMDx® for Prostate Cancer urine test outperforms the Prostate Health Index (phi) blood test.

- Mdxhealth announced on February 14, 2019 that it has signed an exclusive distribution agreement with LifeLabs to make SelectMDx®, the Company›s non-invasive liquid biopsy prostate cancer test, available in Canada. LifeLabs is a leading Canadian company that performs over 100 million laboratory tests per year to help diagnose, treat, monitor and prevent diseases, supporting over 19 million patient visits annually. Under the terms of the partnership agreement, LifeLabs will serve as an exclusive distributor for SelectMDx in

Canada. Liquid biopsy samples will be tested in MDxHealth›s state-of-the-art clinical diagnostic laboratory in Irvine, California, and LifeLabs will reimburse MDxHealth for all testing services performed.

- Mdxhealth announced on February 15, 2019 that positive data and observations from multiple studies and patient registries demonstrating the value of SelectMDx and ConfirmMDx for Prostate Cancer diagnosis, will be presented at the American Society of Clinical Oncology Genitourinary Cancers Symposium (ASCO GU), taking place in San Francisco, California, February 14-16, 2019. The data, to be presented in four separate poster presentations, highlights:

  - Annual cost savings of nearly $500 million when SelectMDx is used prior to multi-parametric magnetic resonance imaging (mpMRI) for the identification of US patients at high risk for aggressive prostate cancer.
  - SelectMDx outperforms the Prostate Health Index (Phi) blood test for the detection of high-grade prostate cancer prior to tissue prostate biopsy.
  - Retrospective validation of SelectMDx in German patients confirms robust clinical performance.
  - Clinical utility study demonstrates that ConfirmMDx had a significant positive impact on repeat prostate biopsy decision-making.

- Mdxhealth announced on February 19, 2019 the appointment of Michael K. McGarrity to the position of Chief Executive Officer and member of the Board of Directors effective February 19, 2019. Additionally, The Company announces that Mr. Jean-Marc Roelandt, CFO of MDxHealth, is on medical leave of absence. During his absence, Mr. Kurt Schmidt, MDxHealth›s Executive Vice President of Finance, will act as the company›s interim CFO.

- Mdxhealth announced on March 5, that SelectMDx® liquid biopsy test for prostate cancer has been included in the 2019 Italian Society of Urology (SIU) guidelines. The SIU guidelines assist clinicians in making informed treatment decisions, taking into account the available scientific data. The inclusion of SelectMDx® in the SIU guidelines will enable adoption of the test in Italy and contribute to the ongoing reimbursement process in that country.

- Mdxhealth announced on March 18, 2019 that positive data from a pre-biopsy clinical validation and optimization study of SelectMDx® were presented at the 34th Annual European Association of Urology (EAU) conference in Barcelona, Spain, March 15-19 2019. This pan-European multicenter clinical study was designed to optimize and validate SelectMDx in assessing the risk of high-grade prostate cancer (PCa) in men with elevated prostate specific antigen levels (PSA). Data from the study showed that SelectMDx accurately predicts both low-risk as well as aggressive prostate cancer across all patient groups.

NOTE 27: Subsidiaries Back to Notes list

The Company has the following two wholly-owned direct subsidiaries:

MDxHealth Inc.	
Address	15279 Alton Parkway – Suite 100 – Irvine, CA 92618
Incorporation Date	April 14, 2003
Number of employees	164 at December 31, 2018, 200 at December 31, 2017, and 151 at December 31, 2016.
MDxHealth B.V.	
Address	Transistorweg 5, 6534 AT Nijmegen, The Netherlands
Incorporation Date	October 18, 2006
Incorporated into MDxHealth on	September 18, 2015
Number of employees	12 at December 31, 2018, 12 at December 31, 2017, and 8 at December 31, 2016.

Remuneration of the Board

The total remuneration of the Board of Directors (including the Executive Director) in 2018 and 2017 was $713,000, and $661,000 respectively (excluding VAT, stock-based compensation and reimbursement of expenses). No advances or credits have been granted to any member of the Board of Directors. None of the members of the Board of Directors have received any non-monetary remuneration other than warrants as disclosed above.

NOTE 28: Principal audit fees and services Back to Notes list

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 €71 thousand (USD equivalent $83 thousand) in fees to the auditor in 2018.
The fees are broken down as follows:

- Audit fee for statutory and consolidated financials of € 68 thousand ($80 thousand)
- Audit related services (legal missions) € 3 thousand ($3 thousand)

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Auditor's opinion

Statutory auditor's report to the general meeting of MDxHealth SA on the consolidated financial statements for the year ended 31 December 2018

In the context of the statutory audit of the consolidated financial statements of MDxHealth (the Company) and its subsidiaries (together referred to as 'the Group'), we hereby present our statutory auditor's report. It includes our report on the audit of the consolidated financial statements 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, 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 have performed the statutory audit of the consolidated financial statements of the company MDxHealth SA for thirteen consecutive years.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have performed the statutory audit of the Group's consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements s, including a summary of significant accounting policies and other explanatory information, and which is characterized by a consolidated statement of financial position total of 65,476 (000) USD and for which consolidated statement of profit and loss shows a loss for the year of 32,450 (000) USD.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and financial position as at 31 December 2018, as well as of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements 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 consolidated financial statements' section in this report. We have complied with all the ethical requirements that are relevant to the audit of consolidated financial statements 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 2.3 in the financial statements, which indicates that the Company 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 2.3, these conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated 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

As described in notes 2.7 and 3 of the financial statements, substantially all the Group's revenues are generated from the sale of clinical laboratory testing services, technology out-licensing deals, research and development service fees, and The group's revenue recognition model includes critical accounting estimates based on management judgment. These estimates and underlying judgments are continuously revisited based on updated historical experience and new expected future evolutions.

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

PROCEDURES PERFORMED

Our audit procedures included, amongst others:

- We tested the Group's internal control procedures on revenues and evaluated the Group's assumptions and estimates used in assessing the 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.
- We reviewed the adequacy of the Group's disclosures in note 2.7 and 3 in respect of the use of estimates and judgments in the revenue recognition model.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory provisions applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 it 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 consolidated financial statement.

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 consolidated financial statements, 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 Group'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 Group'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 consolidated financial statements 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 Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the management, the supervision and the performance of the Group audit. We assume full responsibility for the auditor's opinion.

We communicate with the board of directors and 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 identified during the audit.

We also provide the board of directors and 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 board of directors and with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements 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.

Statutory auditor's report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the contents of the management report on the consolidated financial statements and for the other information included in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard (revised in 2018) that is supplementary to the International Standards on Auditing (ISA) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the management report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements, as well as to report on these elements.

Aspects related to the management report on the consolidated financial statements and to the other information included in the annual report on the consolidated financial statements

In our opinion, after having performed specific procedures in relation to the management report, the management report is consistent with the consolidated financial statements for the same financial year, and it is prepared in accordance with article 119 of the Company Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the management report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements, namely:

- Part I: Key Figures
- Part I: 2018 Financial Review

contain a material misstatement, i.e. 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 on the consolidated financial statements nor on the other information contained in the annual report on the consolidated financial statements.

Statement concerning independence

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

Other statements

- 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.

Zaventem, 29 April 2019

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

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Condensed non-consolidated financial statements

The statutory financial statements to be filed with the Belgian National Bank are prepared in accordance with Belgian GAAP. An unqualified audit opinion will be issued by the statutory auditor.

The information included in this section is an extract from the statutory accounts and does not include all information as required by articles 98 and 100 of the Company laws. The full statutory accounts have not yet been filed with the Belgian National Bank as of the date of this document. Once filed with the Belgian National Bank, the full statutory accounts will also be made available in the investor section of MDxHealth's website (www.mdxhealth.com).

Statutory Income Statement

Thousands of €/ For the years ended December 31	2018	2018 in $ equivalent	2017
I. Operating income	**5,744**	**6,784**	**16,743**
A. Turnover	5,645	6,667	16,688
D. Other operating income	99	117	55
II. Operating charges	**7,160**	**8,456**	**5,794**
A. Purchase of goods and materials	390	461	388
B. Services and other goods	5,586	6,597	3,749
C. Remuneration, social security costs, pensions	1,151	1,359	1,250
D. Depreciation & amounts written off fixed assets	33	39	407
G. Other operating charges	-	-	-
III. Operating profit/(loss)	**(1,416)**	**(1,672)**	**10,949**
IV. Financial income	**2,233**	**2,637**	**1,604**
B. Income from current assets	2,081	2,457	1,575
C. Other	152	180	29
V. Financial charges	**311**	**367**	**560**
A. Debt charges	50	59	25
C. Other	261	308	535
VI. Current profit/(loss) before taxes	**506**	**598**	**11,993**
VII. Extraordinary income			**-**
VIII. Extraordinary charges			**-**
A. Extraordinary depreciations & amounts written off fixed assets			-
B. Extraordinary depreciation on financial assets			-
IX. Profit/(loss) before taxes	**506**	**598**	**11,993**
X. Income taxes			**-**
XI. Profit/(loss) for the year after taxes	**506**	**598**	**11,993**

Appropriation account

Thousands of €/ For the years ended December 31	2018	2018 in $ equivalent	2017
A. Loss/gain to be appropriated			
A1. Loss/Gain for the period available for appropriation	506	598	11,993
A2. Loss brought forward	(7,477)	(8,580)	(19,470)
B. Transfer from capital and reserves			-
B1. From capital and share premium account			-
C. Transfer to equity			
D. Result to be carried forward			
D2. Loss to be carried forward	6,971	7,982	7,477

Part IV: Financial Statements

Statutory Balance Sheet

Statutory Balance Sheet after appropriations

Thousands of €/ For the years ended December 31	2018	2018 in $ equivalent	2017
ASSETS	**138,489**	**158,570**	**9,273**
I. Formation expenses	**-**	**-**	**-**
II. Intangible assets			**-**
III. Tangible fixed assets	**63**	**72**	**86**
B. Plant, machinery and equipment	63	72	86
C. Furniture and vehicles	-	-	-
IV. Financial assets	**138,426**	**158,498**	**9,187**
A. Affiliated enterprises	138,410	158,480	9,171
A1. Investments	9,171	10,501	9,171
A2. Amounts receivable	129,239	147,979	-
C. Other financial assets	-	-	-
C1. Investments	-	-	-
C2. Amounts received and cash guarantee	16	18	16
CURRENT ASSETS	**22,488**	**25,748**	**109,639**
V. Amounts receivable after one year	**-**	**-**	**-**
VI. Stocks and contracts in progress	**-**	**-**	**-**
VII. Amounts receivable within one year	**282**	**323**	**97,102**
A. Trade debtors	180	206	97,051
B. Other amounts receivable	102	117	51
VIII. Investments	**22,148**	**25,359**	**12,469**
B. Other investments and deposits	-	-	-
IX. Cash at bank and in hand	**22,148**	**25,359**	**12,469**
X. Deferred charges and accrued income	**58**	**66**	**68**
TOTAL ASSETS	**160,977**	**184,318**	**118,912**

Thousands of € For the years ended December 31	2018	2018 in $ equivalent	2017
CAPITAL AND RESERVES	**152,366**	**174,459**	**115,897**
I. Capital	**47,813**	**54,746**	**39,844**
A. Issued capital	47,813	54,746	39,844
II. Share premium account	**111,524**	**127,695**	**83,530**
III. Revaluation surpluses	**-**	**-**	**-**
IV. Reserves	**-**	**-**	**-**
V. Accumulated profit/(loss)	**(6,971)**	**(7,982)**	**(7,477)**
VI. Investment grants	**-**	**-**	**-**
VII. Provisions and postponed taxes	**-**	**-**	**-**
A. Provisions for liabilities and charges	-	-	-
A4. Other liabilities & charges	-	-	-
AMOUNTS PAYABLE	**8,611**	**9,859**	**3,015**
VIII. Debts payable after 1 year	**31**	**35**	**169**
A. Financial debts	31	35	169
A4. Credit institutions	31	35	169
IX. Debts payable within 1 year	**1,844**	**2,111**	**1,679**
A. Current portion of debts after one year	-	-	-
B. Financial debts	136	156	172
B1. Credit institutions	136	156	172
C. Trade debts	1,451	1,661	1,273
C1. Suppliers	1,451	1,661	1,273
D. Advances received on contracts in progress	-	-	-
E. Taxes, remuneration & social security	257	294	234
E1. Taxes	-	-	-
E2. Remuneration & social security	257	294	234
X. Accrued charges and deferred income	**6,736**	**7,713**	**1,167**
TOTAL LIABILITIES	**160,977**	**184,318**	**118,912**

Part V: Additional information

Part V: Additional information

Shareholder information

Capital and shares

The descriptions provided below are only a summary and do not purport to give a complete overview of the Company's articles of association nor all relevant provisions of Belgian law. Neither should it be viewed as legal advice regarding the shares.

History of share capital

At the end of 2018, the issued capital of MDxHealth amounted to € 47,813,068.45 represented by 59,939,289 common shares without nominal value.

The table below provides an overview of the history of the Company's share capital since its incorporation in 2003. The overview should be read together with the notes set out below the table.

Date	Transaction	Number of shares issued	Issue price per share (EUR)	Issue price per share post stock-split (EUR)	Capital increase (EUR)	Share capital after transaction (EUR)	Share Issuance Premium after transaction (EUR)	Aggregate # of shares after capital increase
Incorporation								
Jan. 10, 2003	Incorporation	202,975	0.30	0.06	61,500.00	61,500.00	0	202,975
Phase I Financing Round December 20, 2002 (Preferred A Shares)								
Feb. 7, 2003	Capital increase in cash	197,025	20.00	4.00	3,940,500.00	4,002,000.00	0	400,000
Jun. 30, 2003	Capital increase in cash	33,333	20.00	4.00	666,660.00	4,668,660.00	0	433,333
Sep. 30, 2003	Capital increase in cash	218,139	22.31	4.46	4,866,681.09	9,535,341.09	0	651,472
Jun. 20, 2004	Capital increase in cash	195,504	23.87	4.77	4,666,680.48	14,202,021.57	0	846,976
Phase II Financing Round October 19, 2005 (Preferred B Shares)								
Oct. 28, 2005	Capital increase in cash	375,000	24.00[7]	4.80[7]	9,000,000.00	23,202,021.57	0	1,221,976
Mar. 31, 2006	Capital increase in cash	193,548	31.00	6.20	5,999,988.00	29,202,009.57	0	1,415,524
Stock Split								

May 23, 2006	Stock split 5/1	/	/	/	/	/	0	7,077,620
Initial Public Offering and Exercise of Over-Allotment Warrants								
Jun. 30, 2006	Capital increase in cash	2,933,334	7.50	7.50	22,000,005.00	51,202,014.57	0	10,010,954
Jun. 30, 2006	Capital decrease	/	/	/	-10,217,809.00	40,984,205.57	0	10,010,954
Jun. 30, 2006	Capital increase through exercise of warrants	440,000	7.50	7.50	1,817,200.00	42,801,405.57	1,482,800.00	10,450,954
Exercise of Warrants								
Apr. 18, 2007	Capital increase through exercise of warrants	182,560	4.70	4.70	747,666.16	43,549,071.73	1,593,731.31	10,633,514
Private Placement								
Oct. 19, 2007	Capital increase in cash	1,063,351	10.00	10.00	4,354,954.02	47,904,025.75	7,872,287.29	11,696,865
Exercise of Warrants								
Oct. 25, 2007	Capital increase through exercise of warrants	50,837	4.73	4.73	208,202.93	48,112,228.68	7,904,487.77	11,747,702
Exercise of Warrants								
Apr. 24, 2008	Capital increase through exercise of warrants	61,120	4.59	4.59	250,316.96	48,362,545.64	7,934,871.81	11,808,822
Nov.5 , 2008	Capital increase through exercise of warrants	19,375	4.73	4.73	79,350.31	48,441,895.95	7,947,140.25	11,828,197
Private Placement								
Dec. 18, 2008	Capital increase in cash	1,332,877	6.29	6.29	5,458,797.75	53,900,693.70	10,872,138.83	13,161,074
Exercise of Warrants								
Apr. 17, 2009	Capital increase through exercise of warrants	24,540	4.49	4.49	100,503.57	54,001,197.27	10,881,808.74	13,185,614
Reduction of Share Capital								
Jun. 21, 2010	Share Capital reduction	/	/	/	/	10,517,661.90	10,881,808.74	13,185,614
Private Placement								
Apr. 8, 2011	Capital increase in cash	5,436,713	1.50	1.50	4,336,865.96	14,854,527.86	14,700,012.24	18,622,327
Private Placement								
Jul. 4, 2012	Capital increase in cash	6,891,113	1,45	1,45	5,497,040.84	20,351,568.70	19,202,971.61	25,513,440
Private Placement								
Jun. 25, 2013	Capital increase in cash	8,737,863	2,05	2,05	6,970,193.32	27,321,762.02	30,232,776.07	34,251,303
Private Placement								
Nov. 7, 2014	Capital increase in cash	3,425,000	3,60	3,60	2,732,122.50	30,053,884.52	39,830,653.57	37,676,303
Exercise of Warrants								
Apr. 30, 2015	Capital increase through exercise of warrants	172,187	2.01	2.01	137,353.57	30,191,238.09	40,039,189.53	37,848,490
Private Placement								
Jun. 26, 2015	Capital increase in cash	6,150,000	4.50	4.50	4,905,855.00	35,097,093.09	62,808,334.53	43,998,490
Private Placement								
Sep. 18, 2015	Capital increase in cash	1,086,956	4.14	4.14	867,064.80	35,964,157.89	66,441,267.57	45,085,446
Exercise of Warrants								
Nov. 27, 2015	Capital increase through exercise of warrants	68,187	1.70	1.70	54,392.77	36,018,550.66	66,502,756.44	45,153,633
Exercise of Warrants								
May 9, 2016	Capital increase through exercise of warrants	116,000	1.70	1.70	92,533.20	36,111,083.86	66,607,143.24	45,269,633
Private Placement								
Nov. 7, 2016	Capital increase in cash	4,526,962	4.50	4.50	3,611,157.59	39,722,241.45	83,367,314.65	49,796,595
Exercise of Warrants								
Nov. 10,2016	Capital increase through exercise of warrants	49,000	1.69	1.69	39,087.30	39,761,328.75	83,410,887.35	49,845,595
Exercise of Warrants								
May 5, 2017	Capital increase through exercise of warrants	103,813	1.94	1.94	82,811.63	39,844,140.38	83,529,614.08	49,949,408
Private Placement								
Mar. 26, 2018	Capital increase in cash	9,989,881	3.60	3.60	7,968,928.07	47,813,068.45	111,524,257.61	59,939,289
Per statutory accounts						47,813,068.45	111,524,257.61	59,939,289
Per IFRS consolidated accounts						41,728,433.16	111,524,257.61	59,939,289

Authorized capital

By virtue of the resolution of the extraordinary general shareholders' meeting held on June 20, 2016, the Board of directors was expressly authorized to increase the share capital in one or more transactions by a total value of thirty-six million, one hundred and eleven thousand, eighty-three euros and eighty-six cents (€36,111,083.86) (the "Authorized Capital Amount").

The Board of Directors may 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 2021 which shall resolve on the annual accounts relating to the financial year ending on December 31, 2020.
This authorization may be renewed in accordance with the relevant legal provisions.

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 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 June 20, 2016, the Board of directors was also expressly authorized to increase the share capital in one or more transactions following a notification by the Belgian Financial Services and Markets Authority that it has been informed of a public takeover bid for 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 Companies Code. The Board of directors may exercise this power for a period of up to 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.

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, to bring them in accordance with the new situation of the share capital and the shares. At the date of this document, the Board of Directors has used the above described powers under the Authorized Capital as follows:

- The board of directors has used its powers under the authorised capital provided for in article 6.1. on November 7, 2016 by issuing 4.526.962 new shares for a total of three million six hundred, eleven thousand, one hundred fifty-seven euro and fifty-nine cents (€ 3,611,157.59),
- on March 26, 2018, the board of directors has used its powers under the authorised capital provided for in article 6.1.by issuing 9.989.881 shares for a total of seven million, nine hundred sixty-eight thousand, nine hundred twenty-eight euro and seven cents (€7,968,928.07).

As a result, the available amount for a share capital increase under the authorized capital is equal to twenty-four million, five hundred thirty thousand, nine hundred ninety-eight euro and twenty cents (€ 24,530,998.20).

Rights attached to shares

Dividend Rights

All shares entitle the holder thereof to an equal right to participate in the Company's profits (if any). Pursuant to the Belgian Company Code, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual general shareholders' meeting, based on the most recent statutory audited financial statements, prepared in accordance with the generally accepted accounting principles in Belgium and based on a (non-binding) proposal of the Company's Board of Directors. The Company's articles of association also authorize the Board of Directors to declare interim dividends on profits of the current financial year subject to the terms and conditions of the Belgian Company Code.

The Company's ability to distribute dividends is subject to availability of sufficient distributable profits as defined under Belgian law based on the Company's statutory unconsolidated financial statements rather than its consolidated financial statements. In particular, dividends can only be distributed if following the declaration and issuance of the dividends the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory non-consolidated financial statements (i.e., summarized, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all in accordance with Belgian accounting rules), decreased with the non-amortized costs of incorporation and extension and the non-amortized costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the issued capital), increased with the amount of non-distributable reserves. In addition, prior to distributing dividends, 5% of the net profits must be allotted to a legal reserve, until the legal reserve amounts to 10% of the share capital.

The right to payment of dividends on registered and dematerialized shares expires five years after the Board of Directors declared the dividend payable.

The Company has never declared or paid any dividends on its shares and does not anticipate paying any dividends in the foreseeable future. At December 31, 2018, there were no profits available for distribution under Belgian law.

Preferential Subscription Rights

In the event of a capital increase in cash with issue of new shares, or in the event of an issue of convertible bonds or warrants, the existing shareholders have a preferential right to subscribe, pro rata, to the new shares, convertible bonds or warrants. The general shareholders' meeting may decide to limit or cancel this preferential subscription right, subject to special reporting requirements. Such decision by the shareholder's meeting needs to satisfy the same quorum and majority requirements as the decision to increase the Company's share capital. The shareholders may also decide to authorize the Board of Directors to limit or cancel the preferential subscription right within the framework of the authorized capital, subject to the terms and conditions set forth in the Belgian Company Code.

Voting Rights

Each shareholder of the Company is entitled to one vote per share. There are no different categories of shares.
All shareholders have the same voting rights.Voting rights may be mainly suspended in relation to shares:

- which were not fully paid up, notwithstanding the request thereto of the Board of Directors of the Company;
- to which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right;

- which entitle their holder to voting rights above the threshold of 3%, 5%, 7.5%, 10%, 15%, 20% and any further multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant general shareholders' meeting, in the event that the relevant shareholder has not notified the Company and the FSMA at least 20 days prior to the date of the general shareholders' meeting in accordance with the applicable rules on disclosure of major shareholdings; and
- of which the voting right was suspended by a competent court or the FSMA.

Rights to Participate and Vote at Shareholder's Meetings

Annual general shareholders' meeting

The annual general shareholders' meeting is held at the registered office of the Company or at the place determined in the notice convening the shareholders' meeting. The meeting is held every year on the last Thursday of May at 10 a.m. If this day would be a Belgian public holiday, the annual general shareholders' meeting shall be held on the previous Business Day. In these articles of association, "Business Day" shall mean any calendar day, with the exception of Saturdays, Sundays and Belgian public holidays.
At the annual general shareholders' meeting, the Board of Directors submits the audited statutory and consolidated financial statements and the reports of the Board of Directors and of the statutory auditor with respect thereto to the shareholders. The shareholders' meeting subsequently decides on the approval of the statutory financial statements, the proposed allocation of the Company's profit or loss, the discharge from liability of the Directors and the statutory auditor, and, when applicable, the (re)appointment or resignation of the statutory auditor and/or of all or certain Directors and their remuneration. In addition, as relevant, the annual general shareholders' meeting must also decide on the approval of provisions of service agreements to be entered into with Executive Directors, members of the management committee and other executives providing (as the case may be) for severance payments exceeding 12 months' remuneration (or, subject to a motivated opinion by the remuneration committee, 18 months' remuneration). As from the annual meeting held in 2012, the shareholders' meeting must also decide separately on the approval of the remuneration report included in the annual report.

Special and extraordinary general shareholders' meetings

The Board of Directors or the statutory auditor may, whenever the interest of the Company so requires, convene a special or extraordinary general shareholders' meeting. Such shareholders' meeting must also be convened every time one or more shareholders holding at least 20% of the Company's share capital so demand. Shareholders that do not hold at least 20% of the Company's share capital do not have the right to convene such special or extraordinary general shareholders' meeting.

Notices convening the general meeting

The notice convening the general shareholders' meeting must indicate : (i) the agenda, place, date, and time of the meeting; (ii) the items to be discussed and the proposed resolutions that will be submitted to the meeting; (ii) a clear description of the formalities to be fulfilled by the shareholders in order to be entitled to participate to the general meeting and to exercise their voting right, including the period within which the shareholders should indicate to the Company their intention to participate to the meeting; (iv) a description of the procedure to vote by proxy (or at distance to the extent permitted by the articles of association); (v) details with regard to the right of shareholders to amend items of the agenda, require additional items/proposed resolutions to be put on the agenda, and ask questions; (vi) the timeframe within which such rights may be exercised and an electronic address to which shareholders may send their queries; (vii) the registration date and explanations related thereto; and (viii) the place as well as the website on which all relevant documents can be obtained. The meeting cannot deliberate and vote on items that are not mentioned on the agenda, unless all shareholders are present or represented and decide unanimously to place such items on the agenda.

The notice convening the shareholders' meeting must be published (i) in the annexes to the Belgian Official Gazette, (ii) a newspaper with nationwide distribution in Belgium, (iii) via media as may reasonably be relied upon for the effective dissemination of information to the public throughout the European Economic Area and (iv) the website of the Company at least 30 calendar days prior to the general meeting (or, if a second meeting is required, if the date of the second meeting was mentioned in the notice convening the first meeting and if the agenda has not changed, at least 17 days prior to the second meeting).

A publication in the Annexes to the Belgian Official Gazette and on the website of MDxHealth suffices for notices convening the annual general shareholders' meeting if such meeting takes place in Liège and on the place, date and hour referred to above and if the agenda is limited to the submission of the financial statements, the reports of the Board of Directors and statutory auditor relating thereto, the discharge from liability of the Directors and statutory auditor, the approval of provisions of service agreements and the approval of the remuneration report.

The holders of registered shares, warrants and bonds are personally notified by letter at least 30 days prior to the meeting.

Formalities to attend the general meeting:

All holders of shares, warrants or bonds (if any) issued by the Company can attend shareholders' meetings. Only shareholders, however, can vote at shareholders' meetings. To attend the general shareholders' meeting, holders of securities issued by the Company should consider the formalities and procedures described below.

Registration for the meeting

Firstly, the right for a holder of securities to participate to and, as applicable, to vote at a general meeting is only granted on the basis of the registration of the securities concerned, fourteen days prior to the general meeting (the "registration date") at midnight, via registration, in the applicable register book for the securities concerned (for registered securities) or in the accounts of a certified account holder or relevant settlement institution for the securities concerned. Secondly, to be admitted to the general shareholders' meeting, the holders of securities issued by the Company must notify the Company or a centralizing bank designated in the convening notice whether they want to participate to the meeting. The notice must reach the Company by mail at its registered office or by e-mail at the latest on the sixth calendar day prior to the general shareholders' meeting. For the holders of dematerialized securities or securities in book-entry form, the notification should also include a certificate confirming the number of securities that have been registered in their name on the registration date. The certificate can be obtained by the holder of the dematerialized securities with his or her financial intermediary, the certified account holder or the applicable settlement institution for the securities concerned.

The registration procedure set forth here above is also applicable in the event where a second meeting needs to be convened, the required quorum not being present or represented at the first meeting.

Power of attorney

Each holder of securities has the right to attend a general shareholders' meeting and to vote at the general shareholders' meeting in person or through a proxy holder, in conformity with applicable law. The proxy holder does not need to be a shareholder. The Board of Directors can request the participants to the meeting to use a model of power of attorney (with voting instructions). Such proxies must be in writing or via an electronic form, and must bear the shareholder's signature (which may be a digital signature as defined in article 1322, paragraph 2 of the Belgian Civil Code or as otherwise permitted by applicable law). In accordance with applicable law, the dated and signed proxy must be sent by letter, fax, email or any other means specified in article 2281 of the Belgian Civil Code to the Company's registered office or the place indicated in the notice and must reach the Company at the latest on the sixth calendar day prior to the general shareholders' meeting concerned. The holders of a proxy must comply with the provisions of the Belgian Company Code regarding proxies for general shareholders' meetings.

Holders of securities who wish to be represented by proxy must, in any case, comply with the formalities to register for the meeting, as explained under "Registration for the meeting" above.

Amendments to the agenda and additional proposed resolutions

Shareholders who alone or together with other shareholders hold at least 3% of the outstanding shares of the Company have the right to put additional items on the agenda of the annual and extraordinary general shareholders' meetings and to table draft resolutions in relation to items that have been or are to be included in the agenda. If the required quorum for the extraordinary general shareholders' meeting is not reached and a second extraordinary general shareholders' meeting is convened, this right will not apply in relation to the agenda of the second extraordinary general shareholders' meeting. Shareholders wishing to exercise this right must prove on the date of their request, that they own at least 3% of the outstanding shares. The ownership must be based, for dematerialized shares, on a certificate issued by the applicable settlement institution for the securities concerned, or by a certified account holder, confirming the number of securities that have been registered in the name of relevant shareholders and, for registered shares, on a certificate of registration of the relevant shares in the share register book of the Company. In addition, the shareholder concerned must, in any case, comply with the formalities to register for the meeting (as explained under "—Registration for the meeting" above) with at least 3% of the outstanding shares. A request to put additional items on the agenda and/or to table draft resolutions must be submitted in writing, and must contain in the event of an additional agenda item, the text of the agenda item concerned and, in the event of a draft resolution, the text of the draft resolution. The request must also mention the mail or e-mail address to which the Company will send the confirmation of receipt of the request. The request must reach the Company by mail at its registered office or by e-mail at the e-mail address mentioned in the notice convening to the general meeting at the latest on the twenty second calendar day prior to the annual and extraordinary general shareholders' meeting. In case of amendments to the agenda and proposed additional resolutions as aforementioned, the Company will publish an amended agenda with, as the case may be, additional agenda items and additional draft resolutions no later than on the fifteenth calendar day prior to the annual and/or extraordinary general shareholders' meeting. In addition, the Company shall make amended forms available for votes by mail and votes by proxy. Proxies and votes by mail that reach the Company prior to the publication of an amended agenda remain valid for the agenda items to which the proxies and votes by mail apply, subject, however, to applicable law and the further clarifications set out on the proxy forms and postal voting form.

Right to ask questions

Within the limits of article 540 of the Belgian Companies Code, shareholders have the right to ask questions to the Directors in connection with the report of the Board of Directors or the items on the agenda of such shareholders' meeting.

Shareholders can also ask questions to the statutory auditor in connection with its report. Such questions can be submitted in writing prior to the meeting or can be asked at the meeting. Written questions must be received by the Company by mail at its registered office or by e-mail no later than the sixth day prior to the meeting. Written and oral questions will be answered during the meeting concerned in accordance with applicable law. In addition, for written questions to be considered, the shareholders who submitted the written questions concerned must comply with the formalities to attend the meeting, as explained under "Registration for the meeting" above.

Quorum and majorities

In general, there is no quorum requirement for a shareholders' meeting and decisions are generally passed with a simple majority of the votes of the shares present and represented. However, capital increases (other than those decided by the Board of Directors pursuant to the authorized capital), decisions with respect to the Company's dissolution, mergers, de-mergers and certain other reorganizations of the Company, amendments to the articles of association (other than an amendment of the corporate purpose), and certain other matters referred to in the Belgian Company Code do not only require the presence or representation of at least 50% of the share capital of the Company but also the approval of at least 75% of the votes cast. An amendment of the Company's corporate purpose, requires the approval of at least 80% of the votes cast at a shareholders' meeting, which can only validly pass such resolution if at least 50% of the share capital of the Company and at least 50% of the profit certificates, if any, are present or represented. In the event where the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second shareholders' meeting may validly deliberate and decide regardless of the number of shares present or represented. The special majority requirements, however, remain applicable.

Disclosures within the framework of the takeover directive

Capital structure

At the end of 2018, the issued capital of MDxHealth SA amounted to €47,813,068.45 represented by 59,939,289 fully paid-up common shares without nominal value. All shares have the same rights and obligations and participate equally in the profits of MDxHealth SA.

MDxHealth SA does not own any of the issued and outstanding shares of MDxHealth SA.

Shareholders holding more than 3% of the outstanding shares of the Company who make themselves known to the Company and to the FSMA are disclosed above in "Board Report; Corporate Governance Statement; Shareholding Structure" and on the Company's website at www.mdxhealth.com/investors/shareholder-information.

Restrictions concerning the transfer of securities

The Company's articles of association do not impose any restrictions on the transfer of securities in addition to the restrictions provided for in the Belgian Company Code.
Holders of securities with special control rights

The Company has not granted any special control rights to the holders of its securities.

Mechanism for control of share plans for employees

There are no shares or similar plans for employees other than the stock option plans disclosed elsewhere in this document.

Restrictions concerning the exercise of the voting right

Each shareholder of MDxHealth SA is entitled to one vote per share. There is only one category of shares (common shares). Voting rights can be suspended, amongst others, in relation to shares:

- which were not fully paid up, notwithstanding the request thereto of the Board of Directors of the Company;
- to which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right;
- which entitle their holder to voting rights above the threshold of 3%, 5%, or any multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant general shareholders' meeting, except in the event where the relevant shareholder has notified the Company and the FSMA at least 20 days prior to the date of the general shareholders' meeting on which he or she wishes to vote of its shareholding exceeding the thresholds above; and
- of which the voting right was suspended by a competent court or the FSMA.

Agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities and/or exercise of voting rights

There are no declared or known agreements between shareholders.

Significant agreements which take effect alter or terminate upon a change of control of the Company following a takeover bid

According to the terms and conditions of the warrants issued by MDxHealth, non-vested warrants become exercisable in case of a change of control of the Company. In addition, material agreements with Exact Sciences include change of control clauses.

Agreements with Directors or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a public takeover bid

There are individual agreements between the Company and certain Members of the Management Committee that provide a severance payment of up to 18 months, should this agreement be terminated due to the Company's change of control. After deliberation and decision upon the annual accounts, the shareholders' meeting shall be requested to release the Directors and the statutory auditor from liability for the execution of their mandate during the past fiscal year.

Notification of Important Participations

The Belgian Company Code, applicable legislation and article 14 of the Company's articles of association provide that every natural person or legal entity acquiring or transferring shares or other financial instruments of a listed company that entitle the holder thereof to voting rights, whether or not representing the Company's share capital (such as warrants, stock options, or automatic convertible bonds, if any), must immediately and at the latest four Euronext business days following the transaction, notify the Company and the FSMA of the total number of financial instruments that he or she holds each time where, as a result of the acquisition or transfer, the total number of voting financial instruments exceeds or falls below a threshold of 3%, 5%, 10% or 15% (or every subsequent multiple of 5%) of the total number of financial instruments at the moment of the transaction.

All persons acting individually must make the notification. It must also be made by affiliated persons or persons acting in concert with respect to the holding, acquisition or transfer of voting financial instruments. In that event, the voting financial instruments of the affiliated persons or persons acting in concert must be combined for the purpose of determining whether a threshold is passed. The forms to make the aforementioned disclosures, as well as further explanations can be found on the website of the FSMA (www.FSMA.be).

The FSMA and the commercial court can suspend voting rights attached to voting financial instruments that have not been disclosed in accordance with the foregoing provisions. In addition, the president of the commercial court can also order the sale of the financial instruments to a third party. In any event, shareholders cannot vote at shareholders' meetings with more voting rights than they have notified in accordance with the above rules at least 20 days prior to a shareholders' meeting.

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Glossary

Assay	A term for a single experiment or a diagnostic test incorporating the required markers to analyze a clinical specimen.
Biopsy	A procedure where a tumor tissue sample is removed from the body for laboratory examination to determine whether cancer or some other disease is present. A biopsy can be performed using a needle to extract a small number of cells or as a surgical procedure to remove a larger piece of tissue.
Biotechnology	Biotechnology is a technology based on or influencing biological processes, especially when used in agriculture, food science, and medicine.
Cancer	Cancer is a type of disease caused by genetic instability and characterized by uncontrolled division of cells and the ability of these cells to invade other organs.
CAP	The College of American Pathologists (CAP) is a US accrediting agency for the US Centers for Medicare and Medicaid Services (CMS).
Cell	The basic unit of a living organism. Each cell is surrounded by a membrane and has a nucleus containing a set of genes that provide it with the information necessary to operate and divide.
CLIA	The US Clinical Laboratory Improvement Amendments (CLIA) establishes quality standards for all laboratory testing to ensure the accuracy, reliability and timeliness of patient test results.
Clinical sample	A sample taken from the body (ex. blood, urine, tissue) and analyzed to gain information about a person's medical state.
Clinical trial	A research study, usually in diseased patients, to test drugs, procedures, or testing technologies to determine how well they work compared to other practices or the natural course of the disease.
CMS	US Centers for Medicare & Medicaid Services
CPT codes	Current Procedural Terminology Codes- numbers assigned to every medical task used by physicians and or laboratories to determine amount of reimbursement that practitioner will receive from insurer. CPT codes are assigned by AMA American Medical Association to provide uniform definition for services and reimbursement.
Diagnosis	Identification of a condition or disease (ex. breast cancer), by its signs, symptoms, and the results of laboratory or histopathological tests.
DNA (deoxyribonucleic acid)	DNA is a nucleic acid polymer, usually in the form of a double helix, of which the genes are made and code for life processes.
Epigenetics	Refers to heritable changes in gene expression (active versus inactive genes) that does not involve changes to the underlying DNA sequence (i.e., a change in phenotype without a change in genotype). This in turn affects how cells read the genes. Epigenetic change is a regular and natural occurrence but can also be influenced by several factors including age, the environment/lifestyle, and disease state.
Gene	A unit of genetic information. Genes are encoded in a cell's DNA and the proteins they express control the physical development and behavior of the cell or the whole organism.
In-Vitro Diagnostics (IVD)	IVDs are tests performed outside the human body on clinical samples such as blood, urine, or biopsy tissue.
Kit (diagnostic kit)	In-vitro diagnostic test that is packaged in a box which that can be shipped to end-user laboratories.
LDT	Laboratory Developed Test-refer to assays developed in a laboratory for use within that laboratory. While these tests are not currently regulated by FDA Food and Drug Administration, the lab must validate all aspects of the test to ensure patient safety, reliability, repeatability, accuracy as well as validating all instruments, reagents and or supplies used in the test.
Marker	A substance native to the organism, whose presence is indicative of a specific medical condition.
Medicaid	Medicaid is a medical assistance program in the US established by Title XIX of the US Social Security Act. The Medicaid program is a no-cost or low-cost public health insurance program for US residents that provides needed health care services for low-income and disabled individuals.
Medicare	Medicare is a national social insurance program, administered by the U.S. federal government, established in 1966 under Title XVIII of the US Social Security Act. Medicare provides health insurance for US residents aged 65 and older who have worked and paid into the system. It also provides health insurance to younger people with certain disabilities and designated diseases.
Methylation	Control mechanism that regulates gene expression in DNA without causing a permanent genetic alteration.
Methylation-Specific PCR (MSP)	A technology for detecting gene methylation.
MGMT	The O6-methylguanine DNA-methyltransferase (MGMT) gene has been widely studied and shown to be able to predict glioblastoma cancer patient response to alkylating agents.
NPV	NPV or "Negative Predictive Value" is the probability that subjects with a negative test truly don't have the disease being tested. It is a numerical value for the proportion of individuals with a negative test result who are free of the target condition.
PCR	The polymerase chain reaction is a technique for the in vitro amplification of specific DNA sequences by the simultaneous primer extension of complementary strands of DNA.
Pharmacogenomics	The study and application of DNA and RNA based biomarkers to predict how an individual's genes affect the body's response to a therapeutic drug.
PSA	Prostate-Specific-Antigen, a widely used but widely criticized blood-based screening test for prostate cancer.
Recurrence	A return of cancer after treatment.
Screening	The testing of a population for disease.
Sensitivity	A measure of a diagnostic test's accuracy. Sensitivity measures the percentage of people with a certain medical condition that produces a positive test result. Tests with good sensitivity produce few false negative results.
Service Laboratory	Laboratory that provides medical testing services.
Specificity	A measure of a diagnostic test's accuracy. Specificity measures what percentage of people without a medical condition for whom the test result is negative. Tests with good specificity produce few false positive results.
Tumor	Tissue growth where the cells that make up the tissue have multiplied uncontrollably. A tumor can be benign (non-cancerous) or malignant (cancerous).
Validation (Product Pipeline Step)	A phase within the product development process to evaluate the performance of the newly developed assay using a defined sample set.

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Colofon
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