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The original text is in French

MDXHEALTH SA

Statutory auditor report pursuant to article 7:198 *juncto* articles 7:179, 7:191 and 7:193 of the Belgian Companies and Associations Code

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To the Board of Directors of
MDXHEALTH SA
Rue d'Abhooz 31, CAP Business Center
4040 HERSTAL

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Appendix : Draft report of the Board of Directors in accordance with article 7:198 *juncto* articles 7:179, 7:191 and 7:193 of the Belgian Code for Companies and Associations

1. Legal framework

The legal framework of this engagement is defined by the following articles of the Belgian Code for Companies and Associations:

Article 7:179

"§1 The management body shall prepare a report in respect of the transaction, particularly justifying the issue price and describing the impact of the transaction on the property and membership rights of the shareholders.

The statutory auditor or, if there is no statutory auditor, an auditor or an external accountant appointed by the management body, shall assess in a report whether the financial and accounting information contained in the report of the management body is, in all material respects, fair and sufficient to inform the general meeting which must vote on the proposal.

These reports shall be filed for deposit and published in accordance with Articles 2:8 and 2:14, 4°. They shall be mentioned in the agenda. A copy of these reports may be obtained in accordance with Article 7:132.

If the report of the management body or the report of the statutory auditor, auditor or external accountant holding the assessment as referred to in the second subparagraph, is missing, the resolution of the general meeting shall be null and void.

§2 Paragraph 1 shall not apply to capital increases by way of conversion of reserves.

§3 Unless the shares are issued in consideration of a contribution in kind, the general meeting, at which all shareholders are present or represented, may waive the reports referred to in § 1 by a unanimous resolution."

Article 7:191

"The general meeting deliberating and resolving on the capital increase, the issue of convertible bonds or the issue of warrants, may, in accordance with the provisions regarding a quorum and the majority required to amend the articles of association, <u>restrict or cancel the preferential subscription right in the interest of the company</u>. The proposal to this end must be specifically mentioned in the notice convening the meeting.

In this case, the management body shall expressly justify in the report referred to in Article 7:179, §1, first subparagraph, or in Article 7:180, first subparagraph, the reasons for restricting or cancelling the preferential subscription right and shall indicate the impact thereof on the property and membership rights of the shareholders.

In the report referred to in Article 7:179, §1, second subparagraph, or in Article 7:180, second subparagraph, the statutory auditor shall assess whether the financial and accounting information included in the report drawn up by the management body in accordance with the previous subparagraph is, in all material respects, true and sufficient to inform the general meeting which must vote on the proposal. If there is no statutory auditor, the assessment shall be made by an auditor or an external accountant appointed by the management body.

If the justification referred to in the second subparagraph, or the assessment referred to in the third subparagraph is missing, the resolution of the general meeting shall be null and void.

The resolution of the general meeting to restrict or cancel the preferential subscription right must be filed for deposit and published in accordance with Articles 2:8 and 2:14, 4°."

Art. 7:193

"§1 <u>Where a preferential subscription right is restricted or cancelled in favour of one or more designated persons who are not employees of the company</u>, the identity of the beneficiary or beneficiaries of the restriction or cancellation of the preferential subscription right must be mentioned in the report prepared by the management body and in the convening notice.

The report made by the management body in accordance with Article 7:191, second subparagraph, must give a detailed justification of the transaction and the issue price in the company's interest, having regard in particular to the financial situation of the company, the identity of the beneficiaries, the nature and extent of their contribution.

In the report referred to in Article 7:191, third subparagraph, the statutory auditor shall give a detailed assessment on the justification of the issue price. If there is no statutory auditor, the assessment shall be made by an auditor or an external accountant appointed by the management body.

If the justification referred to in the second subparagraph, or the assessment referred to in the third subparagraph is missing, the resolution of the general meeting shall be null and void.

If a beneficiary holds securities of the company to which more than 10 % of the voting rights are attached, he may not participate in the vote at the general meeting resolving on the transaction.

To the securities held by this shareholder, are added the securities held by:

1. *a third party acting in its own name but on behalf of the said shareholder;*
2. *any natural or legal person affiliated to the said shareholder;*
3. *a third party acting in its own name but on behalf of a natural or legal person affiliated to the said shareholder;*
4. *persons acting in concert.*

'Persons acting in concert' shall mean:

a) *natural or legal persons who cooperate with the offeror, the target company or other persons in the scope of a public takeover bid on the basis of an agreement, either express or implied, oral or written, aimed at obtaining control of the target* *company, obstructing the successful outcome of a bid or maintaining control of the target company;*

b) *natural or legal persons who have entered into an agreement concerning the concerted exercise of their voting rights, in order to pursue a long-term common policy towards the concerned company.*

Holders of the securities referred to in the sixth subparagraph may not take part in the vote either. The quorum and the majority shall be calculated after deduction of the votes attached to the securities held by the beneficiary and the persons referred to in the sixth subparagraph.

§2 Where the preferential subscription right is restricted or cancelled in favour of one or more specific persons not belonging to the employees <u>when convertible bonds or warrants are issued by listed companies</u>, the management body shall send a copy of the reports referred to in § 1 to the Financial Services and Markets Authority, fifteen days prior to the general meeting or, as the case may be, the management body, which shall decide on the issue, is convened. To these reports a file shall be attached, compiled in accordance with the rules of the Financial Services and Markets Authority.

The King shall determine the remuneration of the Financial Services and Markets Authority for the examination of the file.

If the Financial Services and Markets Authority considers that these reports do not provide shareholders with sufficient information or that they may be misled, it shall immediately inform the company and each of the members of the management body. If the comments made are not taken into account, the Financial Services and Markets Authority may suspend the proposed convocation, deliberation or issue for a maximum period of three months by means of a reasoned decision, which shall be notified to the company by registered letter.

Such period shall begin on the day on which the decision of the Financial Services and Markets Authority is notified by registered letter. The Financial Services and Markets Authority may make its decision public.

The publication or the documents relating to these transactions shall not in any way mention the intervention of the Financial Services and Markets Authority."

2. Identification of the transaction

The Board of Directors proposes to proceed to a capital increase in cash for a total amount of EUR 12,738,632.94 through the issue of 20,162,924 new registered shares of the Company at a price of EUR 0.632 (rounded) per share.

This capital increase in cash shall be decided by the Board of Directors which shall be held on 15 May 2020 or around that date in the framework of the authorized capital, in accordance with article 6 of the articles of association of the Company, following to the decision taken by the extraordinary shareholders' meeting held on 20 June 2016.

In accordance with article 6 of the articles of association of the Company and article 7:200 and article 7:198 *juncto* articles 7:191 and 7:193 of the Belgian Code for Companies and Associations, the Board of Directors is authorized, within the framework of the authorized capital, to increase the capital of the Company with limitation to or cancellation of the preferential subscription right of the existing shareholders or warrant holders to the benefit of one or several identified persons.

In this context, the Board of Directors wishes to use those powers and therefore cancel the preferential subscription right of the existing shareholders and warrant holders to the benefit of MVM V LP, a limited partnership registered in England and Wales, MVM GP (No.5) LP, a limited partnership registered in Scotland, (hereafter "MVM"), which has shown interest for the subscription to ordinary shares of the Company at a price of EUR 0.632 (rounded) per share for a total amount of EUR 20,162,924.

3. Conclusion

Pursuant to article 7:198 *juncto* articles 7:179, 7:191 and 7:193 of the Belgian Code for Companies and Associations, and based on the professional standards issued by the "Institut des Réviseurs d'Entreprises, we have examined the report of the Board of directors of MDxHealth SA drawn up in the framework of the following transactions:

- increase of the share capital with an amount of EUR 12,738,632.94 through the issuance of 20,162,924 new shares of the Company at a subscription price of EUR 0.632 (rounded) per share;
- cancellation of the preferential subscription rights of the existing shareholders and warrant holders of the Company for the benefit of MVM V LP and MVM GP (No.5) LP.

At the end of our control work, we are of the opinion that :

- pursuant to articles 7:179 and 7:191, we confirm that the financial and accounting information contained in the report of the management body is, in all material respects, fair and sufficient;
- pursuant to article 7:193, we confirm that a detailed assessment on the justification of the issue price provided by the Board of directors is as follows:

  "The Subscription Price of the New Shares is the result of a negotiation between the Company and the Subscribers.

  The negotiation process was conducted in an objective and independent manner. The Subscribers are third parties to the Company and are not related to the Company and its management.

  The final Subscription Price of (rounded) EUR 0.632 represents a discount to the price of the Company's existing shares when the Transaction was announced and the price of the Company's existing shares as currently traded at the date of this report. This discount reflects, amongst other things, a compensation for the limited liquidity of the Company's shares notwithstanding the trading of the Company's shares on Euronext Brussels. This is, however, outweighed by the risks and disadvantages if the Company is not able to raise new funds to support its business and its going concern, and the benefits of the Transaction, as referred to in section 5 above. Furthermore, this discount is expected to be similar to the discount that would apply if the Company were to raise new funds by means of broad placement of new shares with institutional, qualified or professional investors. Customarily, the discount in such transactions ranges around ca. 8% to 10% (and sometimes higher) against the market price of the issuer's shares at that time. For example, the issue price of the new shares that were issued by the Company within the context of the accelerated bookbuild private placement with institutional, qualified or professional investors in 2019 amounted to EUR 0.85 per share, which represented a discount of ca. 8.6% to the closing price on the trading day before the day on which the private placement was launched.

Finally, the board of directors points out that as a result of the outbreak of the COVID-19 pandemic during the first quarter of 2020, the capital markets have been extremely volatile. The market price of many listed financial instruments have suffered substantial reductions, and since the outbreak listed companies have struggled to raise new funds through the capital markets or at significant discounts.

Hence, in view of all of the foregoing, the board of directors believes that the Subscription Price, can be sufficiently justified and is not prejudicial to the existing shareholders and, in so far as required, of existing holders of subscription rights of the Company."

Zaventem, 15 May 2020

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

MDXHEALTH
Limited Liability Company

CAP Business Center
Zone Industrielle des Hauts-Sarts
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4040 Herstal
Belgium

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

REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 7:198 *JUNCTO* ARTICLES 7:179, 7:191 AND 7:193 OF THE BELGIAN COMPANIES AND ASSOCIATIONS CODE

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1. INTRODUCTION

On 24 April 2020, MDxHealth SA (the "**Company**") and MVM V LP and MVM GP (No.5) LP (each a "**Subscriber**" and together the "**Subscribers**") entered into a subscription agreement (the "**Subscription Agreement**") pursuant to which, amongst other things, the Subscribers agreed to subscribe for 20,162,924 new shares (the "**New Shares**") at an issue price per New Share of (rounded) EUR 0.632 (the "**Subscription Price**") or EUR 12,738,632.94 in total, to be issued by the Company pursuant to a capital increase in cash within the framework of the authorised capital, with the cancellation of the preferential subscription right of the Company's existing shareholders and, in so far as required, of the existing holders of subscription rights, to the benefit of the Subscribers (the "**Transaction**").

This report has been prepared by the board of directors of the Company in accordance with Article 7:198 *juncto* Articles 7:179, 7:191 and 7:193 of the Belgian Companies and Associations Code (as defined below) with respect to the proposal of the board of directors to increase the Company's share capital with an amount of EUR 12,738,632.94 in cash, in the framework of the authorised capital of the Company, through the issuance of 20,162,924 New Shares at the Subscription Price, and to dis-apply, in the interest of the Company, the statutory preferential subscription right of the Company's existing shareholders and, in so far as required, of the Company's existing holders of subscription rights, to the benefit of the Subscribers.

In accordance with Article 7:198 *juncto* Article 7:179 of the Belgian Companies and Associations Code, the board of directors provides in this report a justification of the proposed Transaction, as well as a justification of the proposed Subscription Price and a description of the consequences of the proposed Transaction for the financial and shareholder rights of the shareholders of the Company.

In accordance with Article 7:198 *juncto* Article 7:191 of the Belgian Companies and Associations Code, the board of directors also provides in this report a justification of the proposed dis-application of the statutory preferential subscription right of the existing shareholders and, in so far as required, of the existing holders of subscription rights to the benefit of the Subscribers, and a description of the consequences thereof for the financial and shareholder rights of the shareholders.

In accordance with Article 7:198 *juncto* Article 7:193 of the Belgian Companies and Associations Code, the justification of the proposed Transaction and the Subscription Price takes into account in particular the financial situation of the Company, the identity of the Subscribers, and the nature and importance of the contribution of the Subscribers.

This report must be read together with the report prepared in accordance with Article 7:198 *juncto* Articles 7:179, 7:191 and 7:193 of the Belgian Companies and Associations Code by the Company's statutory auditor, BDO Réviseurs d'Entreprises SCRL, a cooperative company with limited liability organised and existing under the laws of Belgium, with registered office at Da Vincilaan 9 E.6, 1930 Zaventem, Belgium, represented by Mr. Gert Claes.

This report has been prepared in accordance with the Belgian Companies and Associations Code of 23 March 2019 (as amended) (the "**Belgian Companies and Associations Code**").

2. CONTEXT OF THE TRANSACTION

On 24 April 2020, the Company entered into a Subscription Agreement with the Subscribers.

The Subscribers are managed by MVM Partners LLP ("**MVM**"), which has been investing in high growth healthcare businesses since 1997. The latest fund, MVM V, will continue this broad, global, investment remit with investments in medical technology, diagnostics, and pharmaceuticals in private deals and quoted companies. In aggregate, MVM has raised investment vehicles totalling over $1 billion which are managed from offices in Boston and London.

MVM has had dialogues with the Company for some time, which resulted in the Subscription Agreement of 24 April 2020.

Pursuant to the Subscription Agreement, the Subscribers agreed to subscribe for 20,162,924 New Shares at Subscription Price of (rounded) EUR 0.632 per New Share or EUR 12,738,632.94 in total. The Transaction was still subject to a number of customary conditions precedent, and is scheduled to be completed on 15 May 2020.

As part of the subscription to New Shares, the Subscribers were entitled to have one observer at the board of directors of the Company since 24 April 2020 and, subject to the completion of the Transaction, for as long as the Subscribers hold in aggregate 5% of the Company's outstanding shares. In addition, the Company agreed that it will propose to the Company's general shareholders' meeting to appoint Eric Bednarski, one of the partners of MVM and currently an observer to the Company's board of directors, as director of the Company. Subject to the completion of the Transaction, the appointment of Dr. Bednarski as director of the Company will be submitted to the general shareholders' meeting of the Company that is scheduled to take place on or about 6 July 2020. It is the intention that following the appointment of Dr. Bednarski as director of the Company, Kyle Dempsey shall be an observer to the Company's board of directors.

3. AUTHORISED CAPITAL

3.1. Description of the authorised capital

By virtue of the resolution of the extraordinary general shareholders' meeting of the Company held on 20 June 2016, as published by excerpt in the Annexes to the Belgian Official Gazette of 22 July 2016 under number 16103134, the board of directors of the Company has been granted certain powers to increase the Company's share capital in the framework of the authorised capital. The powers under the authorised capital have been set out in Article 6 of the Company's Articles of Association.

In the framework of this authorisation granted by the extraordinary general shareholders' meeting, the board of directors is authorised to increase the share capital of the Company in one or more transactions with a maximum amount of EUR 36,111,083.86 (excluding issue premium), 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, *i.e.*, 22 July 2016, 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 31 December 2020.

The capital increases that can be effected according to the aforementioned authorisation can take place in accordance with the modalities that are to be decided by the board of directors, including by means of a contribution in cash or in kind, within the limits as permitted by the Belgian Companies and Associations Code, through conversion of reserves and issue premiums, with or without issuance of new shares, with or without voting rights, through issuance of convertible bonds, subordinated or not, through issuance of subscription rights or bonds to which subscription rights 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 authorised capital, the board of directors can limit or dis-apply the preferential subscription right of the Company's shareholders in the interest of the Company, subject to the limitations and in accordance with the conditions provided for by the Belgian Companies and Associations Code. This limitation or dis-application 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 (within the meaning of the former Belgian Companies Code of 7 May 1999).

3.2. Available amount in the framework of the authorised capital

So far, the board of directors has used its powers under the authorised capital on 7 November 2016, by issuing 4,526,962 new shares for an aggregate amount of EUR 3,611,157.59 (excluding issue premium), on 26 March 2018, by issuing 9,989,881 new shares for an aggregate amount of EUR 7,968,928.07 (excluding issue premium) and on 1 October 2019, by issuing 10,589,236 new shares for an aggregate amount of EUR 8,447,033.56 (excluding issue premium). As a result, the board of directors still has the authority under the authorised capital to increase the share capital of the Company with an aggregate amount of EUR 16,083,964.64 (excluding issue premium).

4. PROPOSED TRANSACTION

4.1. Structure of the Transaction

As described in section 2 above, the Subscribers agreed pursuant to the Subscription Agreement to subscribe for 20,162,924 New Shares at Subscription Price of (rounded) EUR 0.632 per New Share or EUR 12,738,632.94 in total.

In accordance with Article 6 of the Company's Articles of Association, the New Shares will be issued by the Company pursuant to a capital increase in cash within the framework of the authorised capital, with the cancellation of the preferential subscription right of the Company's existing shareholders and, in so far as required, of the existing holders of subscription rights, to the benefit of the Subscribers.

The New Shares will be subscribed for by the Subscribers in the proportions set out in the table below:

Subscriber	Subscription Amount	Number of New Shares
MVM V LP	EUR 12,481,286.69	19,755,592
MVM GP (No. 5) LP	EUR 257,346.25	407,332
Total	**EUR 12,738,632.94**	**20,162,924**

The capital increase and subscription for the New Shares shall take place on 15 May 2020.

4.2. Dis-application of the preferential subscription rights of the existing shareholders

Within the framework of the contemplated Transaction, the board of directors proposes to dis-apply the preferential subscription right of the Company's existing shareholders and, in so far as required, of the Company's existing holders of subscription rights, in accordance with Article 7:198 *juncto* 7:193 of the Belgian Companies and Associations Code, to the benefit of the Subscribers:

(a) MVM V LP, a limited partnership registered in England and Wales (LP019472), with registered address at 30 St George Street, London W1S 2FH, United Kingdom; and

(b) MVM GP (No.5) LP, a limited partnership registered in Scotland (SL032976), with registered address at 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ, United Kingdom.

The Subscribers are not members of the personnel within the meaning of Article 1:27 of the Belgian Companies and Associations Code.

The dis-application of the preferential subscription right of the existing shareholders and, in so far as required, of the existing holders of subscription rights, allows the Company to place the New Shares with the Subscribers in accordance with the terms and conditions of the Subscription Agreement.

4.3. The rights attached to the New Shares

All of the New Shares will have the same rights and benefits as, and rank *pari passu* in all respects, including as to entitlement to dividends, with, the existing and outstanding shares of the Company at the moment of their issuance and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of the Subscription Agreement.

4.4. Subscription Price

In accordance with the Subscription Agreement, the Subscription Price for the New Shares has been determined at (rounded) EUR 0.632 per New Share or EUR 12,738,632.94 in total for all New Shares.

The Subscription Price shall be fully booked as share capital as it is below the current fractional value of the existing shares of the Company (*i.e.*, (rounded) EUR 0.7977) In accordance with Article 7:178 of the Belgian Companies and Associations Code, after the completion of the Transaction, all of the Company's outstanding shares will have the same fractional value, *i.e.*, (rounded) EUR 0.7608.

4.5. Admission to trading of the New Shares

All of the New Shares will need to be admitted to trading on the regulated market of Euronext Brussels. The Company shall apply to Euronext Brussels for the admission to trading of the New Shares as soon as practicable and in any event within 90 days after the issuance of the shares.

In accordance with Article 3(3) of Regulation 2017/1129 of the European parliament and of the council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**"), a prospectus is required for the admission to trading of the New Shares. The Company has agreed to submit as soon as practicable after the issuance of the New Shares a listing prospectus to the FSMA for approval.

5. JUSTIFICATION OF THE TRANSACTION

The board of directors believes that the Transaction is in the interest of the Company because it will not only allow the Company to further fund its activities, but also to strengthen the Company's balance sheet and ensure its going concern.

The net proceeds of the Transaction will be used to support the Company's growth strategy, as well as for general corporate purposes.

The Company has experienced net losses and significant cash used in operating activities since its inception in 2003, and as of December 31, 2019, had an accumulated deficit of $186.6 million (or ca. EUR 172.9 million[1]), a net loss of $43.1 million (or ca. EUR 39.9 million[1]), and net cash used in operating activities of $22.3 million (or ca. EUR 20.7 million[1]). Management expects the Company to continue to incur net losses and have significant cash outflows for at least the next twelve months, particularly in view of the outbreak of the COVID-19 pandemic. The situation is constantly evolving, and the extent to which the COVID-19 outbreak will impact business and the economy in general is highly uncertain and extremely difficult to predict. Therefore, the Company cannot accurately predict the extent to which its financial condition and results of operations in 2020 will be affected, but as of today, management expects the impact to be limited. The board of directors believes that the Company's current cash position, along with the net proceeds to be received upon the completion of the Transaction, and taking into account management's expectation of the impact of the COVID-19 pandemic, will provide the Company with sufficient liquidity to continue its current operations at least until May 2021.

As further reflected below in section 7, the proposed Transaction will in addition allow the Company to attract a reputable and sophisticated investor. MVM has been a successful investor in medical technology, diagnostics, and pharmaceuticals, and has built a strong reputation. The board of directors believes that the fact that MVM is interested in making a substantial investment in the Company is a strong validation of the Company's strategy and business. The board of directors believes that this will generate additional interest from other investors, both on a national and an international level, which may improve both the stability of the shareholders' structure of the Company and the liquidity of the Company's shares as traded on the regulated market of Euronext Brussels.

Furthermore, with Dr. Bednarski as observer and, eventually, as member of the board of directors, the Company will be able to further diversify the expertise within the board with

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[1] Amounts in U.S. dollar have been converted into euro at the currency exchange rate published by the European Central Bank on 14 May 2020, being EUR 1.00 for USD 1.0792.

additional U.S. specialised business and financial know-how and experience. This is of particular relevance, given that the Company's activities are mainly located in the U.S.

Finally, the board of directors notes that other financing possibilities, such as, for example, the offering of new shares via an accelerated bookbuilding with a broad range of institutional, qualified or professional investors, the issuance of convertible bonds or debt financing, have been considered by the Company's management, but that such alternatives were not available at conditions that are acceptable to the Company, particularly taking into account the volatility on the capital markets since the outbreak of the COVID-19 pandemic. Accordingly, should MVM not have been willing to make an investment in the Company as contemplated by the Subscription Agreement this could have prejudiced the further financing of the Company's activities and, hence, the Company's going concern.

For all of the above reasons, the board of directors believes that the Transaction is in the interest of the Company, its shareholders, and other stakeholders.

6. JUSTIFICATION OF THE SUBSCRIPTION PRICE OF THE NEW SHARES

The Subscription Price of the New Shares is the result of a negotiation between the Company and the Subscribers..

The negotiation process was conducted in an objective and independent manner. The Subscribers are third parties to the Company and are not related to the Company and its management.

The final Subscription Price of (rounded) EUR 0.632 represents a discount to the price of the Company's existing shares when the Transaction was announced and the price of the Company's existing shares as currently traded at the date of this report. This discount reflects, amongst other things, a compensation for the limited liquidity of the Company's shares notwithstanding the trading of the Company's shares on Euronext Brussels. This is, however, outweighed by the risks and disadvantages if the Company is not able to raise new funds to support its business and its going concern, and the benefits of the Transaction, as referred to in section 5 above. Furthermore, this discount is expected to be similar to the discount that would apply if the Company were to raise new funds by means of broad placement of new shares with institutional, qualified or professional investors. Customarily, the discount in such transactions ranges around ca. 8% to 10% (and sometimes higher) against the market price of the issuer's shares at that time. For example, the issue price of the new shares that were issued by the Company within the context of the accelerated bookbuild private placement with institutional, qualified or professional investors in 2019 amounted to EUR 0.85 per share, which represented a discount of ca. 8.6% to the closing price on the trading day before the day on which the private placement was launched.

Finally, the board of directors points out that as a result of the outbreak of the COVID-19 pandemic during the first quarter of 2020, the capital markets have been extremely volatile. The market price of many listed financial instruments have suffered substantial reductions, and since the outbreak listed companies have struggled to raise new funds through the capital markets or at significant discounts.

Hence, in view of all of the foregoing, the board of directors believes that the Subscription Price, can be sufficiently justified and is not prejudicial to the existing shareholders and, in so far as required, of existing holders of subscription rights of the Company.

7. JUSTIFICATION OF THE DIS-APPLICATION OF THE PREFERENTIAL SUBSCRIPTION RIGHT

The board of directors proposes to proceed with the contemplated Transaction in the framework of the authorised capital and, in the interest of the Company, to dis-apply the preferential subscription right of the existing shareholders and, in so far as required, of the existing holders of subscription rights to the benefit of the Subscribers.

The dis-application of the preferential subscription right of the existing shareholders and, in so far as required, of the existing holders of subscription rights, allows the Company to offer the New Shares to the Subscribers in accordance with the terms and conditions of the Subscription Agreement.

Firstly, this allows the Company to raise a significant amount of funds through a fast and efficient process in order to further fund its activities, but also to strengthen the Company's balance sheet and ensure its going concern, as set out above in section 5.

Secondly, this allows the Company to attract MVM as an investor, and add the expertise of MVM's partners to the board. As explained in section 5, MVM has been a successful investor in medical technology, diagnostics, and pharmaceuticals, and has built a strong reputation. MVM's interest to become a significant shareholder of the Company provides a strong validation of the Company's strategy and business, and may generate additional interest from other investors, both on a national and an international level, which on its turn may improve both the stability of the shareholders' structure of the Company and the liquidity of the Company's shares as traded on the regulated market of Euronext Brussels.

Thirdly, and taking into account the Company's experience at the occasion of the initial public offering completed in June 2006, the board of directors is not in favour of proceeding with a capital increase by means of a public offering, but rather through a direct placement to the Subscribers. A public offering is not only very costly for the Company, it also requires a considerably longer preparation, as a result of which the Company could miss a potential window of opportunity which, according to the Company's financial advisors, currently exists to attract additional funds. It is indeed uncertain that such a window of opportunity would still exist in the near future. The direct placement to the Subscribers, hence, allows the Company to raise new funds in a fast and cost efficient manner.

Finally, as indicated above, the board of directors notes that other financing possibilities, such as, for example, the offering of new shares via an accelerated bookbuilding with a broad range of institutional, qualified or professional investors, the issuance of convertible bonds or debt financing, have been considered by the Company's management, but that such alternatives were not available in sufficient amounts and/or at conditions that are acceptable to the Company.

For all of the above reasons, the board of directors is of the opinion that the contemplated capital increase with dis-application of the preferential subscription right to the benefit of the Subscribers, and notwithstanding the dilution following therefrom for the other shareholders and, as the case may be, the holders of subscription rights, is in the interest of both the Company and the existing shareholders and holders of subscription rights as this may allow the Company to swiftly and cost-efficiently attract the new funds that are necessary to fund its activities and support its going concern over the next months.

8. CERTAIN FINANCIAL CONSEQUENCES

8.1. Introductory comments

The following paragraphs provide an overview of certain financial consequences of the proposed Transaction. For further information with regard to the financial consequences of the proposed Transaction, reference is also made to the report prepared in accordance with Article 198 *juncto* Articles 7:179, 7:191 and 7:193 of the Belgian Companies and Associations Code by the statutory auditor of the Company, BDO Réviseurs d'Entreprises SCRL.

8.2. Current capital structure of the Company

At the date of this report, the share capital of the Company amounts to EUR 56,260,102.01 represented by 70,528,525 shares without nominal value, each representing the same fraction of the share capital, *i.e.*, (rounded) EUR 0.7977. The share capital is entirely and unconditionally subscribed for and is fully paid-up.

Furthermore, the following 6,328,687 subscription rights issued by the Company are still outstanding at the date of this special report (the "**Share Options**"):

- 65,000 outstanding stock options, issued under the form of subscription rights on 15 March 2012, ("**March 2012 Share Options**");
- 360,000 outstanding stock options, issued under the form of subscription rights on 15 June 2012 ("**May 2012 Share Options**");
- 853,562 outstanding stock options issued under the form of subscription rights on 23 June 2014 ("**2014 Share Options**") (of which 68,500 stock options have not yet been granted);
- 2,060,125 outstanding stock options issued under the form of subscription rights on 19 June 2017 ("**2017 Share Options**") (of which 271,000 stock options have not yet been granted); and
- 2,990,000 outstanding stock options issued under the form of subscription rights on 21 June 2019 ("**2019 Share Options**") (of which 1,940,000 stock options have not yet been granted).

Each of the aforementioned Share Options entitles the holders thereof to subscribe for one new share of the Company upon exercise of the relevant Share Option. For the purpose of the full-dilution scenario calculations further below, it is assumed that all of the 6,328,687 outstanding Share Options (including the 68,500 outstanding 2014 Share Options, the 271,000 outstanding 2017 Share Options and the 1,940,000 outstanding 2019 Share Options that can still be granted) have been effectively granted, have vested and are exercisable. On that basis, if all 6,328,687 Share Options were exercised, 6,328,687 new shares would have had to be issued by the Company.

Furthermore, on 23 September 2019, the Company entered into loan agreements with Kreos Capital VI (UK) Limited ("**Kreos Capital**") with respect to a loan facility of up to EUR 9,000,000, which was fully drawn on 1 November 2019. The Company and Kreos Capital agreed that a drawdown fee equal to 7% of the amounts drawn down under the loan agreements (being EUR 630,000) would remain outstanding as a payable (without accruing interest), and would be convertible into ordinary shares by means of a contribution in kind to the share capital of the Company at a price EUR 0.85 per share (the "**Kreos Convertible Loan Payable**"). For the purpose of the full-dilution scenario calculations further below, it is assumed that the full amount of the Kreos Convertible Loan Payable, being EUR 630,000, has been converted into new shares of the Company at a price of EUR 0.85 per share. On that basis, 741,177 new shares would have to be issued by the Company to the benefit of Kreos Capital.

8.3. Evolution of the share capital and participation in the results

Each share in the Company currently represents an equal part of the share capital of the Company and provides for one vote in function of the part of the capital it represents. The issuance of the New Shares in the framework of the Transaction will lead to a dilution of the existing shareholders of the Company and of the relative voting power of each share in the Company.

The dilution relating to the voting right also applies, *mutatis mutandis*, to the participation of each share in the profit and liquidation proceeds and other rights attached to the shares of the Company, such as the statutory preferential subscription right in case of a capital increase in cash through the issuance of new shares or in case of the issuance of new subscription rights or convertible bonds.

Specifically, prior to the Transaction (and the issuance of the 6,328,687 new shares pursuant to the outstanding Share Options and the issuance of 741,177 new shares pursuant to the conversion of the Kreos Convertible Loan Payable), each share of the Company participates equally in the profit and liquidation proceeds of the Company and each shareholder has a statutory preferential subscription right in case of a capital increase in cash or in case of the issuance of new subscription rights or convertible bonds. Upon the issuance of the New Shares in the framework of the Transaction, the New Shares to be issued will have the same rights and benefits as, and rank *pari passu* in all respects with, the existing and outstanding shares of the Company at the moment of their issuance and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of the Subscription Agreement. As a result, the participation by the existing shareholders in the profit and liquidation proceeds of the Company and their holder's statutory preferential subscription right in case of a capital increase in cash, shall be diluted accordingly.

Furthermore, as indicated above, the Subscription Price is below the fractional value of the existing shares of the Company (*i.e.*, (rounded) EUR 0.7977). Therefore, to some extent, the issuance of the New Shares might have had a reduced voting right, a reduced participation in the profit and liquidation proceeds, and a reduced preferential subscription right. However, all of the New Shares to be issued will have to have the same rights and benefits as, and rank *pari passu* in all respects with, the existing and outstanding shares of the Company. Therefore, in accordance with Article 7:178 of the Belgian Companies and Associations Code, after the completion of the Transaction, all of the Company's outstanding shares will have the same fractional value, *i.e.*, (rounded) EUR 0.7608. This also entails that, at least conceptually, there is a dilution of the voting right, the right to participate in the profit and liquidation proceeds, and the preferential subscription right of the existing shares of the Company to the benefit of the New Shares.

The evolution of the share capital and the number of shares, with voting rights attached thereto, of the Company as a result of the proposed Transaction is simulated below. The table below reflects the impact of the Transaction on the evolution of the number of outstanding shares.

Evolution of the number of outstanding shares

Before exercise of outstanding Share Options and after the Transaction	
Outstanding shares	70,528,525
New shares to be issued in the Transaction(1)	20,162,924
Total shares outstanding..............................	90,691,449
Dilution	22.23%
After exercise of outstanding Share Options and conversion of the Kreos Convertible Loan Payable, but prior to the Transaction(2)	
Outstanding shares	70,528,525
New shares to be issued upon exercise of March 2012 Share Options..........................	65,000
New shares to be issued upon exercise of May 2012 Share Options.............................	360,000
New shares to be issued upon exercise of 2014 Share Options.....................................	853,562
New shares to be issued upon exercise of 2017 Share Options.....................................	2,060,125
New shares to be issued upon exercise of 2019 Share Options.....................................	2,990,000
Total shares after exercise of outstanding Share Options..	76,857,212
New shares to be issued upon conversion of the Kreos Convertible Loan Payable...........	741,177
Total shares outstanding after exercise of outstanding Share Options, after conversion of the Kreos Convertible Loan Payable but prior to the Transaction	77,598,389
Dilution	9.11%
After exercise of outstanding Share Options and conversion of the Kreos Convertible Loan Payable and after the Transaction(2)	
Total shares after exercise of outstanding Share Options..	76,857,212
New shares to be issued upon conversion of the Kreos Convertible Loan Payable...........	741,177
New shares to be issued in the Transaction(1)	20,162,924
Total shares outstanding after exercise of outstanding Share Options, after conversion of the Kreos Convertible Loan Payable and after the Transaction....................................	97,761,313
Dilution	27.86%

Notes:

(1) Article 2.2. of the Subscription Agreement provides that 20,162,924 New Shares will be issued.

(2) For the purpose of this simulation, it is assumed that (i) all of the 6,328,687 existing Share Options (*i.e.*, outstanding and still to be granted) were granted, have vested, are immediately exercisable (regardless of

their terms and conditions), and have been fully exercised prior to the completion of the Transaction, and (ii) the Kreos Convertible Loan Payable has been fully converted prior to the completion of the Transaction. For the number of shares issuable upon the exercise of the Share Options outstanding and the conversion of the Kreos Convertible Loan Payable, see section 8.2.

The above simulation demonstrates that, assuming an issuance of 20,162,924 New Shares, the shares existing immediately prior to the Transaction would no longer represent 1/70,528,525 of the share capital, but 1/90,691,449 of the resulting share capital. For the shares outstanding immediately prior to the Transaction, this would represent a dilution of the participation in the share capital and the results of the Company of 22.23%.

In the event that all Share Options (outstanding and still to be granted, vested and unvested) would also be exercised and the full amount of the Kreos Convertible Loan Payable would be converted (on the basis of the assumptions set out above in section 8.2), respectively 6,328,687 new shares and 741,177 new shares would be issued as a result thereof, each share existing immediately prior to such exercise and conversion would no longer represent 1/70,528,525 of the share capital, but 1/77,598,389 of the resulting share capital (representing a dilution of 9.11% for the shares outstanding immediately prior to the exercise of all existing Share Options and the conversion of the Kreos Convertible Loan Payable). Assuming that all 20,162,924 New Shares issued at the occasion of the Transaction are fully subscribed for, the existing shares after the exercise of all Share Options and the conversion of the Kreos Convertible Loan Payable would no longer represent 1/77,598,389 of the resulting share capital but 1/97,761,313. For the 70,528,525 shares that are outstanding prior to the exercise of all Share Options and the conversion of the Kreos Convertible Loan Payable and prior to the Transaction, the exercise of all Share Options and the conversion of the Kreos Convertible Loan Payable followed by the Transaction would represent a dilution of the participation in the share capital and the results of the Company of 27.86%.

The table below reflects the impact of the Transaction on the evolution of the share capital.

Evolution of the Share Capital(1)

Before the Transaction	
Share capital (in EUR)	56,260,102.01
Outstanding shares	70,528,525
Fractional value (in EUR)	0.7977
Transaction	
Increase of share capital (in EUR)(2)..	12,738,632.94
Number of New Shares issued	20,162,924
After the Transaction	
Share capital (in EUR)	68,998,734.95
Outstanding shares	90,691,449
Fractional value (in EUR)	0.7608

Notes:

(1) This simulation does not take into account the outstanding Share Options or the shares issuable upon conversion of the Kreos Convertible Loan Payable.

(2) The amount of share capital increase is computed by multiplying the number of New Shares to be issued with the Subscription Price.

8.4. Participation in the consolidated accounting net equity

The evolution of the consolidated accounting net equity of the Company as a result of the Transaction is simulated below. The simulation is based on the following:

(a) The audited consolidated annual financial statements of the Company for the financial year ended on 31 December 2019 (which have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("**IFRS**")) and which will be submitted to approval to the annual general shareholders' meeting of 28 May 2020. The consolidated accounting net equity of the Company as at 31 December 2019 amounted to EUR 18,277 (000) (*i.e.*, USD 19,724 (000)[2]) or EUR 0.2591 (rounded) per share (based on 70,528,525 outstanding shares as at 31 December 2019).

(b) The simulation does not take into account changes in the net equity since 31 December 2019.

For further information on the Company's net equity position on the aforementioned dates, reference is made to the financial statements of the Company, which are available on the Company's website.

Based on the assumptions set out above, as a result of the Transaction, the Company's accounting net equity on a consolidated basis, would be increased as indicated below:

Evolution of the Consolidated Accounting Net Equity(1)

Consolidated net equity for FY 2019	
Net equity (in EUR '000)................................	18,277
Outstanding shares	70,528,525
Net equity per share (in EUR '000) (rounded)	0.2591
<u>Transaction</u>	
Increase of net equity (in EUR '000)(1)	12,738.63
Number of new shares issued	20,162,924
<u>After Transaction</u>	
Net equity (in EUR '000) (rounded)(2)	31,015.13
Outstanding shares	90,691,449
Net equity per share (in EUR) (rounded)(2)	0.3420

Notes:

(1) Consisting of the amount of the capital increase and the amount of the increase of issue premium, but not reflecting that the accounting of this amount may be subject to further adjustments pursuant to IFRS.

(2) Not taking into account changes in the consolidated net equity after 31 December 2019 (other than the contemplated Transaction), nor taking into account the potential issuance of new shares upon exercise of outstanding Share Options or upon conversion of the Kreos Convertible Loan Payable.

2 The reporting currency of the Company's financial statements is U.S. dollar. Amounts in U.S. dollar have been converted into euro at the currency exchange rate published by the European Central Bank on 14 May 2020, being EUR 1.00 for USD 1.0792.

The table above demonstrates that the Transaction will, from a pure accounting point of view, lead to an increase of the amount represented by each share in the consolidated accounting net equity of the Company. Notably, following the Transaction, the consolidated accounting net equity as per 31 December 2019, would amount to (rounded) EUR 0.3420 (instead of EUR 0.2591 (rounded) per share).

8.5. Financial dilution

The evolution of the market capitalisation as a result of the proposed Transaction is simulated below.

The table below reflects the impact of the Transaction on the market capitalisation and the resulting financial dilution.

After close of trading on the day preceding the date of this report, *i.e.*, 14 May 2020, the Company's market capitalisation was EUR 57,974,447.55, on the basis of a closing price of EUR 0.822 per share. Assuming that, following the Transaction, the market capitalisation increases exclusively with the funds raised (*i.e.*, EUR 12,738,632.94) on the basis of the Subscription Price of EUR 0.632 per New Share, then the new market capitalisation would be (rounded) EUR 0.7797 per New Share. This would represent a (theoretical) financial dilution of 5.42% per share.

Evolution of the Market Capitalisation and Financial Dilution

Before the Transaction(1)	
Market capitalisation (in EUR)	57,974,447.55
Outstanding shares	70,528,525
Market capitalisation per share (in EUR)	0.8220
Transaction(2)	
Funds raised (in EUR)	12,738,632.94
Number of New Shares issued	20,162,924
After the Transaction(1)	
Market capitalisation (in EUR)	70,713,080.49
Outstanding shares	90,691,449
Market capitalisation per share (in EUR) (rounded)	0.7797
Dilution	5.42%

Notes:

(1) At the date of this report and not taking into account the potential issuance of new shares upon exercise of outstanding Share Options or the conversion of the Kreos Convertible Loan Payable.

(2) The Subscription Agreement provides that 20,162,924 New Shares will be issued at a Subscription Price of EUR 0.631785 per New Share. Therefore, the total amount of the funds raised will be equal to EUR 12,738,632.94.

8.6. Other financial consequences

For a further discussion of the financial consequences of the proposed Transaction, the board of directors refers to the special report prepared in connection therewith by the statutory auditor of the Company.

9. EFFECT OF THE TRANSACTION ON THE SHAREHOLDING OF THE SUBSCRIBERS

Following the Transaction, the Subscribers will hold the following numbers of shares in the Company:

Subscriber	Number of Shares	% on a non-diluted basis[(1)]	% on a fully diluted basis[(2)]
MVM V LP	19,755,592.00	21.78%	20.36%
MVM GP (No. 5) LP	407,332.00	0.45%	0.42%

Notes:

(1) Based on a total number of shares equal to the sum of the 70,528,525 existing shares of the Company and the 20,162,924 New Shares.

(2) Based on a total number of shares equal to the sum of the 70,528,525 existing shares of the Company, the 20,162,924 New Shares and the 6,328,687 new shares to be issued upon exercise of all the outstanding Share Options, but not taking into account the 741,177 new shares to be issued upon conversion of the Kreos Convertible Loan Payable (see section 8.2 above).

* * *

Done on 15 May 2020.

On behalf of the board of directors,

By: ______________ By: ______________