ADVANCED ONCOTHERAPY

Advanced Oncotherapy plc

Annual Report 2020

Democratising Proton Therapy
Advancing cancer treatment with innovative, cost effective technology

This report is available on our website
www.avoplc.com/en-gb/Investors/Company-Documents

OUR PURPOSE

We are driven by our purpose: democratising proton therapy.

Just as the mobile revolution democratised communication among people, healthcare must be democratised. At Advanced Oncotherapy, we believe access to healthcare is a fundamental human right. Yet, the provision of healthcare is still not universal and many people cannot afford quality health services.

Proton therapy is one of the many segments in healthcare where a different global approach that is truly democratic must emerge.

Fundamentally, we believe in a new model that will change the way we treat cancer, and the relationship between patients and physicians as we know it.

ONLINE

You can find more information about Advanced Oncotherapy at www.avoplc.com

We know accessibility and affordability are hindering the widespread use of proton therapy.

Innovation in healthcare breaks down these walls of cost, time and location. With our technology originated at the world-renowned place of excellence and science – CERN – we work every day to make proton therapy a reality for every patient.

Our LIGHT technology possesses the power to remove the obstacles which are associated with legacy systems and which prevent access to proton therapy for all.

TO OUR SHAREHOLDERS

Dear shareholders,

It is my great pleasure to introduce another annual report and accounts at such a pivotal time in Advanced Oncotherapy's development.

2020 will certainly be remembered all over the world for the Covid-19 pandemic, an unprecedented health crisis of epic proportions bearing profound social, economic and financial consequences. My first and foremost thoughts are for all of those who lost their dear ones over the past year. I also want to express my utmost gratitude to all our employees and partners who have shown remarkable dedication, agility and resilience during these unprecedented circumstances.

As Albert Einstein suggested, out of crises can emerge new and incredible opportunities, particularly if traditional approaches and paradigms are questioned and challenged. This Covid-19 pandemic is no exception; it underscores three major opportunities for Advanced Oncotherapy:

- The Covid-19 pandemic has been a wake-up call for governments to do more to tackle cancer. Cancer is a pandemic in itself and time is exceedingly precious. Every minute during 2020, nine people were diagnosed with cancer in Western Europe[1]. A one-month delay in treating cancer results in a 6 to 13% higher risk of dying[2]. Sadly, 50% of governments had their cancer services partially or completely disrupted as a result of the Covid-19 pandemic[3] and it is estimated that some 50,000 people in the UK are probably missing a cancer diagnosis[4]. Yet, the stark impact of the pandemic on cancer care has made everyone realise the actual human cost of neglecting non-communicable diseases like cancer. With the number of new cancer cases currently expected to rise by more than 45% over the next twenty years[5], more actions must be taken to bend the curve and raise further awareness at all levels. We have already seen governments, payers and other healthcare stakeholders seeking new ways to accelerate the fight against cancer and deploy new initiatives. Advanced Oncotherapy has a key role to play in this broad eco-system.
- The Covid-19 pandemic is reshaping oncology practice and delivery of cancer care broadly, shifting care onto virtual platforms and minimising the number of hospital patient visits through more efficient and targeted radiation therapy systems. These new solutions facilitate access to innovation of cancer centres and support more partnerships to accelerate the convergence of radiation with targeted drugs. These are a few important changes we foresee and which we believe will continue well beyond the short- to mid-term of the active pandemic.
- The Covid-19 pandemic has taken a terrible toll around the world – but some sectors have been more affected than others. People with underlying conditions, including cancer, or those living in countries with under-developed healthcare infrastructure have been hit disproportionately hard by the virus. This makes our purpose centred around defeating cancer through the democratisation of proton therapy more meaningful than ever. We want to play our part and have an impact in broadening access to cancer therapy by making proton therapy more accessible and affordable. All the decisions we have taken were not always the easiest ones, but they were the right ones to serve our purpose and I am convinced that many patients around the world and all our stakeholders will soon reap the rewards of our strategy.

In the face of these challenges, we continued to make progress on our strategy. This is a testament to the leadership of Nicolas and his management team who have navigated the Company through the year and ensured people across our Company remained focused on our purpose and project. Ensuring our LIGHT system can deliver a proton beam for all radio-sensitive tumours remains our number one priority for 2021.

The success of our strategy and execution plan relies on well-proven design and industrial processes. It is also predicated on four important strategic pillars:

- differentiated, asset-light and patient-centric business model;
- commitment to do business responsibly and sustainably;
- continued innovation with clear metrics to prioritise initiatives and assess their expected return; and
- unique culture embedded in our governance framework.

"I am confident that the business model we are building around the superiority of LIGHT and centred around customers' needs is a long-term sustainable growth model that will prove rewarding for Advanced Oncotherapy's shareholders"

[1] Source: WHO
[2] Source: The British Medical Journal
[3] Dr. André Ilbawi, from WHO
[4] Source: Macmillan Cancer Support
[5] Source: WHO
[6] This is approximately ten times faster than cyclotrons
[7] Up to 10 times smaller versus cyclotrons

DIFFERENTIATED, ASSET-LIGHT AND PATIENT-CENTRIC BUSINESS MODEL

The commercial launch of LIGHT represents a shift away from competition and into a space where, as a technology disrupter, we can provide long-term attractive return opportunities for our customers.

LIGHT has been designed to treat at an affordable cost a large spectrum of tumours. Its potential goes well beyond the hard-to-treat tumours such as head and neck tumours. Its ability to deliver radiation pulse-by-pulse 200 times per second[6] combined with its significantly narrower proton beam[7] make it perfectly suited to sculpt radiation doses based on the irregular shape of the tumour, taking into account potential tumour motion as a result of breathing and heart movements.

As we seek to deliver our mission of democratising proton therapy, it is clear to me that there is a significant need to reduce the high upfront capital costs associated with legacy proton therapy systems. This is key to lowering the hurdle to wider adoption of proton therapy, particularly for many local and smaller treatment centres. Our LIGHT system is well placed to do exactly that: through a reduction of the building costs and the implementation of a different financing model:

- Building costs – The LIGHT system is modular and therefore can be easily installed directly into clinical facilities. It produces proton beams at the required energy level for treatment without the need for degraders, greatly decreasing the need for expensive shielding and thus reducing the building and installation cost. This is of paramount importance when considering that the building and the installation of a proton therapy system – which can be in excess of $200 million depending on the site and configuration – represent up to two-thirds of the project cost;
- Financing model – The modular design of LIGHT also means that it can be used as a financing security for future purchase orders. Unlike legacy systems, LIGHT can become available to customers through tailor-made lease financing solutions. This has been the basis of the partnership we announced in January 2021 with DiaMedCare AG, the Swiss-based active asset financing partner in the life sciences sector. Under the terms of the partnership agreement, DiaMedCare will acquire LIGHT systems and lease them back to the Company's customers that are commissioning the LIGHT system for oncology treatments. In addition, subject to contracts, DiaMedCare will also be able to bridge manufacturing costs until delivery of the LIGHT system to customers.

Another building block of our business model lies in the opportunity to receive a share of the future profits generated by the proton centres in addition to the proceeds associated with the sale of the LIGHT systems. Recent examples of this include agreements with the London Clinic, the Mediterranean Hospital in Limassol, Cyprus and Saba Partners. This is being made possible because of our competitive pricing offering regardless of the clear and superior profile of the LIGHT system as well as our commitment to deploy product upgrades without penalising early technology adopters. The benefits of this approach are manifold. This helps us broaden our customer base and drive adoption whilst generating additional potential revenue streams. This should also facilitate stable cash generation, with profitability supported by long term service contracts and margin profit share agreements.

In summary, I am confident that the business model we are building around the superiority of LIGHT and centred around customers' needs is a long-term sustainable growth model that will prove rewarding for Advanced Oncotherapy's shareholders.

COMMITMENT TO DO BUSINESS RESPONSIBLY AND SUSTAINABLY WITH A CLEAR SOCIAL PURPOSE

Many years ago, CERN designed LIGHT with the view of doing the right thing for patients, society and our planet:

- it can be installed in a contiguous and densely populated environment, allowing patients to be treated at proximity to their families;
- it can be easily installed directly into existing clinical facilities;
- it can be transported in standard containers and trucks; it does not require expensive cranes or load handling devices; and
- as a result of being able to be operated with an efficiency constantly above 90% which drastically limits stray radiation and reduces the need to build large shielding, it can be integrated in an environmentally friendly manner.

We must acknowledge the legacy of the pioneering scientists who have been involved in this breakthrough innovation. We are also determined to continue to raise our game. This is why, together with our partners, we are committed to support the treatment of children at cost in the catchment area and train physicians and engineers, when deploying the LIGHT solution in countries with limited healthcare access.

As part of our journey to democratise proton therapy and improve the health and well-being of the 19 million people diagnosed with cancer every year, of which 57% are in low and middle-income countries where survival rates are currently lowest, we have an important objective: achieving a 230MeV beam on our LIGHT system that is being assembled in Daresbury. Yet, we recognise that to be successful in the long-term we need to have a vision that goes beyond the first machine. This means we must have the right foundation in place to operate ethically and sustainably. At Advanced Oncotherapy, we have been focused on this for many years. We believe in the need to transition to an economy that is centred on sustainability.

In 2020, we also formed a dedicated, cross-disciplinary ESG working group bringing HR, Finance and Supply Chain together. We are committed to enhancing our ESG performance and are developing a structured roadmap defining our key areas of focus and development. We will set out a clear roadmap intended to build on this platform, pinpointing specific areas of focus to deliver against internal and external expectations.

LIGHT FLASH AND THE COMBINATION OF LIGHT WITH IMMUNOTHERAPY, TWO MAJOR OPPORTUNITIES WHICH CAN LEAD TO A PARADIGM SHIFT IN THE USE OF PROTON THERAPY

Innovation is not a choice; it is a necessity to achieve sustainable competitive advantage and create value. It is also a "must" because the LIGHT platform – as the first commercial linear proton accelerator – lends itself perfectly to future upgrades. We are particularly excited about the prospects of FLASH, which paves the way for treating patients in one visit. Due to its smaller beam size and tailored made treatment plan, the use of our LIGHT system – in combination with specific immunotherapeutic agents – also holds great promises. Such approach can be designed to elicit an immune response in resistant tumours as well as tackling metastases based on radiation targeted at the primary tumour.

TO OUR SHAREHOLDERS _Continued

UNIQUE CULTURE EMBEDDED IN OUR GOVERNANCE FRAMEWORK

Culture is at the heart of execution, driving results and creating value, which is why it remains our key priority. Our culture continues to foster agility, embrace change, encourage entrepreneurism, focus on execution and deliver high performance. It pivots on the mindset of our team and partners, who inspire trust, listen, find out, collaborate, take risks, find solutions, encourage and celebrate.

To help our employees and partners achieve their best and support the Company's priorities, the Board continues to adapt. As announced in June 2020, we have streamlined the size of the Board for corporate governance purposes and to ensure we have a more agile and balanced Board to reflect the Company's strategy. As a result, Mr Gabriel Urwitz, Mr Peter Sjöstrand, Mr Chunlin "Allen" Han, and Dr Yuelong Huang (all Non-Executive Directors of the Company) stepped down at the Company's Annual General Meeting in July 2020. In addition, in the context of our vision to build a more balanced and international business, we were delighted to welcome Lori Cross as a Non-Executive Director in September 2020. Lori is a successful business executive with over 35 years of experience in transforming leading global medical technology and life sciences organisations and commercialising disruptive healthcare business models.

LOOKING AHEAD

At Advanced Oncotherapy we believe that in the next 20 years the industry will need more than 10,000 proton therapy treatment rooms, representing a 50-fold increase over the current global capacity. This, we think, will be driven by the increasing realisation and demonstration that proton therapy allows radiation oncologists to effectively irradiate tumours whilst sparing up to 60% of the surrounding healthy tissue compared to conventional radiation therapy. We want to play a fundamental role in the transformation of this market. To truly unlock this potential, the industry needs more precise and cost-efficient proton therapy systems. We believe proton therapy systems based on our proprietary LIGHT technology can achieve this.

We are cognisant that our journey towards the democratisation of proton therapy has not been and will not be linear, but we know that continued focus on the vision is the right path to take for shareholders, customers, partners, colleagues and our communities. This is why, during this unprecedented year, we took the decision to weather the storm whilst continuing to invest in the business and our strategy. As a result, jobs were protected, and we proceeded with our plans to invest behind the commercial launch of LIGHT and the set-up of our assembly site. This strategy was offset by some discretionary one-off cost savings. Looking ahead, we expect these investments to deliver higher growth over time and significant value.

Finally, I would like to thank my fellow Board members, the senior leadership team and all of the Group's employees for the exceptional work they have done during this unprecedented year. I appreciate the patience shown by our shareholders who share my view of the value accretion potential. I am very grateful for their continued support.

Dr Michael Sinclair
Executive Chairman
29 June 2021

INTRODUCTION TO ADVANCED ONCOTHERAPY

WHY OUR COMMITMENT TO PATIENTS?

WHAT WE DO

HOW WE DO IT

ADVANCED ONCOTHERAPY AT A GLANCE

- CERN spin-off
- Flagship solution: LIGHT
- LIGHT, a proton therapy solution that offers significant advantages over legacy systems, including smaller footprint, modular design, ease of installation, fast electronic control of the proton beam and energy, significant cost saving for customers
- Offices in the UK, Switzerland, the US and the Netherlands
- Listed on AIM; ticker: LON: AVO

Large addressable market
- $140 billion market
- 4,000 proton therapy centres needed worldwide
- 95 proton therapy centres in operation today

Longstanding commitment to cancer with a proven technology
- 67 years since the first proton treatments were performed in the Berkeley Radiation Laboratory
- 32 years since the first linear proton accelerator – the basis for LIGHT – was used at the proton therapy centre in Clatterbridge in the UK
- 67 years since CERN, the world's largest physics lab in the world, was created

Breakthrough technology with strong barriers to entry
- The first commercial linear proton therapy system for cancer
- 10/15 years, the time needed to develop a physics-applied concept into an optimised design ready for industrialisation
- $526 million, the average cost to develop a complex medical device in the industry, more than twice what has been invested in the LIGHT platform and infrastructure to date

The present

- Approximately 150 suppliers delivering components; LIGHT system being assembled and tested in Daresbury, UK
- 230 MeV beam, the maximum energy, expected in H2:21
- Three installations already planned with operators (subject to final agreements) prior to certification

The future

- 40-50%, the potential cost savings for future machines
- Potential for up to 80% of the equipment to be funded through leasing arrangements
- FLASH LIGHT and LIGHT in combination with immunotherapy; two major opportunities leading to a paradigm shift

Revenue model and potential revenue streams

- Approximately one-third of the revenues in equipment sale
- Approximately one-third of the revenues in long-term servicing, project management and project upgrades
- Approximately one-third of the revenues in profit sharing arrangements with customers

The investment case

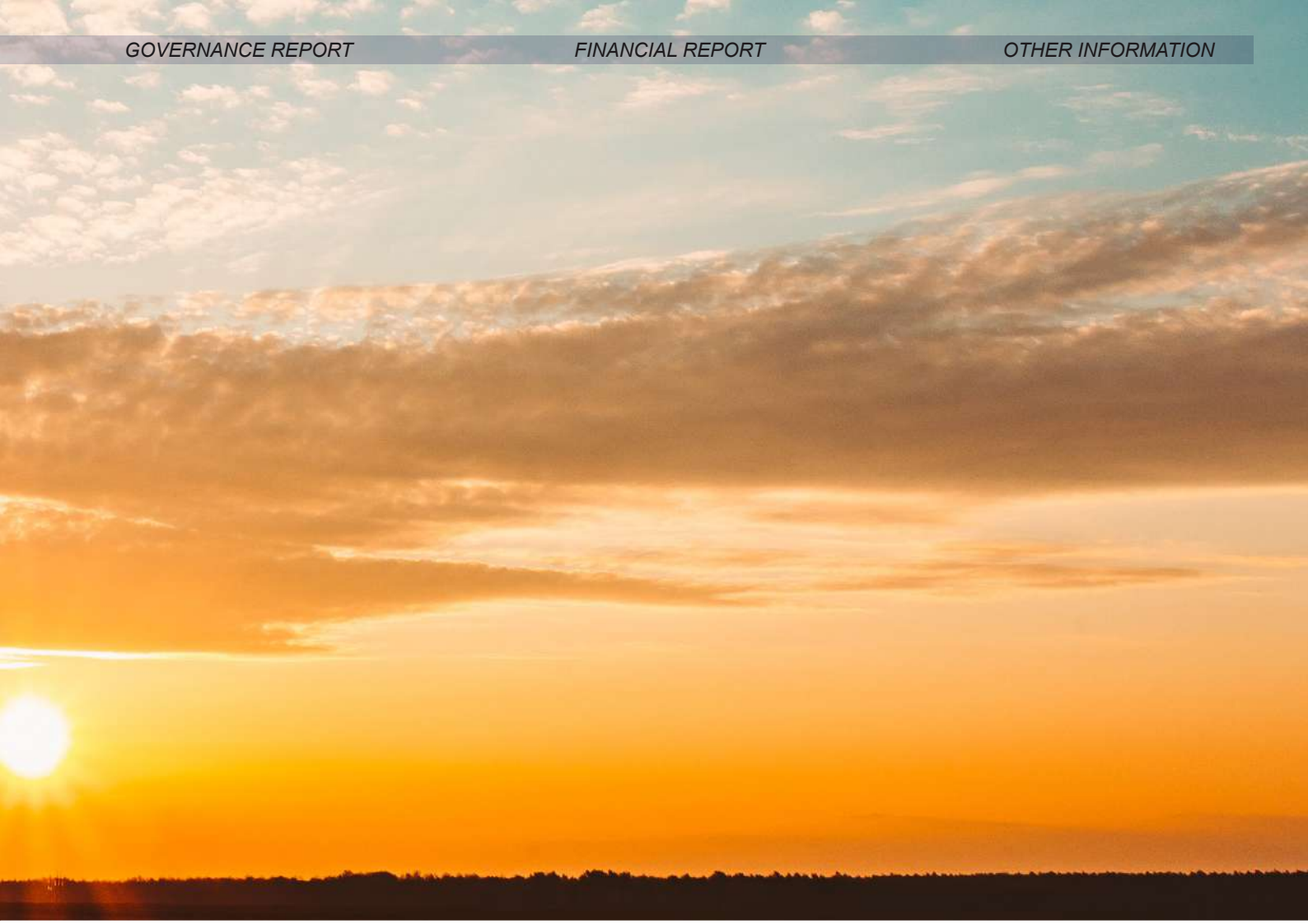
- Clear purpose and vision, with a talented team and strong culture
- Growth opportunities within a total addressable market of approximately US$140 billion
- Appealing business fundamentals – differentiated product set to break the current market status quo and protected by strong barriers to entry
- Differentiated asset: asset-light and patient-centric business model – key pillars in place for strong, sustainable and profitable cash-flow generation
- Investments made and existing partnerships removing constraints to growth and ensuring the scalability of the business and attractive return profile
- Durable mission and financial value creation

OUR VALUES

Our ways of working are based on a set of core values which have shaped our culture.

We are committed to creating value for all our stakeholders:

- being a partner of choice
- bringing significant medical benefit for patients, doctors and payers
- offering a great place to work for employees
- delivering a sustainable positive contribution to society
- earning competitive returns for our investors



Life

We collaborate across our professional disciplines, and with our suppliers and investors, to create outcomes that go beyond the sum of the parts. Putting the well-being of patients and staff at the heart of our mission, we change people's lives for good.

Safety

We choose the right path, not the easy path. We do the right thing to ensure the safety of patients, our users and our staff. We are rigorous in our research, our development and our testing, never accepting short-cuts.

Quality

We focus on patient outcomes, reliability and consistency. Our professionalism, commitment and precision deliver world-class results, meeting the most stringent medical requirements.

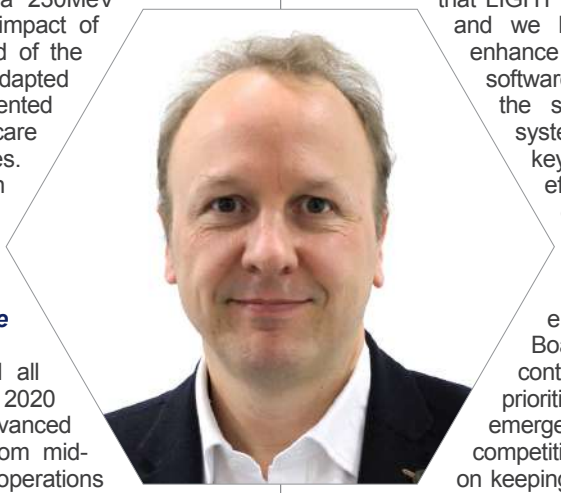
Innovation

We push the boundaries of what can be achieved between physics and engineering, creating something that has never been done before. Our agility and entrepreneurial spirit are changing cancer treatment for ever.

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

At Advanced Oncotherapy, we have a unique opportunity to help democratise proton therapy. We believe the Company's technology is truly disruptive with the ability to bring profound change to the treatment paradigm within the radiation oncology market. That said, we remain cognisant that success in achieving this also requires us to navigate a highly regulated and fast-changing environment.

Over the past year, Advanced Oncotherapy has made significant progress towards achieving its corporate objective of having its first LIGHT system generating a 230MeV beam in 2021, despite the global impact of the Covid-19 pandemic. I am proud of the way in which the Company has adapted and responded to challenges presented in order to support patients, healthcare systems, partners and our employees. In this statement, we will reflect on the operational progress made as well as our financial results for the period ended 31st December 2020.



The Covid-19 pandemic and the way we responded

The Covid-19 pandemic dominated all aspects of life and business during 2020 and in these unprecedented times Advanced Oncotherapy was no exception. From mid-March 2020, we saw an impact on our operations due to decisions by governments to implement lockdowns to tackle and constrain the impact of the outbreak and, as a result, our assembly site in Daresbury, Cheshire, UK was closed for two months. The integration and testing activities resumed from May 2020, but due to the nature of our project – assembling a radiation-based system in a confined space – we were unable to deploy full resources to the same extent as we had done previously. In addition, the pandemic disrupted our supply chain, preventing some of our key suppliers from performing maintenance and quality tests.

In the midst of the outbreak of Covid-19, we had to rapidly adapt our organisation. Throughout this period, we prioritised the health and safety of all our employees and, in order to achieve this objective, we performed a full risk assessment, implemented our business continuity plan, adapted to the latest Covid-19 guidance provided by the UK Government and implemented new policies to ensure strict compliance with the Health and Safety requirements.

As many organisations have done as a result of the pandemic, we also changed the way we worked together with the majority of employees working from home from mid-March 2020. The smooth and successful transition to communicating via video meetings, best practice sharing sessions, and rebalancing workloads across the business enhanced workplace engagement for most. As an organisation, we hope to continue using many of the new ways of doing business post-pandemic whilst embracing flexible working solutions for all employees.

"Under extraordinary circumstances, our employees have shown immense creativity and can-do attitude in their wholehearted efforts to deliver on our execution plan. Their determination and hard work made us able to make clear progress. I believe this comes as a consequence of our crystal-clear purpose and long-established company values: life, safety, quality and innovation."

In order to continue progress with regards to the development of the LIGHT system over the past year, our team initially focused on progressing documentation required for regulatory approval – with most of the day-to-day work carried out by our employees remotely. This was a significant workstream, given that LIGHT has more than 15,000 components, and we have made excellent progress to enhance our documentation workstreams and software development. Working with P-Cure, the supplier of the patient positioning system (PPS), the Company enhanced key documentation to ensure the efficient installation of future systems, enabling quicker system start-up and commissioning.

During 2020, with the shifts in employee working conditions, the Board decided that it was important to continue investing behind our strategic priorities. As an organisation, we want to emerge from the pandemic in a stronger competitive position, placing a high priority on keeping our valuable workforce as intact as possible and completing our ongoing projects. Accordingly, we invested in enhancing our IT infrastructure with the installation of simultaneous stream multi-video and audio communication systems helping our team at Daresbury with remote technical guidance from the Company's R&D facility in Geneva, Switzerland. Our verification and validation testers also received new qualifications, thus removing the need for external consultants and reducing future uncertainty, potential delays and additional costs. This strategy was complemented with decisive actions to mitigate the financial impact triggered by Covid-19 where we introduced measures aimed at reducing non-essential spending and safeguarding our net financial position.

Our strategic approach to the challenges brought by Covid-19 enabled us to continue to make progress throughout the year. As a result, we have entered into a new phase with a sharper business and a higher confidence in our ability to deliver sustainable long-term growth.

THE PROGRESS WE MADE IN 2020

Understanding the basics of LIGHT…

With the introduction of LIGHT technology, we are pushing the boundaries of what can be achieved between physics and engineering to create something that has never been done before. The complexity of the project and the competitive barriers of entry arise from the various specialities needed for the design, production and testing of the machine.

To assess the operational achievements made during the year, it is therefore important to understand the conceptual science behind the acceleration of protons in our LIGHT system. Protons are accelerated with an electric field and then steered and focused with a magnetic field. Electric fields along the accelerator switch from positive to negative at a given frequency pulling protons forward along the accelerator. This acceleration occurs in radiofrequency (RF) cavities, called radio-frequency

quadrupole (RFQ), side-coupled drift tube linacs (SCDTLs) and coupled cavity linacs (CCLs). These cavities are specially designed metallic chambers which allow radio waves to interact with passing bunches of protons.

Each time a bunch of protons passes the electric field in an RF cavity, some of the energy from the radio waves is transferred to the protons, nudging them forward. The higher the energy level protons gain, the quicker they travel through the LIGHT accelerator and the deeper in the body they will travel before stopping and releasing their energy which is where most radiation damage will occur. It is important that protons do not collide with gas molecules on their journey through the LIGHT accelerator, so the beam is contained in an ultra-high vacuum inside a metal beam pipe.

As we develop the LIGHT system, specific expertise is needed by the Company in a number of areas including: environmental health and safety, radiation safety, electromagnetic compatibility and electromagnetic interference, beam dynamics, electrical engineering, electronics, mechanical engineering, vacuum technology, magnet technology, RF technology, power converters, IT, radiation protection, cooling and ventilation, survey and alignment, electrical networks, and civil and structural engineering.

… to assess the operational achievements during the year

During 2020, the Company reached a number of significant milestones in its goal to ensure that our first LIGHT system is operational by the end of 2021 with a 230MeV beam. We remain on track with this objective.

All the accelerating RF cavities required for accelerating protons to their maximal energy have now been manufactured and delivered to the Daresbury assembly site. The patient positioning system (PPS), which includes the diagnostic quality CT scanner used to scan patients in a seated position, the real-time X-ray verification system which enables imaging of a moving tumour, and the robotic chair which can move and rotate the patient with high accuracy and precision, have also all been delivered.

In order to deposit bunches of protons 200 times per second onto the tumour, radio waves which transfer their energy to protons must have the right characteristics in terms of amplitude (height of the radio wave) and frequency (how close the waves are); both of which must be stable. The successful configuration and testing of the modulator- klystron systems (MKS) has been completed and was a result of close collaboration with our supplier, ScandiNova.

As a result, the MKS now support the LIGHT system's capability to vary the proton beam energy from 70 MeV to 230 MeV in only five milliseconds. Even within a tumour, different cells may respond in different ways to treatment or radiation. The ability to change the intensity of the beam, i.e, the number of protons per pulse, is particularly important in tailoring our solution to patient needs and to optimising the treatment plan for patients. The higher the intensity of the beam, the more densely the radiation will be delivered, resulting in more damage made to the tumour. During the initial conditioning phase, the full intensity was achieved representing a key step forward in the assembly of the LIGHT system; this provides the basis for an optimised treatment plan which broadens the potential spectrum of tumours which can be successfully treated.

The software system that controls the accelerator and supports the medical treatment has been an important area of focus during the period. Proton therapy systems include a wide range of software, ranging from the preparation of the full treatment plan, daily proton delivery to patient workflow and recording of patient data. To respond to one of the key challenges currently faced by end users, the lack of an integrated control software suite, we have worked with Raysearch and successfully tested a seamless software suite customised for LIGHT. This provides users with a single interface for patient preparation, treatment and follow-up processes, whilst limiting potential risks and facilitating a better end user experience for clinicians and healthcare workers.

In addition, we have further strengthened relationships with our key stakeholders, including suppliers and regulatory partners. This was showcased by our decision to follow the US Food and Drug Administration (FDA) pre-submission process, an approach that gives us regular and expanded access to the FDA. This will provide us with a critical step in gaining valuable feedback from the FDA ahead of certification whilst de-risking our regulatory plan.

Infrastructure in place to support assembly and testing activities

The purpose of the site located at Daresbury, Cheshire is to assemble and test the various units of the LIGHT system so that the proton beam meets the relevant medical, health and safety requirements and standards. This infrastructure is now in place and can set the course for future success. The most critical parts include fixed and temporary shielding walls, the stands on which the RF cavities are conditioned, the ultra-high vacuum, the cooling systems and the instruments needed for testing.

Most importantly, this means that we have now been able to start conditioning the accelerating structures. The conditioning process is time-consuming, and we had to implement extra precaution measures for the first system. As part of the conditioning process, we have had to gradually increase the power that the RF cavities can receive so that their performance is reliable and optimised, which is arguably one of the most important tasks to be undertaken before generating proton beams. If not done correctly, the high-precision engineering modules can be damaged. With three conditioning stands successfully installed, we can now perform parallel tests and condition the full LIGHT system.

Quality: the epicentre of our operations

Completing our regulatory plan requires the Board and management team's relentless focus and is an integral part of developing our infrastructure and the manufacture of our LIGHT system to ensure its safety, efficiency and reliability. The importance we place on quality requires robust processes across our entire organisation in accordance with the stringent requirements of the relevant regulatory bodies that oversee clearance and approval for use of medical devices.

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER _Continued

Our regulatory plan largely revolves around performing verification and validation activities, meaning that each individual part, system and sub-system of LIGHT must be tested and documented with the view of ensuring that our product not only meets all the requirements from a user's standpoint but has also been manufactured to the specifications provided to suppliers and all relevant standards. These activities are currently being performed in accordance with the standards of excellence required for medical devices and the ISO-13485 certification which we successfully obtained in January 2019.

A subsequent external audit was performed in December 2020 by Lloyd's Register focused on installation, integration and product safety management operations. The review confirmed that the design, development and the manufacturing control activities were in compliance with the highest standards for safety and product performance. This result provides a strong platform for the continued integration of the LIGHT system, as it highlights our focus on quality and the need to have robust processes in accordance with the stringent requirements associated with medical devices.

Commercial momentum

At Advanced Oncotherapy, prior to March 2020, we made strong inroads through commercial partnerships with The London Clinic (TLC), the Mediterranean Hospital of Limassol (MHL) in Cyprus and University Hospitals Birmingham NHS Foundation Trust (UHB).

In our partnership with TLC, we entered into a memorandum of understanding to sell a LIGHT system and structured the partnership in such a way that Advanced Oncotherapy will receive a share of the profit generated by TLC's proton therapy service. TLC is one of the UK's largest private charitable hospitals and has a pioneering cancer treatment centre in its Duchess of Devonshire wing that is at the forefront of advancing healthcare through the adoption of new technologies. Since this announcement in February 2020, we have made good progress in defining the patient workflow, and fine-tuning our referral strategy whilst taking into account opportunities to treat more patients following the decision of the Cleveland Clinic (London) to refer cancer patients to TLC.

Following the announcement of our research collaboration with the world leading Cleveland Clinic in December 2019, the Cleveland Clinic has now installed the LIGHT treatment planning system (TPS) software and commenced a two-year study to evaluate the target conformity of proton mini-beams in comparison with X-ray stereotactic body radiation therapy and stereotactic radiosurgery.

In February 2020, we entered into an agreement to sell a three-treatment room system to the MHL in Cyprus for €50 million and to receive a share of the profit generated from this proton therapy service. The MHL provides high-quality medical services to not only citizens of Cyprus but also to tourists seeking medical treatment. Under the terms of the agreement, the installation of a three-treatment room system is due to commence before the end of 2023, subject to customary conditions and documentation being in place. Discussions with planners are ongoing and we have worked with the MHL to progress the technical and planning requirements. Further updates in respect to the agreement and the schedule of payments to be received by Advanced Oncotherapy will be made at the appropriate time.

During the period, we also announced a collaboration with UHB in line with our continuous efforts to fast-forward our growth and the roll-out of the LIGHT system. Our partnership with UHB is aimed at treating patients in Daresbury in the context of our certification plan. The partnership also envisages the installation of a machine in Birmingham at Queen Elizabeth Hospital Birmingham, which is part of the UHB campus. UHB is preparing to install LIGHT beam data into its TPS and we are cooperating to plan for the initial Daresbury patient indications. In addition, we agreed on an appropriate revenue sharing arrangement with UHB and we will also work with them to jointly develop further advanced technical and clinical features to increase the awareness of proton therapy for the treatment of cancer.

In light of the Covid-19 pandemic, country wide lockdowns enforced in March 2020 reduced the time we spent with potential customers. However, as 2020 progressed our business development efforts evolved and since the beginning of 2021, we are experiencing an acceleration in commercial discussions, as demonstrated by the recent letter of intent with Saba Partners for the installation and maintenance of a LIGHT system in Glion, Switzerland, in a contract valued at up to US$107 million.

Financing foundations

We have been able to continue to make progress with our activities as a result of the completion of equity investments totalling £30 million (including warrants and shares issued in lieu of fees) since the beginning of 2020, despite the difficult equity market conditions. We also secured additional financial flexibility through a strategic funding partnership and debt facility of up to £40 million, of which €20 million (£18 million) was from our long-standing supplier, VDL Groep, and US$30 million (£22 million) from Nerano Pharma, an existing investor of Advanced Oncotherapy. In August 2020, the Company drew down US$10 million from the interest-bearing secured convertible facility with Nerano Pharma.

In May 2021 the Company extended the repayment date of the existing £10 million loan facility with Credit Suisse AG on a rolling quarterly basis through to May 2022.

The mix of equity and debt financing arrangements secured during the period provides the Company with greater financial flexibility and allows us to further the development of our LIGHT system and advance our pipeline of construction opportunities.

The past year was pivotal for Advanced Oncotherapy, as we took our first strategic steps in securing funding arrangements to advance our pipeline of construction opportunities. This was reflected in January 2021, when we announced a partnership with DiaMedCare (renamed Kineo Finance since June 2021) the globally active asset financing partner in the life sciences and other innovative technology sectors. Under the terms of the partnership agreement, DiaMedCare will acquire LIGHT systems and lease them back to the Company's customers that are commissioning the LIGHT system for oncology treatments. In addition, DiaMedCare will also be able to bridge manufacturing costs until delivery of the LIGHT system to customers, which is expected to make the business less capital-intensive in the future. This partnership will play a crucial role in removing the upfront costs of acquiring and installing LIGHT by converting CapEx to OpEx. Vendor financing, such as this agreement, is expected to unlock significant additional upside and accelerate the speed of adoption.

Continued innovation with clear metrics to prioritise initiatives and assess their expected return

At Advanced Oncotherapy, we believe that we must continually and tirelessly fight cancer. To do so, we intend to use the versatility of the LIGHT platform to deploy new features uniquely positioning Advanced Oncotherapy in the battle against cancer. However, to achieve our mission, we recognise the need for discipline and having the right processes in place to ensure

delivery against our strategy and value creation.

As a result, we have formed a global screening and incubation team led by ADAM's Executive Chairman, Professor Steve Myers, whose role is to identify new opportunities based on a clear set of criteria. These include: monitoring long-term trends and innovative subjects in industry and society; analysing growth potential of new ideas; assessing how potential new business areas fit with the overall mission of the Company; and reviewing whether internal developments or partnerships are the best way forward.

Such processes have been crafted with the ultimate objective of striking the right balance between optimising and prioritising resources and objectives, promoting an effective team working environment, establishing a creative culture and keeping a commitment to build the future of radiation therapy. We hope that this team will help to develop a deep and robust pipeline of future opportunities for the LIGHT system which fills us with excitement.

Our financial results

The Group recorded a comprehensive loss of £23.4 million in the year ended 31 December 2020 (2019: £21.3 million), with shareholder funds as at 31 December of £44.1 million (2019: £42.9 million). Cash and cash equivalents at the year-end were £2,317,451 (2019: £3,235,167), although these year-end figures do not take into account post period financing agreements.

Outlook

Looking ahead, 2021 is set to be an important year for us with our goal of having the first LIGHT system generating a full energy beam, and in due course the commencement of treating patients with our clinical partner UHB. We have made notable progress at our Daresbury site over the past year and the ongoing work at the site to optimise our machine installation process will reduce the start-up time for future LIGHT systems and support the assembly of future machines through our commercial contracts. Our financing agreements announced during the period will be key to continuing the development of the LIGHT system and advancing our pipeline of construction opportunities.

In line with our business model, we have signed a number of commercial partnerships and will continue to seek further opportunities for partnerships and future purchase orders of the LIGHT system. We are confident about future orders of the LIGHT system and expect further acceleration of our commercial pipeline when our machine is fully operational, taking advantage of the unique exemption in proton therapy which provides the opportunity for manufacturers to sell machines prior to certification.

IN CLOSING

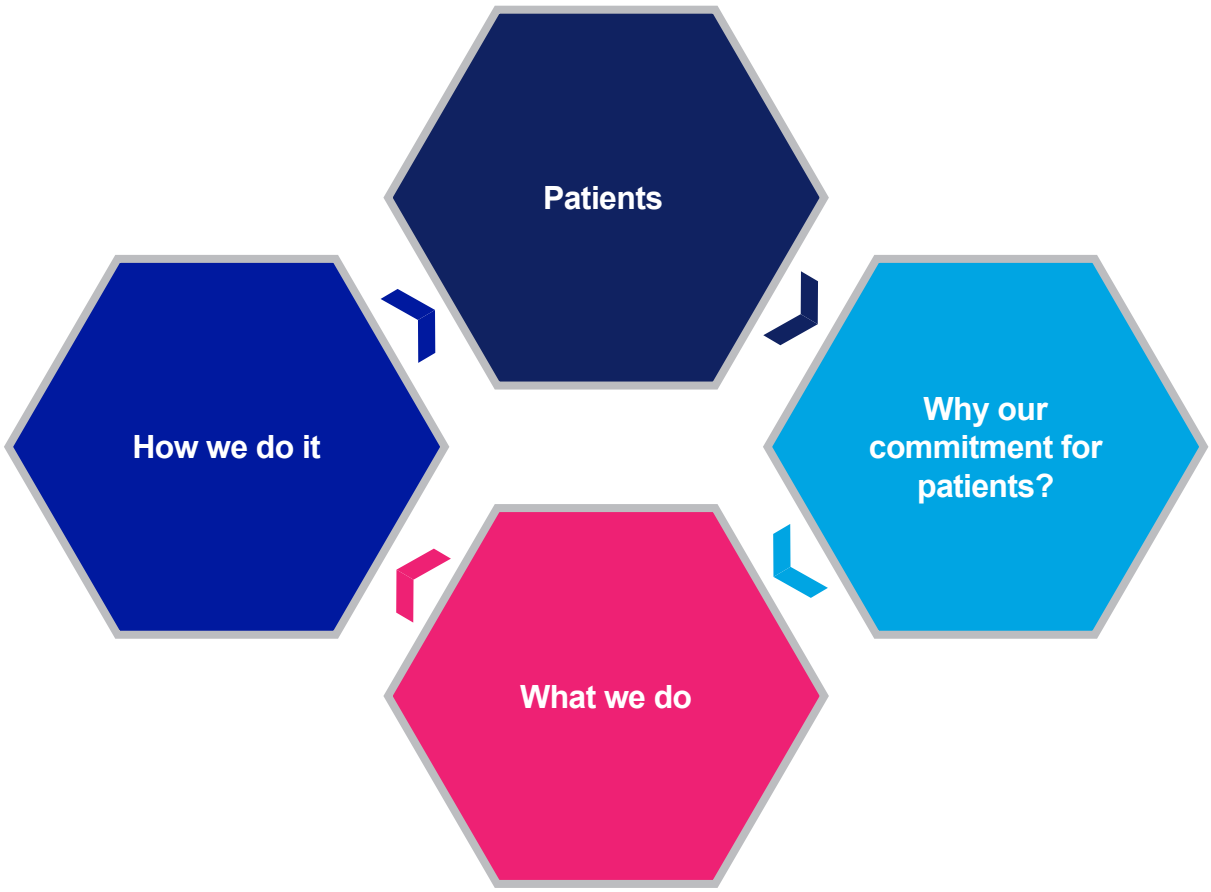
Under extraordinary circumstances, our employees have shown immense creativity and a can-do attitude in their wholehearted efforts to deliver on our execution plan throughout 2020. Their determination and hard work made it possible for us to make clear operational progress. I believe this comes as a consequence of our crystal-clear purpose and long-established Company values: life, safety, quality and innovation. This progress also follows our continued investment in our people and organisation, creating an inclusive, diverse and safe working environment in which colleagues have equal opportunities to thrive and fulfil their potential.

We have many important milestones ahead of us during 2021 which I outlined during our Investor Day in October 2020, but we remain on track to have our first LIGHT system generating a 230MeV beam by the end of 2021, a major inflection point for Advanced Oncotherapy.

I feel privileged to be leading this great Company and am pleased to see the operational progress made day to day by all our employees. I would like to thank our team for their agility and commitment over the past twelve months given the difficult circumstances. Special thanks must go to our partners and collaborators, without whom we could not succeed in our operational goals, and our Board of Directors for their continued support and constructive strategic advice to the organisation. Finally, I would like to send a thank you to our shareholders for their continued support as we continue to progress on our ambition to democratise proton beam therapy as a treatment for cancer.

Nicolas Serandour
Chief Executive Officer
29 June 2021

INVESTING NOW FOR BUILDING A BETTER TOMORROW



Why our commitment for patients?

Despite the great progress achieved over the last decades, cancer is a complex disease with significant unmet medical needs. The prognosis for certain tumours remains highly unsatisfactory. With one in two people developing cancer during their lifetime, cancer patients are the reason we come to work every day.

At Advanced Oncotherapy, we are passionate about transforming patients' lives. The need of patients who are silently waiting with their families for affordable and accessible cancer solutions gives us humility and a strong sense of purpose and responsibility. Patients are the source of our inspiration.

We are proud of who we are – our CERN roots and all the work done by eminent scientists and engineers are a unique privilege. This is why we must be courageous in both decision and action. We commit ourselves to scientific rigour, ethics, and access to medical innovations for all.

We believe that good business means a better world. We are building the foundations today to build a better tomorrow.

What we do

Treating patients with a lower risk of side effects is a priority for clinical oncologists. This is why proton therapy, an effective and well-proven modality in the current spectrum of cancer treatment options, holds unique promise for many patients. Yet only a minority of them have access to it. Our focus is to democratise proton therapy by making it more accessible, affordable and acceptable.

In our pursuit of this mission, our distinctiveness rests on three key elements:

- We are assembling a breakthrough solution: LIGHT is uniquely positioned to address today's challenges;
- We are building a business model based on three pillars: a commitment to put customers and patients at the core of what we do, a viable and attractive financing model which is set to transform the future of proton therapy, strategic partnerships aimed at aligning the interest of all stakeholders and creating significant value;
- We are investing in new ideas: this focus on innovation is embedded in all the actions we are taking now, to build a better future tomorrow with greater access to healthcare care and continued improvement in the medical outcomes.

How we do it

To deliver on these objectives, we are leveraging what has set our Company apart: innovation and flexibility.

Our set-up is built for innovation. We see discipline and processes as key tools to ensure that creativity will create the right returns and value. To do so, we assess our own ideas in the same way that our customers evaluate our product and solution offering: innovation must be democratised and fostered through strategic partnerships.

We remain focused on building an agile and lean organisation with a dual strategy focused on both outsourcing the manufacturing activity and assembling in-house the LIGHT components at the heart of a campus dedicated to accelerators and science and sponsored by the UK Government.

As a medical device company, we follow well-tested processes focused on quality, a mindset influencing all our actions. We are working closely with regulators and our clinical partners to attain product certification and ensure long-term commercial success.

Our execution is supported by a resourcing plan aimed at enhancing value over time through the funding of operations prior to product certification and the implementation of financing partnerships. These will ensure the delivery of our fast-growing pipeline is not limited by our balance sheet and we sustain our competitive edge.

Towards a sustainable growth

Leveraging our LIGHT platform…

- Can be installed in a contiguous and densely populated environment; patients to be treated at proximity to their family; no need to travel long distances
- Can be transported in standard containers and trucks; no need for expensive cranes or load handling devices
- Limited shielding requirements
- Can be disassembled and removed
- Less radiation than a dental practice

… to create a sustainable growth

- Company and partners supporting the treatment of children at cost in the catchment area
- Training plan for physicians and engineers
- Assembly site on the Science and Technology Facilities Council's campus, a campus dedicated to science, sponsored by the UK government and with a net zero target by 2040

A BREAKTHROUGH IN PROGRESS

Mayo Clinic highlights the role of proton therapy in combination with immunotherapy. Due to its smaller beam size, LIGHT is ideally suited in this context

Equity fundraise of c.£5.9 million

Infrastructure in place to support assembly and testing activities; system now capable of supporting the delivery of a proton pulse every 5 milliseconds; full medical software suite integrated; successful re-certification of ISO 13485

Lessor financing partnership with DiaMedCare; expected to provide leasing arrangement to customers in Europe and the US; opportunity for DiaMedCare to bridge manufacturing costs until delivery of the LIGHT system to customers

Equity fundraise of c.£7.7 million

Cancer partnership between The London Clinic and the Cleveland Clinic in London; more patients to be referred to the proton therapy centre in Harley Street

LIGHT Treatment Plan System software installed at the Cleveland Clinic

Site preparation at Daresbury ready to support the ultra-high vacuum tests and the high-voltage conditioning of the accelerating structures; machine installation process optimised enabling the reduction of the start-up time for future LIGHT systems; first series of the magnets steering the beam towards the treatment room delivered

£40 million funding secured through a strategic €20 million funding partnership with VDL Groep and a $30 million debt facility from Nerano Pharma

Equity raise of c.£15 million

Collaboration with University Hospitals Birmingham (UHB) NHS Foundation Trust; installation of a LIGHT system in collaboration with UHB; envisaged location on the UHB campus in Birmingham; revenue sharing arrangement to be implemented; R&D collaboration

Februar

Manufacturing of all critical hardware for first full-energy LIGHT system completed

February 2020

Sale of a LIGHT system to the Mediterranean Hospital in Cyprus; Company to receive €50m and share of profits from clinical services

February 2020

The London Clinic selected as the operator of the Proton Centre in Harley Street, London; Advanced Oncotherapy to receive a share of the profit of the Harley Street centre in London

February 2020

Scientifific partnership with the Cleveland Clinic

December 2019

The performance in 2020 marked a significant step forward for Advanced Oncotherapy

2021, a pivotal year for the Company

Key deliverables for 2021

- Medical software suite integrated in standalone operation
- Patient Positioning System installed
- All accelerating structures conditioned
- All accelerating structures aligned
- Machine operational with a full energy 230MeV beam, energy needed for treating all patients
- Further commercial partnerships and purchase orders
- Financing partnership(s) to support the delivery of the pipeline

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A PERSONAL STORY: GISELA AND MICHAEL

This is the story of Gisela and Michael.

"In November 2016 our lives took a sudden and heart-breaking turn when our 3-year-old daughter, Bianca, was diagnosed with a very rare and aggressive form of brain cancer called embryonal tumour with multilayered rosettes. We will never forget that dark Tuesday afternoon when we were given the results of her histology. We knew something was wrong when we saw Bianca's neurosurgeon waiting for us with an entourage that included a neuro-oncologist and a social worker: "We were surprised. It's much worse than we expected," the oncologist said. "Bianca has an extremely rare grade IV brain cancer called ETMR". But the worst was yet to come; he later told us that our options were either to go home and "make her comfortable" or radiate her whole brain and spine with devastating consequences and a dismal prognosis. When we arrived back home that afternoon Bianca was playing with her twin sister, full of life and healthy in appearance. That day we did not have the strength to look her in the eyes. We were devastated beyond words.

After a week of intensive research, we decided to leave London to treat Bianca in Boston. Her year-long treatment included two brain surgeries, six cycles of gruelling chemotherapy, six weeks of proton therapy with daily general anaesthesia and two clinical trials including radio-immunotherapy. Against all odds Bianca is in early remission today. Sadly, we are part of the lucky few as 80% of children diagnosed with her tumour die within two years. Bianca's strength and positivity, as well as the countless wonderful doctors, nurses, researchers and other families we have met along the way, have been deeply humbling and inspiring.

Proton therapy is saving lives, but accessibility and affordability are hindering its widespread use

During our journey we got to know the world of paediatric oncology well and its sad realities, the most appalling of which being the inexplicable lack of research funding. Most paediatric cancers are extremely rare diseases which do not financially justify any investments in research. These diseases are largely ignored by the pharmaceutical industry and receive only 4% of government oncology research grants. In the past 30 years only three drugs have been approved that were specifically developed to treat children with cancer. The lack of a protocol for many of these cancers makes the difficult journey for families even lonelier. This is unacceptable and we cannot let those children down."

If you want to donate and help Solving Kid's Cancer (SKC)

- 100% of all donations go to research
- SKC is an independent and non-profit organisation which invests in the highest-impact research projects without any ties to any particular research institution or hospital
- SKC works across borders and in collaboration with other like-minded non-profit organisations
- SKC has a world-renowned scientific board and a proven track record in finding, funding and advocating for innovative research projects, which create more novel and less toxic treatment options for children with cancer and ultimately save lives
- SKC is a certified 501(c)(3) organisation based in New York City. Donations are tax deductible (EIN: 20-8735688)

ACKNOWLEDGEMENTS FROM THE EXECUTIVE CHAIRMAN OF ADAM

Very rarely, one is offered an opportunity to participate in work which can prevent premature deaths of thousands of people. Following my mandate as CERN Director of Accelerators and Technologies and then the setting up of the CERN Medical Applications Office, I took this opportunity and decided to join the staff of AVO-ADAM for the same reason as all of my colleagues and most of our supporting investors: to participate in the democratisation of proton therapy by ensuring a better and cheaper technology for the majority of cancer patients, and not only for a minority. My experience as an accelerator physicist working on some of the world's most challenging projects, such as the Large Hadron Collider, gave me the intimate conviction that LIGHT – the system initially developed by CERN and TERA before AVO and its fully owned subsidiary ADAM accelerated its industrialisation and commercialisation plan – was not only a project with a very insignificant technology risk but also a project that could change the lives of many people.

This year alone, nearly 10 million people will die of cancer, and if left unchecked, the number of deaths will increase to 13 million per year by 2030. That is about 1,500 deaths every hour. 70% of these deaths are expected to occur in low- and middle-income countries. Therefore – and despite great progress over the last decades – it is not surprising that cancer patients need breakthrough technologies and support from the moment they hear the dreaded word "cancer". At AVO-ADAM, this is exactly how we are tackling cancer: by delivering a state-of-the-art technology and by ensuring the continuous support of all stakeholders, including customers, suppliers, payers, investors, etc.

With this in mind, our executive chairman (Dr Michael Sinclair), our CEO (Nicolas Sérandour) and myself are indebted to our staff for their outstanding work and devotion aimed at the same single objective-to save lives. Without them, none of this would be possible. Their energy and their ability to work as a team and deliver all the technical milestones set by our organisation more than three years ago have been a constant stimulus and a great source of inspiration. This organisation is also fortunate to benefit from the experience of high-calibre individuals with experience in radiation and proton therapy. To name a few, these include Moataz Karmalawy (previous head of Proton Therapy at Varian), Michel Baelen (previous head of Regulatory Affairs at IBA), Hans von Celsing (previous founding board member of Elekta and director at Mevion), Euan Thomson (previous CEO of Accuray), Nick Plowman (head of Clinical Oncology at St Bartholomew's Hospital and Senior Clinical Oncologist to the Hospital for Sick Children at Great Ormond Street), Jay Loeffler (Senior advisor; Herman and Joan Suit Professor of Radiation Oncology at Harvard Medical School and Chair of the Department of Radiation Oncology at the Mass. General Hospital), Chris Nutting (Chair at The Royal Marsden and The Institute of Cancer Research London; President of the British Oncological Association), Margaret Spittle (Senior advisor; Clinical oncologist, University College London Hospital ("UCLH") and Consultant Adviser in Radiation Medicine to HM Royal Navy/Ministry of Defence), etc. Their views, support and validation of our technology are crucial for the successful realisation of our goal.

A debt of gratitude is also due to Dr. Samuel Chao Chung Ting, Sir Tejinder Virdee, Prof Joe Incandela, Prof Ugo Amaldi for their endorsement. It is a great honour that such talented scientists – who opened the road to new insights into the world of physics – have supported us in our objective. Their insights have further strengthened my commitment to change how cancer can be treated. Their achievements that have conferred the greatest benefit to humankind are also as significant as my excitement to see our first patients treated and soon the delivery of FLASH which will allow a treatment in only one single visit.

Special thanks are also due to our investors. Without their support, AVO would not be able to achieve our ambitious objective: cancer treatment for all patients and in particular the younger ones.

Finally, I would like to dedicate this report to the 100 million people who are currently fighting cancer. They are the reasons why we are dedicated to this endeavour. I am of the firm conviction that affordable proton therapy can and must be offered as a matter of urgency. This is my purpose and my commitment.

Steve Myers
Executive Chairman of ADAM

Awarded honorary doctorates by the University of Geneva in 2001, by Queen's University, Belfast in 2003, and by Dublin City University in 2017; elected as a fellow of the Institute of Physics in 2003, and of the Royal Academy of Engineering in 2012; honorary member of the European Physical Society, and of the Royal Irish Academy; awarded the Duddell Medal and Prize of the Institute of Physics in 2003; awarded the International Particle Accelerators Lifetime Achievement Prize "for his numerous outstanding contributions to the design, construction, commissioning, performance optimisation, and upgrade of energy-frontier colliders - in particular ISR, LEP, and LHC - and to the wider development of accelerator science"; awarded the EPS Edison Volta Prize in 2012 and joint recipient of the Prince of Asturias Prize of Spain in 2013; Officer of the Order of the British Empire (OBE).

1	**Dr. Samuel Ting**	4	**Prof. Herwig Schopper**
2	**Prof. Ugo Amaldi**	5	**Prof. Joe Incandela**
3	**Prof. Stephen Myers, OBE**	6	**Sir Tejinder Virdee**

The LIGHT project has received the endorsement of:

Dr. Samuel Ting
- Founder of the Alpha Magnetic Spectrometer experiment installed on the International Space Station in 2011
- Physics Nobel Prize winner

Prof. Joe Incandela
- Professor of Physics at the University of California
- Member of the National Academy of Sciences (NAS) for the discovery of the Higgs Boson at the LHC

Prof. Ugo Amaldi
- President of TERA Foundation
- Fellow of the European Physical Society

Sir Tejinder Virdee
- Professor of Physics at Imperial College London
- Special Breakthrough Prize in Fundamental Physics for 'leadership in the scientific endeavour that led to the discovery of the Higgs Boson

Prof. Herwig Schopper
- Former Director General of CERN, former senior member of UNESCO
- Golden Plate Award of the American Academy of Achievement


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INTRODUCTION TO ADVANCED ONCOTHERAPY

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OUR FOCUS

Cancer and purpose of cancer therapies

The financial burden of cancer

63%
of cancer patients and families reported financial struggles following a cancer diagnosis (source: Asbestos.com, 2019 survey)

$161 billion
estimated cancer healthcare spending in the US (source: The Cancer Atlas)

$181 billion
productivity loss from morbidity and premature mortality in the US (source: The Cancer Atlas)

€57 billion
estimated cancer healthcare spending in the European Union (source: The Cancer Atlas)

€142 billion
total burden, incl. productivity and ancillary costs, in the European Union (source: The Cancer Atlas)

Cancer, a heavy burden for patients and society

Cancer refers to any one of a large number of diseases characterised by the development of abnormal cells that divide uncontrollably and have the ability to infiltrate and destroy normal body tissue. These extra cells may form a mass of tissue, called a tumour. Some cancers, such as leukaemia, do not form tumours. Cancer is caused by mutations to the DNA within cells. The DNA inside a cell is packaged into a large number of individual genes, each of which contains a set of instructions telling the cell what functions to perform, as well as how to grow and divide. Errors in the instructions can cause the cell to stop its normal function and may allow a cell to become cancerous. Frequently, cancer cells can break away from this original mass of cells, travel through the blood and lymph systems, and lodge in other organs where they can again repeat the uncontrolled growth cycle. This process of cancer cells leaving an area and growing in another body area is termed metastatic spread or metastasis.

In 2020, 19.3 million new cancer cases were diagnosed, and 10 million people have died of cancer, based on the International Agency for Research on Cancer. It is estimated that globally, one in two people develop cancer during their lifetime.

Cancer results in economic burden for patients, healthcare systems, and countries due to healthcare spending, and productivity losses from morbidity and premature mortality.

The last few years have seen remarkable advances in preventing and treating cancer:

- there has been a 27% decline in cancer death rates since 1991;
- more than 2.6 million deaths from cancer have been averted in the United States over the last two decades;
- in 1970, of those diagnosed with cancer in the United States, approximately half would have been alive five years later. For those diagnosed in 2009, the figure was closer to 70%;
- two out of three people with cancer now live at least five years after diagnosis - with many living much longer. More than 50 million people are living within five years of a past cancer diagnosis.

Such a transformation in medical outcomes has arrived through a combination of public-health measures (such as smoking education), improved healthcare (such as earlier diagnosis), and novel therapies. This has turned select diagnoses, once considered terminal, into chronic conditions. However, much more remains to be done. Pancreatic cancer, glioblastoma, and non-small cell lung cancer share poor five-year survival and have realised only limited improvement in the past decade. Improving the quality and quantity of research into these cancers is therefore a key priority.

? Did you know?

The highest five-year survival estimates can be seen in patients with testicular cancer (95.3% in the US), melanoma of skin (91.3% in the US) and thyroid cancer (87.4% in the US)

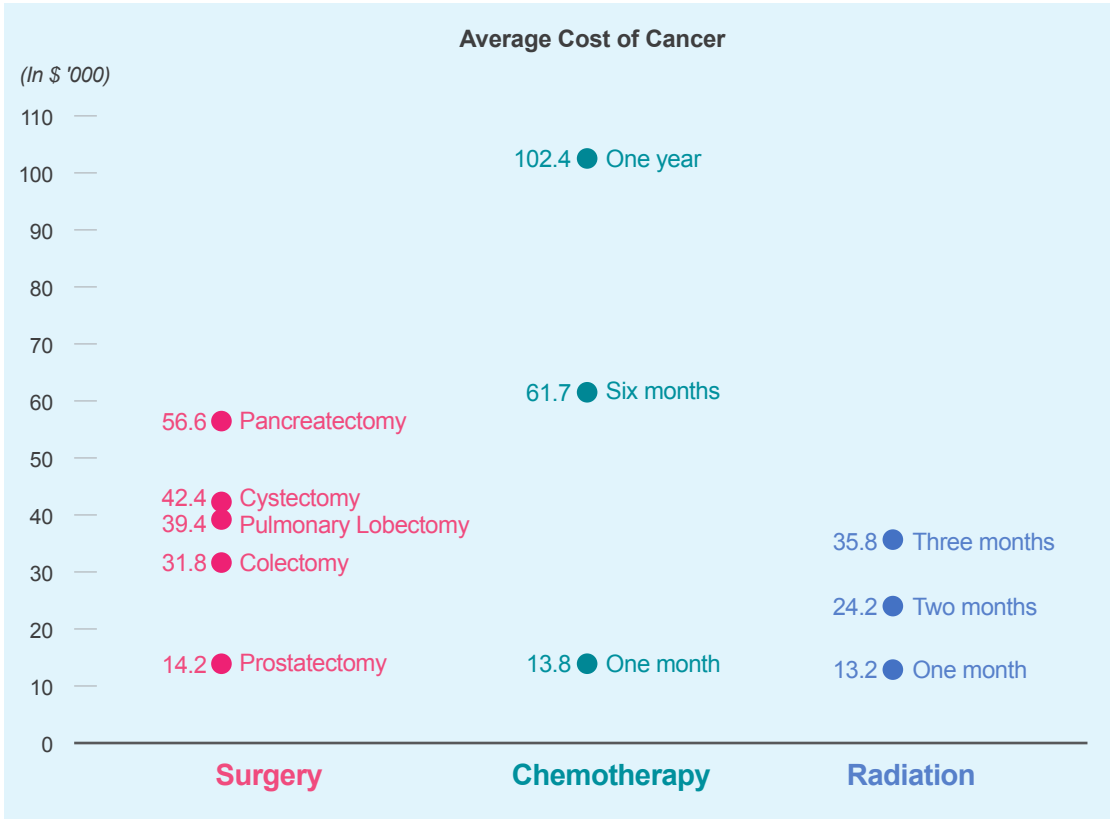
Five-year survival rates for pancreatic cancer, glioblastoma, and non-small cell lung cancer remain below 50%; these three cancers collectively represent more than 250,000 new diagnoses each year in the United States alone

Purpose of cancer therapies

The goal of treatment is to kill as many cancerous cells while reducing damage to normal cells nearby. Advances in technology make this possible.

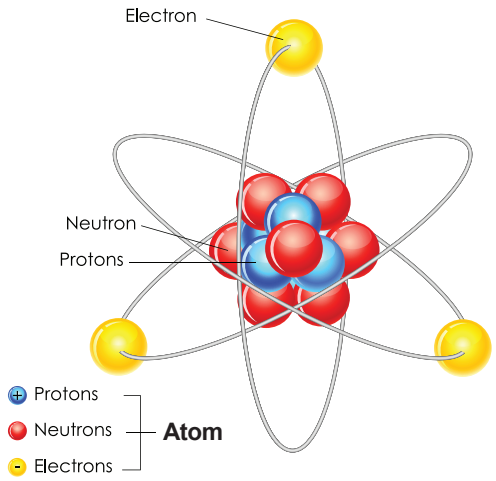
Several modalities have been developed over the years and used – alone or in combination – in multiple clinical situations. These include surgery, medication through systemic or targeted chemotherapy or immunotherapy and radiation. This multi-modality approach stems from the complexity of the disease as well as some of the drawbacks associated with the technologies available today. For example, the lack of clear and sharp edge between most tumours and normal tissues together with the infiltration of tumour cells into normal tissues around the bulk of the tumours are often issues for surgeons. Removing cancerous tissues through surgery shall be avoided if it is associated with unacceptable morbidity.

Radiation, used alone or in association with different treatments, has been an effective tool for treating cancer for more than 100 years. It is estimated that about two-thirds of US cancer patients will receive radiation as unique treatment or as part of a more complex therapeutic protocol, and it remains today the most economical approach to cure cancer.



Source: Drugwatch.com

Radiation therapy remains the most established and economical cancer therapy



The power of radiation

Fundamentally, all tissue cells are made up of molecules with atoms as their building blocks. In the centre of every atom is the nucleus. Orbiting the nucleus of the atom are negatively charged electrons. Techniques exist to pull electrons out of their orbits in a process called ionisation, causing the atom to become charged or ionised. As such, this changes the characteristics of the atom and consequentially the character of the molecule within which the atom resides. Because of ionisation, molecules within the cells, especially the DNA, are damaged, which impacts their ability to divide or proliferate. When ionisation is applied to the part of the body where a cancer is located, the DNA inside the cancer cell is broken, rendering it unable to repair or copy itself. As a result the cancer cell dies. Ionisation is possible if there is a source of energy sufficient enough to cause chemical changes by breaking chemical bonds. X-ray, gamma radiation produce such a killing energy.

Energy emitted from a source is generally referred to as radiation. Radiation can be natural or caused by man and as such is all around us. Examples include heat or light from the sun, microwaves from an oven, X rays from an X-ray tube and gamma rays from radioactive elements. Ionisation radiation can be produced through:

- alpha particles (helium nucleus);
- beta particles (electrons);
- gamma and X-rays.

Alpha particles are commonly emitted by all of the larger radioactive nuclei such as uranium or radium. They carry a positive charge. Beta particles are low-energy electrons and carry a negative charge. Because both particles carry a charge, they interact directly with electrons in the human tissue through coulombic forces (like charges repel each other; opposite charges attract each other). Therefore, both types of particles damage human cells. However, they are not well suited for radiotherapy. For example both have low penetration depth (up to three to four millimetres with beta particles), hence, they are not used in radiotherapy.

Unlike alpha and beta particles, gamma particles and X-rays have no charge. Gamma particles are electromagnetic forms of radiation which are electrically neutral. Their killing effect is not caused by coulombic forces but rather by the energy absorption by the human body. Gamma radiation and X-rays are almost identical with exception to their source of origination:

- Gamma rays are produced from unstable radioactive sources which decay. The unstable material is constantly decaying (for more than five years for Cobalt-60 as an example) and cannot be turned off;
- X-rays are generated in a vacuum tube where high voltage is used to accelerate electrons to a high velocity, that then collide with a metal target, an anode creating X-rays. This collision creates photons, elementary massless stable particles with no electric charge. Because X-rays radiation is produced by an X-ray tube, it can be turned off when it is not in use.

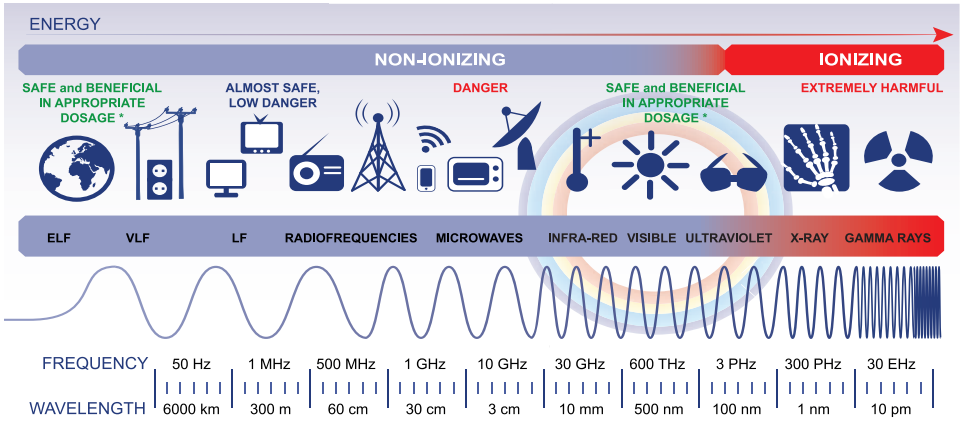
For the reasons above, X-rays are today the most commonly used form of radiation for treating cancer. It is estimated that 99.8% of radiation is delivered through X-rays.

? Did you know?

Photons can be ionised and have different energies, ranging from micro-waves, infrared rays, UV radio waves to gamma rays. All of these are invisible light occurrences, some of which can interact with matter, ionise and damage it. This explains how ultraviolet radiation from sunlight causes sunburns (UV photons interact with skin) and why X-ray radiotherapy can irradiate tumours and destroy malignant cells.

? Did you know?

Only the energy from ionising radiation that is absorbed by the human body can cause harm to health. To understand its biological effects, radiation oncologists must estimate how much energy needs to be deposited per unit mass of the part of the body with which the radiation is interacting.The international unit of measure for an absorbed dose is the gray (Gy), which is defined as 1 joule of energy deposited in 1 kilogram of mass. The biological effect of this radiation depends not only on the amount of the absorbed dose but also on the intensity of the ionisation in the living cells caused by radiation. This is known as the equivalent dose. For example, protons will cause significantly more harm than the same amount of the absorbed dose of beta or gamma radiation. The unit of equivalent dose is the sievert (Sv).



Longer wavelength, lower frequency waves such as heat and radio have less energy than shorter wavelength, higher frequency waves like X and gamma rays. X-rays and gamma radiation have frequencies in the range of 100 billion billion hertz and very short wavelengths (1 million millionth of a metre). Not all electromagnetic (EM) radiation is ionising. Only the high frequency portion of the electromagnetic spectrum, which includes X-rays and gamma rays, is ionising.

The need to fractionate the radiation dose

Damaging the DNA destroys specific cell functions, particularly their ability to divide or proliferate. While both normal and cancerous cells go through this repair process, a cancer cell's ability to repair molecular injury is frequently inferior. This is because cancer cells grow more quickly than normal cells. As a result, cancer cells sustain more permanent damage, which leads to cell death. In order to give normal cells time to heal and to reduce patient's side effects, radiation treatments are typically given in small daily doses, also called fractions, five days a week, over a 5-7 week period.

Most cancers are treated with 30 fractions and a dose of 2 Gy per fraction. These values were decided empirically decades ago. In recent years, there has been more research on the optimum fractionation and dose per fraction. With the advent of more conformal radiation therapy techniques, the dose to healthy surrounding tissue has been reduced so that doses per fraction can be increased for many treatment sites. Consequently, there is a trend towards hypofractionation, which provides not only a potential biological advantage but also a reduced burden on patients who, for example, welcome a one-week treatment course over a five-week course.

The ultimate objective of hypofractionation is the delivery of FLASH, which enables a treatment in one single visit. This is further explained on page 56.

Conventional radiotherapy; now at the limits of its full potential

Radiotherapy is a recognised medical discipline that has experienced significant development since 1895 when X-rays were discovered by Wilhelm Conrad Röntgen. Important progress was achieved during the last quarter of the 20th century with advances in radiation physics and computer technology; these made it possible to aim radiation more precisely. Examples of innovations include:

- Conformal radiation therapy (CRT); this uses CT images and special computers to very precisely map the location of a cancer in three dimensions. The patient is fitted with a plastic mould or cast to keep the body part still and in the same position for each treatment. The radiation beams are matched to the shape of the tumour and delivered to the tumour from several directions;
- Intensity-modulated radiation therapy (IMRT); this is similar to CRT, but along with aiming photon beams from several directions, the intensity of the beams can be adjusted. This gives even more control in decreasing the radiation reaching normal tissue while delivering a high dose to the cancer;
- Stereotactic radiation therapy; this radiation technique is aimed at delivering a large, precise radiation dose to a small tumour;
- Intraoperative radiation therapy (IORT); this is a form of treatment that delivers radiation at the time of surgery. The radiation can be given directly to the cancer or to the nearby tissues after the cancer has been removed. It is more commonly used in abdominal or pelvic cancers and in cancers that tend to recur. IORT minimises the amount of tissue that is exposed to radiation because normal tissues can be moved out of the way during surgery and shielded, allowing a higher dose of radiation to the cancer.

The introduction of the new and more conformal photon-based technologies above has improved the therapeutic index and medical outcomes for patients. Yet, the physics of photons make it impossible to avoid the damage of the healthy tissue surrounding the tumour. The use of photons has drawbacks as further outlined thereafter.

Did you know?

Radiation is observed everywhere - in the air, water, food, soil and in all living organisms. In fact, a large proportion of the average annual radiation dose received by people results from natural environmental sources. Each person is exposed to an average of 2.4 mSv per year of ionising radiation from natural sources. This can be compared against 20-60 mSv for the entire treatment course (i.e. for a period of one month) of a tumour requiring 60 Gy of radiation over a field of 20 cm.

In the domain of electricity, the energy is measured in kilowatt-hour (kWh). One kWh is equivalent to 3.6 megajoule. In atom physics, the energy is measured in electron-volts (eV). One eV is equivalent to 1.6 x 10(-19) joule. In proton therapy, protons need to have an energy ranging from 50 to 230 MeV (mega-electron-volts) so that tumours located at any depth in the human body can be treated.

For sake of comparison, a spark from a household appliance imparts an energy to individual particles within it of a hundred electron-volts, a factor of:

- 2.3 million less compared to the required energy of protons when treating a tumour at a depth of 32 cms in the human body
- 70 billion less compared to the energy of the collided particles at the Large Hadron Collider (LHC) in March 2010

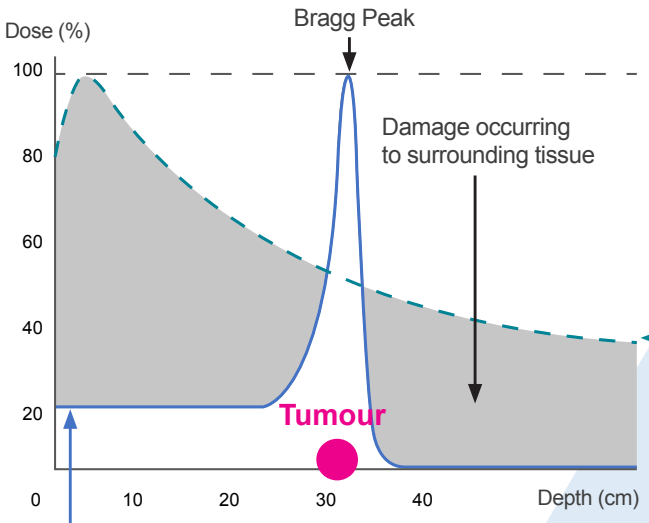
Proton therapy: the new generation of radiation treatments

Physics of proton therapy and difference with X-rays

Proton therapy is an advanced form of cancer therapy that takes radiation to a new level. It targets areas of the body with a higher degree of precision and with fewer side effects than what is observed with conventional X-rays machines.

However, the major advantage of proton therapy treatment over standard radiation therapy is that protons deposit negligible amounts of energy as they travel towards the cancerous tumour and then due to a unique physical characteristic called the Bragg Peak, deposit the majority of the radiation dose directly in the tumour and do not travel any further through the body.

These unique advantages of proton therapy lead to the potential for fewer harmful side effects, more direct impact on the tumour, and increased tumour control.



X-rays (Photons)
Photon dose distributions as a function of depth show a maximum dose close to the entrance after a short build-up and then an exponentially decreasing energy deposition with increasing depth in tissue.

Protons
The proton dose increases with depth, resulting in a Bragg curve with a peak at the required depth level. This results in significant extra dose in the tumour.

As protons travel through the body, most of the energy is reserved and released where the protons stop, i.e. in the tumour. Photons release energy along the entire path they travel. This fundamental difference is what makes proton therapy preferential for certain tumours. If critical organs are along the path the radiation travels, protons cause less damage to them. Proton therapy can reduce excess radiation to normal cells and critical structures and organs with 60% less radiation to healthy tissues.

The potential benefits of proton therapy have been established for many years:

Proton therapy delivers less radiation to healthy tissues and critical organs resulting in fewer, less severe short - and long-term side effects than standard radiation therapy

- More targeted – Proton therapy delivers radiation directly into the tumour to attack cancer cells while minimising exposure in surrounding tissues and organs. According to the American Society of Clinical Oncology (ASCO), proton therapy may deliver up to 60% less radiation to healthy tissue around the target site, while delivering a higher dose to the tumour itself.
- Proton therapy carries a lower risk of undesirable side effects as it limits the damage to normal, healthy tissue
- The chances of developing a secondary cancer in later life due to radiation treatment are significantly reduced

Proton therapy offers a high versatility

- Proton therapy can be used to treat both adults and children with cancer
- It is a highly preferred radiation treatment option for paediatric cases. Children are susceptible to injury from standard X-rays radiation because their tissues and organs are growing rapidly. Proton therapy results in less impact on quality of life outcomes, developmental delays, memory impairment, clinically significant endocrinopathy, hearing difficulties, and Intelligence Quotient (IQ) declines. Additionally, the use of proton therapy was shown to reduce the risk of secondary cancers
- Because the proton beams can be directed and delivered with such precision, treatment plans can be customised to deliver radiation near surrounding critical organs and within the borders of the tumour, whatever shape it is
- Proton therapy is the only radiation treatment available that can treat recurrent tumours that have previously been treated with radiation
- Radiation oncologists have more flexibility in the way they can treat patients. Due to fewer complications and side effects, physicians can potentially deliver higher curative doses of radiation to the tumour. They can also more safely escalate the level of radiation to the tumour

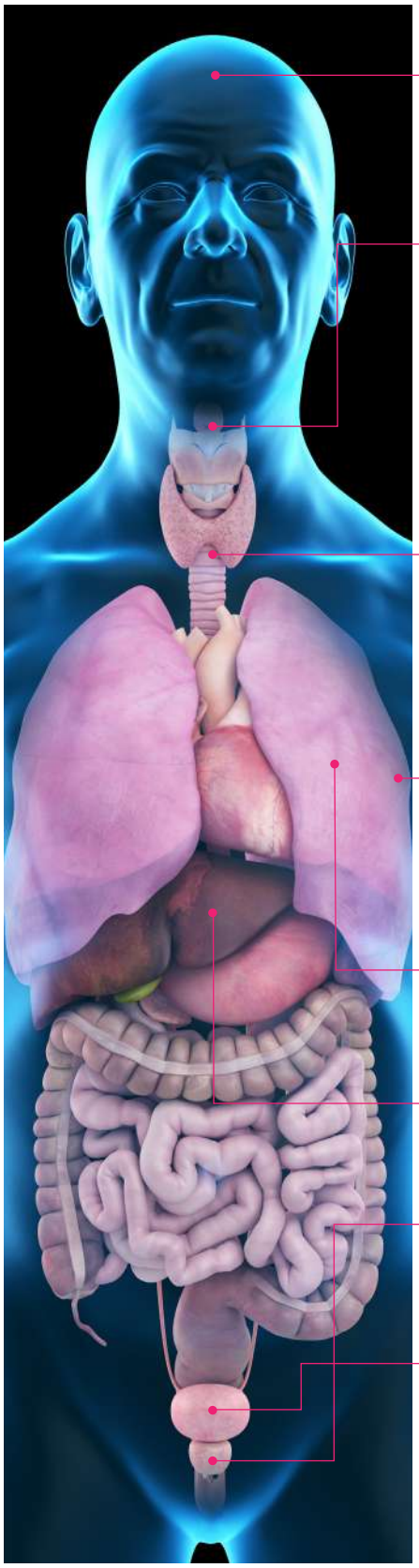
Proton therapy is a highly convenient treatment for patients

- Proton therapy is painless
- Many patients undergoing proton therapy treatments are able to continue their normal activities, such as going to work and exercising

Proton therapy can be used in conjunction with other cancer treatment modalities

This is supported by a growing body of clinical evidence showing that proton therapy is effective while reducing side-effects for many cancers

The following is only a partial list of tumour types that may benefit from proton therapy. Proton therapy may be an option for other diagnoses and indications not listed below.



Brain

- 31% increase in disease control for aggressive tumours at base of skull (chordomas) at 5 years
- 50% less likely to have secondary brain tumour following treatment
- 55% reduction in average dose to the hippocampus (memory function) in treatment of meningioma

Head / Neck

- 27% reduction in overall risk of needing a feeding tube for oropharyngeal cancer
- Fewer side effects from the first 3 months after treatment, quicker return to normal function in patients with oropharyngeal cancer
- 45% reduction in overall risk of needing a feeding tube for nasopharyngeal cancer
- Dramatic reduction of negative impact on taste, nausea, and painful changes to the mouth in salivary gland treatment
- 44% relative increase in disease free survival rate for nasal and paranasal sinus cavity cancers at 5 years

Oesoph -ageal

- 10% increase in overall survival at 5 years in stage I-III disease
- 10% increase in local cancer control at 5 years in stage II-III
- 15% decrease in distant metastasis at 5 years in stage II-III
- 26% reduction in pulmonary toxicity compared with X-ray therapy (IMRT)
- 21% reduction in the risk of severe, treatment related lymphopenia, particularly in lower oesophagus
- 3-4-day reduction in average hospital stay after surgery

Breast

- 88% less radiation dose to the heart for left sided breast cancer
- 44% reduction in clinically significant radiation doses to the lung
- 90% of partial breast irradiation cases result in good to excellent cosmetic outcomes at 5 years
- Well tolerated - Less than 4% serious side effects (grade III) in locally advanced breast cancer

Lung

- 35% relative increase in overall survival for Stage II & III lung cancer
- 56% relative reduction in incidences of serious (grade III) pain with swallowing (esophagitis)
- Up to 4-week reduction in treatment time for select cases

Liver

- Associated with excellent local control and favourable survival rates
- Able to treat larger tumours (>6cm) ineligible for stereotactic radiation (SBRT) or ablation

Rectal/ Anal

- More than 50% reduction in radiation dose to critical structures including bone marrow

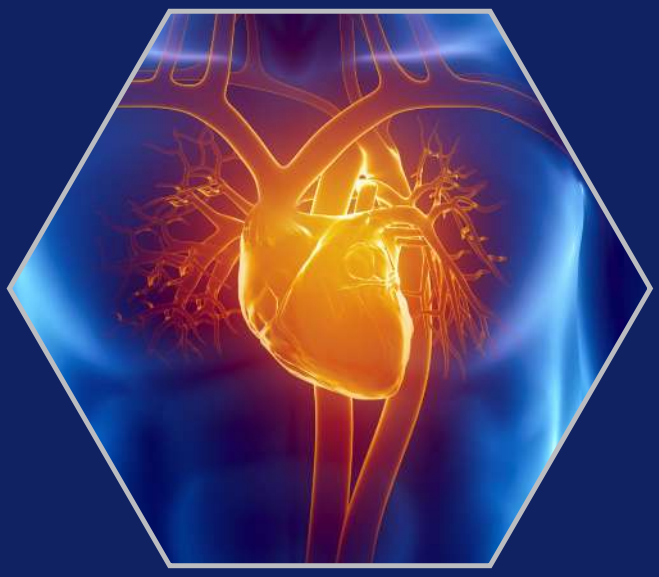
Prostate

- 5% higher 5-year overall survival in intermediate risk
- Highest quality of life compared to surgery, X-rays, or brachytherapy patients
- 35% less radiation to the bladder and 59% less radiation to the rectum
- 42% reduction in relative risk of developing a secondary malignancy
- 50% reduction in treatment related bowel frequency and urgency at 2 years
- 21% lower risk of urinary toxicity at 2 years
- 25% lower risk of erectile dysfunction at 2 years

Source: Provision Care

Further clinical opportunities exist beyond conventional cancer applications. An example is the treatment of arrhythmias, an area of high unmet need and early clinical trials are ongoing with conventional radiation therapy being used to treat first patients. The benefits of proton therapy as a more targeted radiation modality together with the opportunity to change the deposition of radiation at a very fast pace, i.e. quicker than heartbeats, hold significant clinical promises. This potential opportunity is expected to expand the target patient population and drive higher utilisation of the installed base of proton therapy equipment. Other promising non-cancer applications of proton therapy relate to arteriovenous malformations (AVM), age-related macular degeneration (AMD), renal sympathetic denervation and atrial fibrillation.

Looking at non-oncological indications: the example of arrhythmia

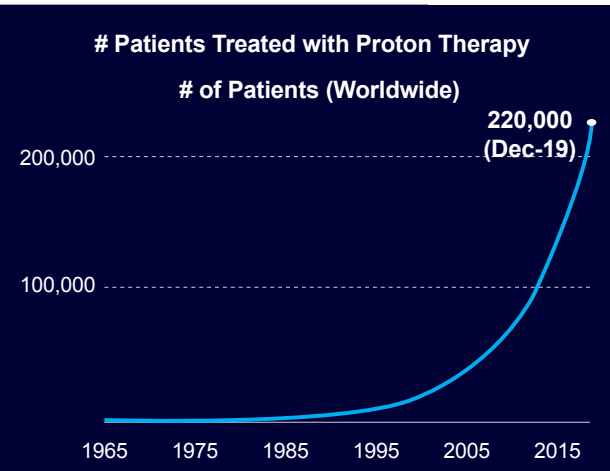


- In early 2020, a patient was treated for arrhythmia using proton therapy
- Abnormalities of cardiac rhythm are prevalent in community-dwelling older adults, affecting >2% of individuals
- Currently there are four established modalities of treatment of heart arrhythmias in particular: antiarrhythmic drugs, a procedure which consists in shocking the heart into healthy heart rhythm, the implantation of a cardioverter-defibrillator, or catheter ablation
- These treatment modalities are highly unsatisfactory. Up to 80% of patients on antiarrhythmic drug therapy have another atrial fibrillation episode within three years; up to 30% of patients who underwent cardioversion have another atrial fibrillation episode within 60 days; the cardioverter-defibrillator causes severe pain and decreases the quality of life. While catheter ablation is the method of treatment for arrhythmias that provides the best results, it is only used for 33% of EU patients, 5% of US cases, and 0.5% in Russia due to the cost of the procedure
- In 2014, the treatment of arrhythmia with radiotherapy was studied and raised as a potentially safer, non-invasive method of disactivating cells causing arrhythmias. In a clinical trial (ENCORE-VT), the radiosurgery was reduced to 15 min, and the median number of episodes was reduced by 80% in the first three months. Quality of life improved in five of nine of the measured aspects at six months. Patients experienced only transitory toxicities of the treatments. Proton therapy is expected to offer improved precision over conventional radiotherapy in the treatment of heart arrhythmias: Radiation leads to well documented late toxicities in the heart tissue
- The initial focus of Advanced Oncotherapy is on cancer indications, but arrhythmia was later identified as a key opportunity. The Company has filed a patent called LINAF (US Patent No. US10363439B2, 2019). The key content of LINAF is the treatment of cardiac disorders and atrial fibrillation using LIGHT and a description of the key technological aspect of the LIGHT system. The technological aspect of LIGHT which makes cardiac treatment possible is the varying of the energy of the beam in combination with a 3D feedback system
- Owing to the structure of the LIGHT accelerator, the energy of the protons and the dose deposition location can be adjusted within a few milliseconds. This is especially important as the motion of organs situated in the thorax and abdomen means that there is an interference between the target movement and dynamic beam delivery. The smaller size of the beam spot using LIGHT is another key differentiating factor. LIGHT is designed for the utmost precision of proton therapy, which allows to minimise the effect of alterations in the internal density along the beam path

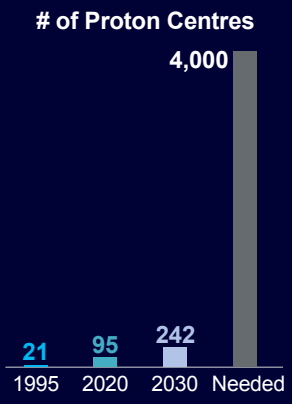
Current and future potential for proton therapy in cancer care

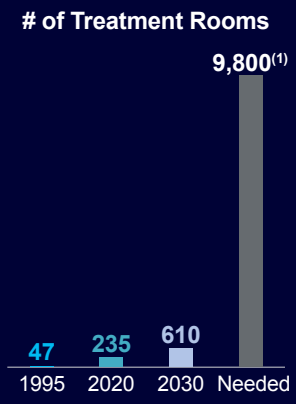
The proton therapy market is going through rapid growth. As of December 2020, there are 95 proton therapy centres in the world; this corresponds to a four-fold increase since 2010.

This fast growth – forecasted to continue at 15% per annum – has been accompanied by massive changes in recent history, many attributed to the introduction of smaller and cheaper proton therapy systems and to the increasing market awareness.



Initially, proton therapy was used to treat radio-resistant tumours such as chordoma and melanoma. With the development of additional delivery techniques, indications were gradually expanded to other cancers, such as head and neck, lung, liver, pancreatic, and prostate cancers. Although accompanied with high investment and running costs, the number of proton therapy centres has increased quickly since the first hospital-based Loma Linda University Proton Therapy Centre (Loma Linda city, California, USA) was established in 1990. Now there are 95 proton therapy centres worldwide, and more than 220,000 patients have been treated with proton therapy. The existence of these centres enables large cooperative clinical trials to be performed; significantly increasing the scientific literature on proton therapy during the last decade.





[1] There is a need for 9,800 rooms by 2040 (i.e. CAGR 2018-2040:19%). This assumes 50% of 29 million cancer patients by 2040 get radiotherapy; 20% of patients under radiotherapy receive proton therapy; based on an average number of 300 patients per annum per treatment room; net of the treatment rooms already in operations and ordered

However, the analysis of the growth pattern has highlighted major differences and trends:

- Demand in the USA has been largely focused on single room systems; in contrast demand in APAC countries is largely based on multi-room systems
- Although developed markets currently dominate the sales of proton therapy equipment, emerging markets represent faster growth opportunities
- Cost reduction has been key to drive the installation of new machines; however, price reduction appears to have reached a plateau

"I've had the privilege to be part of the Proton Therapy industry for the past 15 years as the President of the Particle Therapy business for Varian Medical Systems for 13 years and as a President and Chief Commercial Officer for Advanced Oncotherapy for the past two years.

In all those years I've worked with hundreds of healthcare providers around the Globe including top luminaries in the field of radiation therapy.

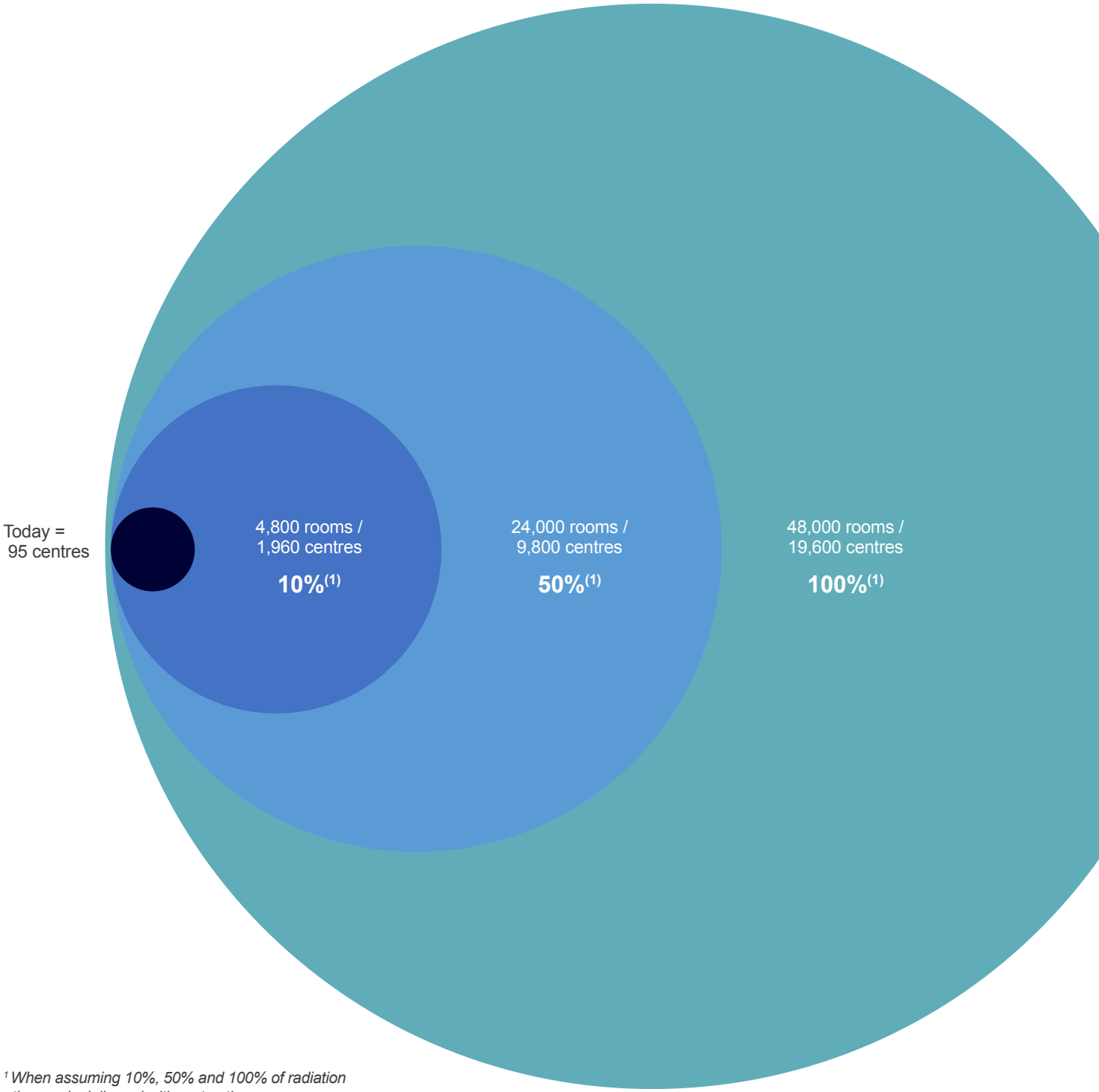
Without an exception they all unanimously agree that proton therapy would be the treatment of choice of radiation therapy in most cases even with the current cost structure; and it would be the method of choice for 100% of patients if the cost per patient was equal."

Moataz Karmalawy,
Chief Commercial Officer of Advanced Oncotherapy

High unmet medical needs

Despite proton therapy gaining momentum in recent years, the need for new equipment remains highly unsatisfied. For example :

- There are currently 14,600 X-rays machines in the world; in comparison, there are 95 proton therapy centres treating cancer patients in 235 treatment rooms
- This means the global capacity in proton therapy allows to treat only up to 70,000 patients in one year
- Less than 0.2% of all cancer patients worldwide underwent proton therapy in 2020, which is due to the barriers to market adoption



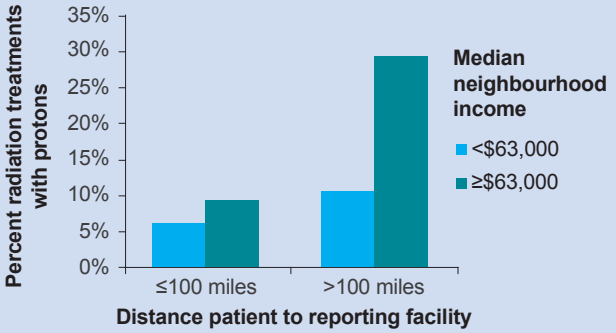
[1] When assuming 10%, 50% and 100% of radiation therapy is delivered with proton therapy

Barriers to market entry

Although the number of centres offering proton therapy is still limited, there is potential for surpassing the 15% annual market growth that is currently expected. However, this requires the industry to introduce new systems and models which address these barriers to adoption.

Together with the continuous growth in the number of centres, it is expected that the proton therapy promise of therapeutic gain will be fulfilled for all current and future radiotherapy indications if the following barriers for market penetration – access, affordability and acceptability – are being addressed.

Proton therapy is still reserved to a minority of patients; lack of facilities is a source of inconvenience for patients who often have to travel long distances to receive the treatment they need



Percentage of external beam radiation treatments given with protons stratified by the distance between the patient residence and reporting facility and the median neighbourhood household income.

Advanced Oncotherapy is committed to addressing these challenges; the design of the LIGHT system is placing the Company in a privileged position to disrupt the market

Access: It makes no difference that effective proton therapy treatments exists if patients cannot access them. Improving access to proton therapy is essential. Given the scarcity of proton therapy equipment and their location often in the outskirt of large cities, patients must travel significant distances to receive their treatment. This lack of access and unequal geographical spread of proton centres are directly linked to dependence on legacy accelerators and the need to build large infrastructure, which is particularly problematic when installing proton therapy systems in areas where land is a scarce resource

Affordability: Capital costs for setting up and running proton therapy facilities are high; this makes the treatment cost per patient highly prohibitive. Prior to the installation of proton therapy systems in the UK, patients were sent to private clinics abroad at a cost of around £114,000. Proton therapy is now available in the UK, but its cost is still in excess of £60,000 - 70,000. This is the direct consequence of using legacy proton therapy systems which remain associated with a series of unsolved technical challenges. Despite the various technology advancements, the underlying principles of proton acceleration and deceleration have not changed: the industry has failed to introduce more efficient systems. Therefore, a substantial reduction in acquisition and operational costs must occur; this is unlikely to happen in the foreseeable future, unless different (i.e., non-circular) proton accelerators are being introduced

Acceptability: The physician community's use of proton therapy can be broadened and achieved through:

- a better understanding of the cost-benefit of proton therapy over conventional radiation techniques. With 15 to 20 new clinical trials per year, the body of clinical evidence is expanding quickly and expected to result in a broader market adoption. Broader availability of proton technology will also open doors for a generation of new data to assist with and help enhance research and clinical trials
- the reduction and mitigation of treatment uncertainties regarding the precise delivery of the beam: The current generation of proton therapy platforms incorporate on-board patient imaging to assure precise positioning. This is typically performed immediately prior to the proton beam delivery. Although patient positioning precision has improved substantially, during the actual "beam-on" period, there remains some uncertainty regarding the precise delivery of the beam. New systems are expected to result in significant improvements

OUR DISTINCTIVENESS

Our LIGHT system

LIGHT is the first commercial linear proton therapy system dedicated to the treatment of tumours. It combines a compact linear accelerator made up by a sequence of accelerating structures and the hardware and software needed for covering the needs of clinicians, such as the treatment planning function and its optimisation. LIGHT accelerates protons in a straight path obviating the need for bending magnets and addressing the technical challenges associated with legacy systems. Protons acceleration is provided by a single pass of the protons through a series of radiofrequency (RF) cavities. LIGHT as a proton linear accelerator has desirable characteristics:

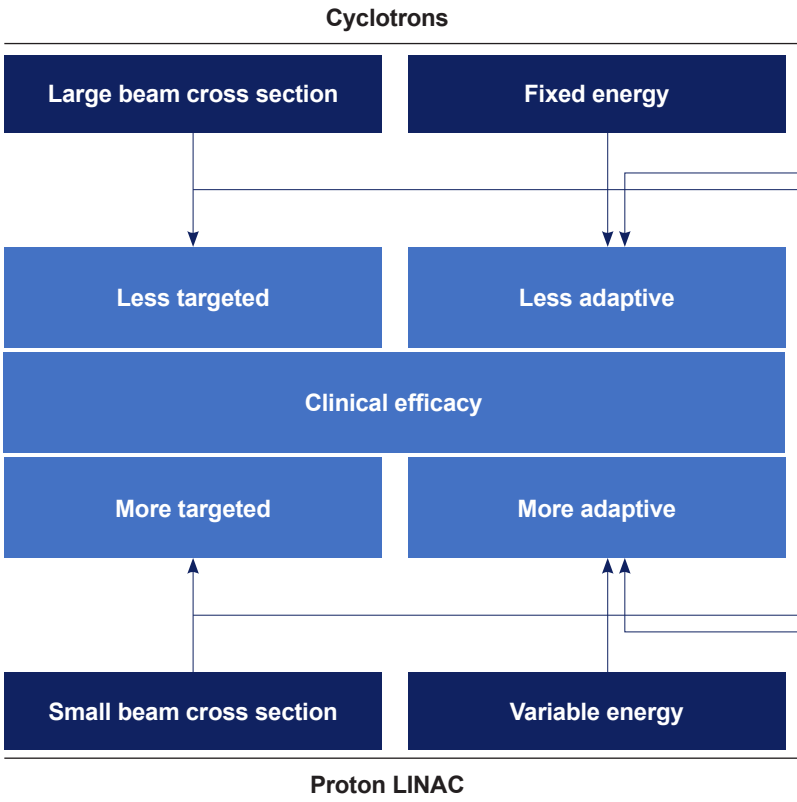
Small beam cross section: this enables a more accurate treatment through a smaller and more targeted beam

Variable energy: the rapid electronic energy changes at a repetition rate of 200 times per second provide the opportunity to deliver a more conformal treatment and a better treatment of moving organs

No absorbers: the ability to control the energy of protons, without the need for moveable absorbers results in less induced radiation, lower shielding requirements and reduced costs

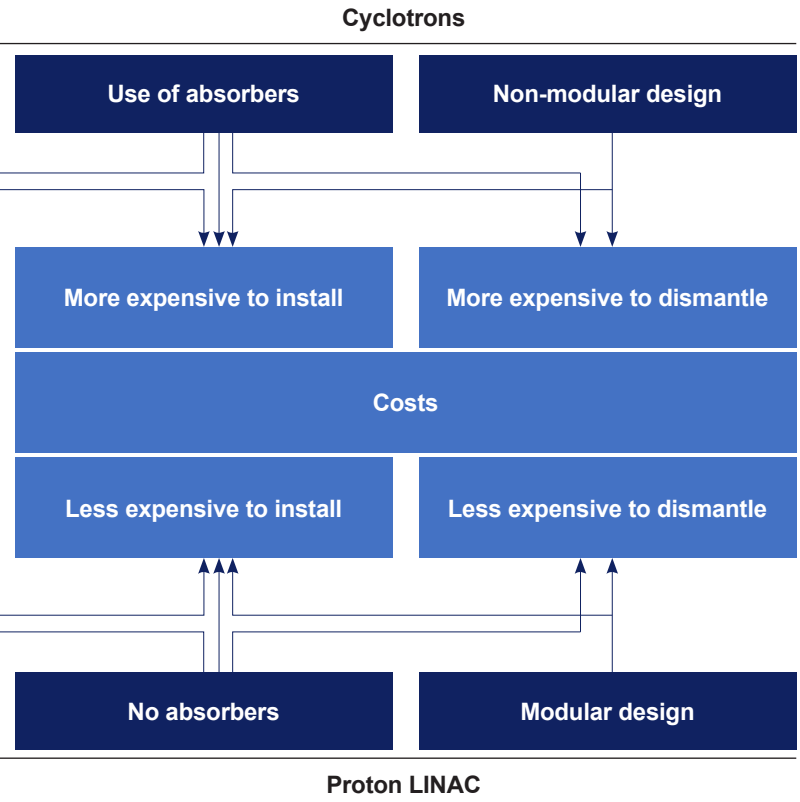
Modular design: modularity offers advantages for installation, commissioning, moving location/ transportation, maintenance and dismantling

Advantages of Proton LINACs vs Cyclotrons



The major components of the LIGHT accelerator include:

- The ion source which injects protons into a 750 MHz radiofrequency quadrupole (RFQ) developed by CERN
- The RFQ which accelerates the protons to 5 MeV and passes them through a series of side-coupled drift tube LINACs (SCDTLs)
- Due to their relatively high impedance, the SCDTL structures are ideal for accelerating the protons to 40–70 MeV
- Following the SCDTLs are a series of Coupled Cavity LINACs (CCLs) which accelerate the protons to the needed energy, 230 MeV for the LIGHT system

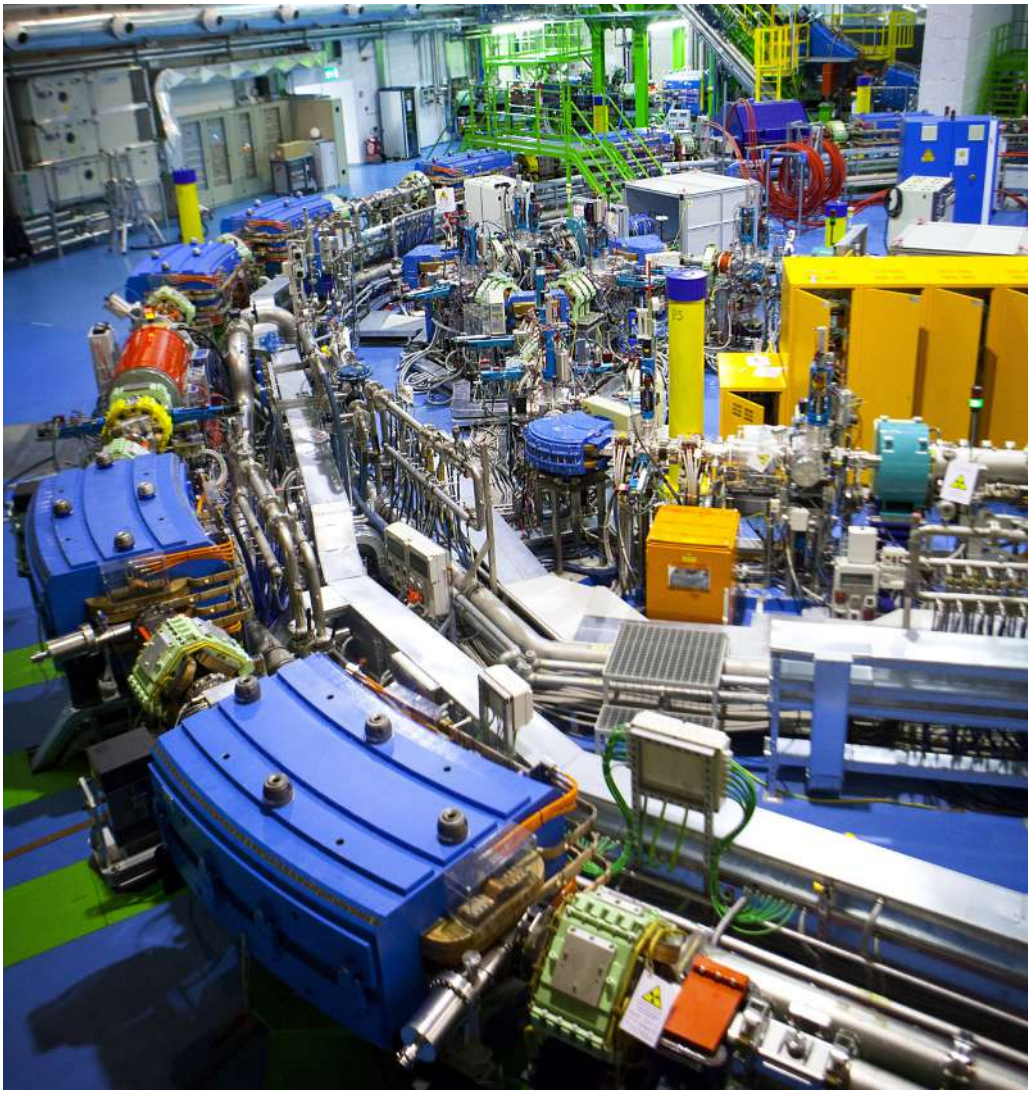

Cyclotrons
Use of absorbers
Non-modular design
More expensive to install
More expensive to dismantle
Costs
Less expensive to install
Less expensive to dismantle
No absorbers
Modular design
Proton LINAC

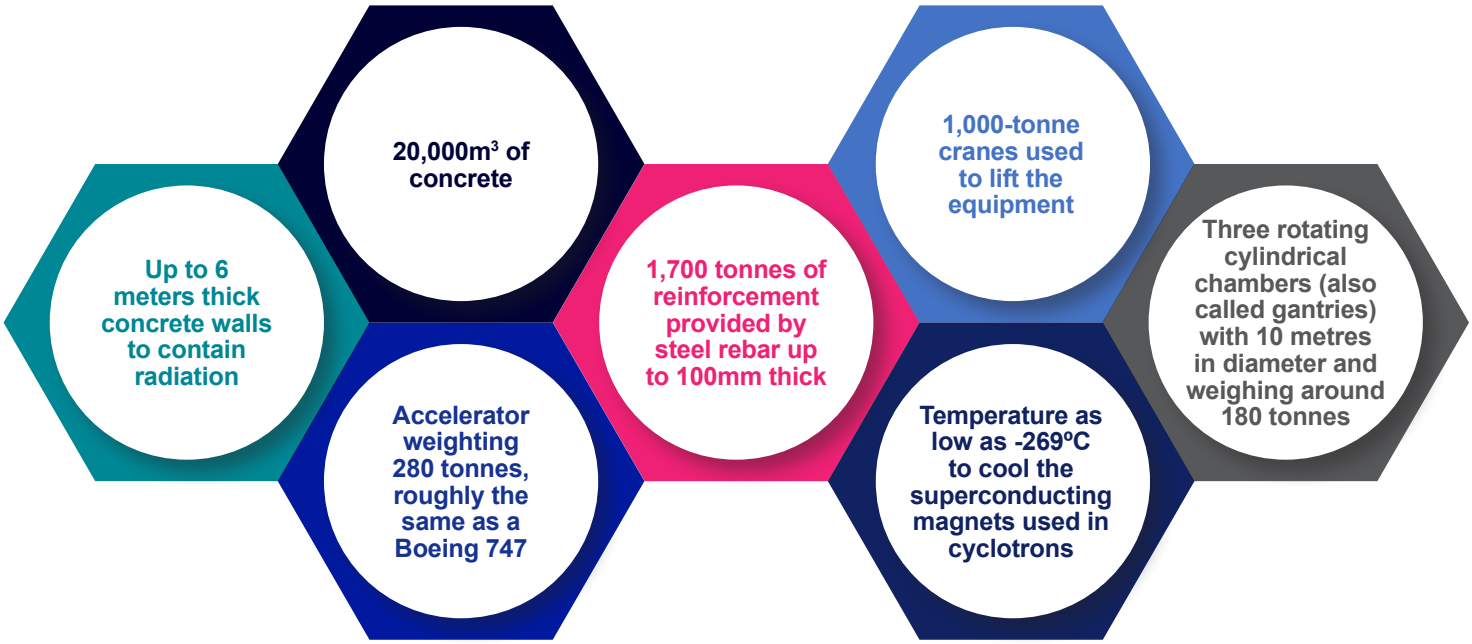
Making proton more accessible

Conventional proton therapy systems require a large footprint and significant capital investment. This is primarily due to the unsolved technical challenges associated with the way protons are accelerated: in a circular fashion; this makes proton therapy out of reach for most hospitals and inaccessible for many patients. Making more compact systems and reducing their costs are a way to lower the threshold and make proton therapy a treatment option available to everyone.

Why conventional proton therapy systems are not widely accessible

Illustration for a three-room centre using the fastest technology of a cyclotron.



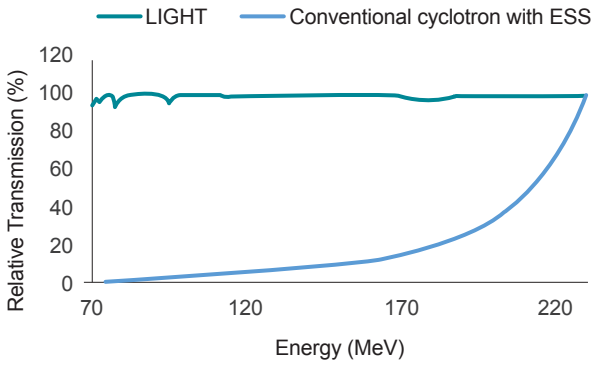


Making proton therapy more affordable

In circular proton therapy systems, protons are accelerated and emitted to a fixed and maximum energy of 230MeV. At an energy of 230MeV, a proton beam will deliver most of its radiation in the patient's body at a depth of 32 centimetres, that specific spot being called the Bragg peak. As this maximum energy is not suitable for treatment, protons must be decelerated to reduce the energy of the beam. This is achieved by placing lightweight rotating absorbers of varying thickness in the beam path at the exit of the circular accelerator and before protons reach the patient. These absorbers – also called energy degraders or Energy Selection Systems (ESS) – are moved mechanically, enabling to adjust and reduce the energy of protons. However, these degraders release additional secondary particles and waste many of the protons in the process, which is reflected in a low transmission. For example, only 20% of the protons accelerated to an energy of 170MeV reach the right target area, i.e. the tumour, the remaining 80% being lost in induced stray radiation that must be contained to protect staff through thick and expensive radiation shielding. This is a key driver of the large footprint needed and prohibitive cost to house conventional proton therapy systems. Furthermore, the rotation of the absorbers of varying thickness is done mechanically once or twice per second, a particularly slow rate when treating moving organs.

To address these challenges and following more than 25 years of work at CERN and ADAM, Advanced Oncotherapy has developed a compact high frequency full-linear proton accelerator that does not require degraders, hence offering an optimal solution in proton therapy. Instead of accelerating protons in a spiral as is the case with cyclotrons, LIGHT speeds up the protons in a straight line. Protons are accelerated in a series of accelerating modules that can be individually switched on or off, a purely electronic process that is designed to be carried out at up to 200 times a second. In other words, the energy of protons is changed electronically at a very fast rate that is particularly suited for the treatment of moving targets and without the need for absorbers. This results in a much higher transmission. LIGHT has a transmission of more than 95% for all the energies required to treat patients. In contrast and as highlighted above, the transmission of a conventional cyclotron with energy degraders is less than 20% when accelerating protons to an energy of 170MeV.

Transmission of the beam flux in respect to maximum output at the end of the beam delivery system



LIGHT is well positioned to reduce the treatment price per patient at a fraction of the price charged today for patients receiving proton therapy. The per patient cost of providing proton therapy is largely driven by two key elements; both have been a key area of attention when LIGHT was being designed:

- the building and the installation of a proton therapy system represent up to two-thirds of the project costs;
- throughput and the extent to which the proportion of fixed costs can be apportioned across different number of patients has a significant impact on the cost and the resulting tariff price per patient.

LIGHT has been designed to minimise the costs of setting up and running a proton therapy centre as well as maximise the patient throughput. The LIGHT system is modular and hence can be easily installed directly into clinical facilities. It produces proton beams at the required energy level for treatment without the need for degraders, therefore greatly decreasing the need for expensive shielding and reducing the building and installation cost.

As highlighted above, LIGHT requires less shielding, a significant source of cost reduction. LIGHT is also constructed in reasonable size modules. This has many advantages over conventional proton therapy systems:

- it can be easily installed directly into existing clinical facilities;
- it can be installed in a contiguous and densely populated environment;
- it does not require expensive cranes or load handling devices;
- it is easier to transport, commission and decommission;
- it enables easier maintenance given that individual modules can be replaced as opposed to the entire system.

The modularity of the LIGHT system also brings additional benefits for customers in the context of facilitating high-volume production and optimising future costs as well funding the acquisition of the equipment and reducing the upfront cash outlay. These are further described on pages 66 and 67.

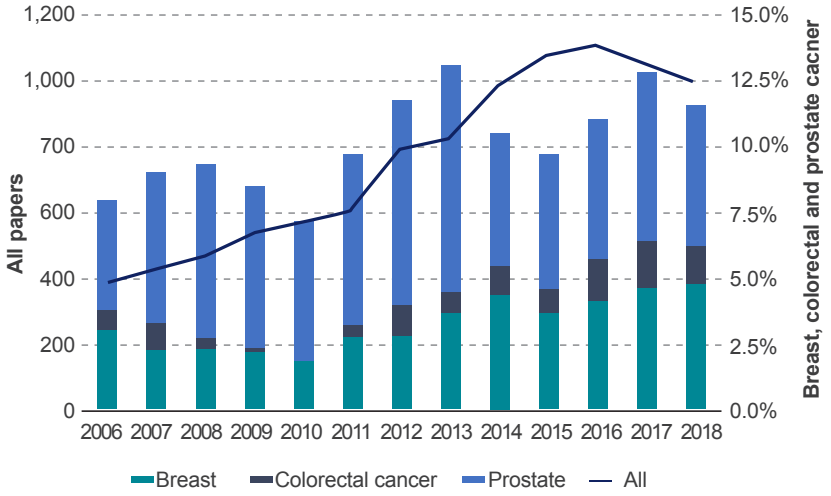
One of the significant challenges faced by users of proton therapy systems to date has been the lack of an integrated control software suite. The Company has been working in partnership with RaySearch Laboratories AB to develop a seamless software suite customised for the LIGHT system which will support personalised precision proton therapy. The software suite provides users with a single interface for patient preparation, treatment and follow-up processes, which limits potential risks, facilitates a better user experience for clinicians and healthcare workers and increases the patient throughput. Furthermore, LIGHT can easily be used for hypofractionation, a technique in which the treatment is delivered in fewer larger doses, possibly requiring only one patient's visit in the case of FLASH. As a result, LIGHT is well positioned to reduce the number of treatment visits, hence taking advantage of new reimbursement models that favour reimbursement per treatment course as opposed to reimbursement per visit.

Making proton therapy more acceptable

There is a large and compelling body of clinical evidence showing that, for many cancers, proton therapy is overall safer and more effective than conventional radiation, particularly for complex and difficult-to-treat tumours or for tumours for which a dose escalation paradigm and/or a reduced dose-bath to the organs at risk is pursued. However, proton therapy – based on the legacy systems currently on the market – remains a costly treatment with an additional cost factor of 2-3 when compared to conventional radiotherapy. Notwithstanding the 220,000 patients treated with protons as of 2019[1], additional clinical evidence focused on the cost-benefit is expected to result in a broader acceptability. New clinical data, together with the introduction of LIGHT which is expected to treat patients at a cost closer to conventional radiotherapy, are expected to shift the treatment paradigm and make proton therapy a treatment of choice for a wider range of cancer indications.

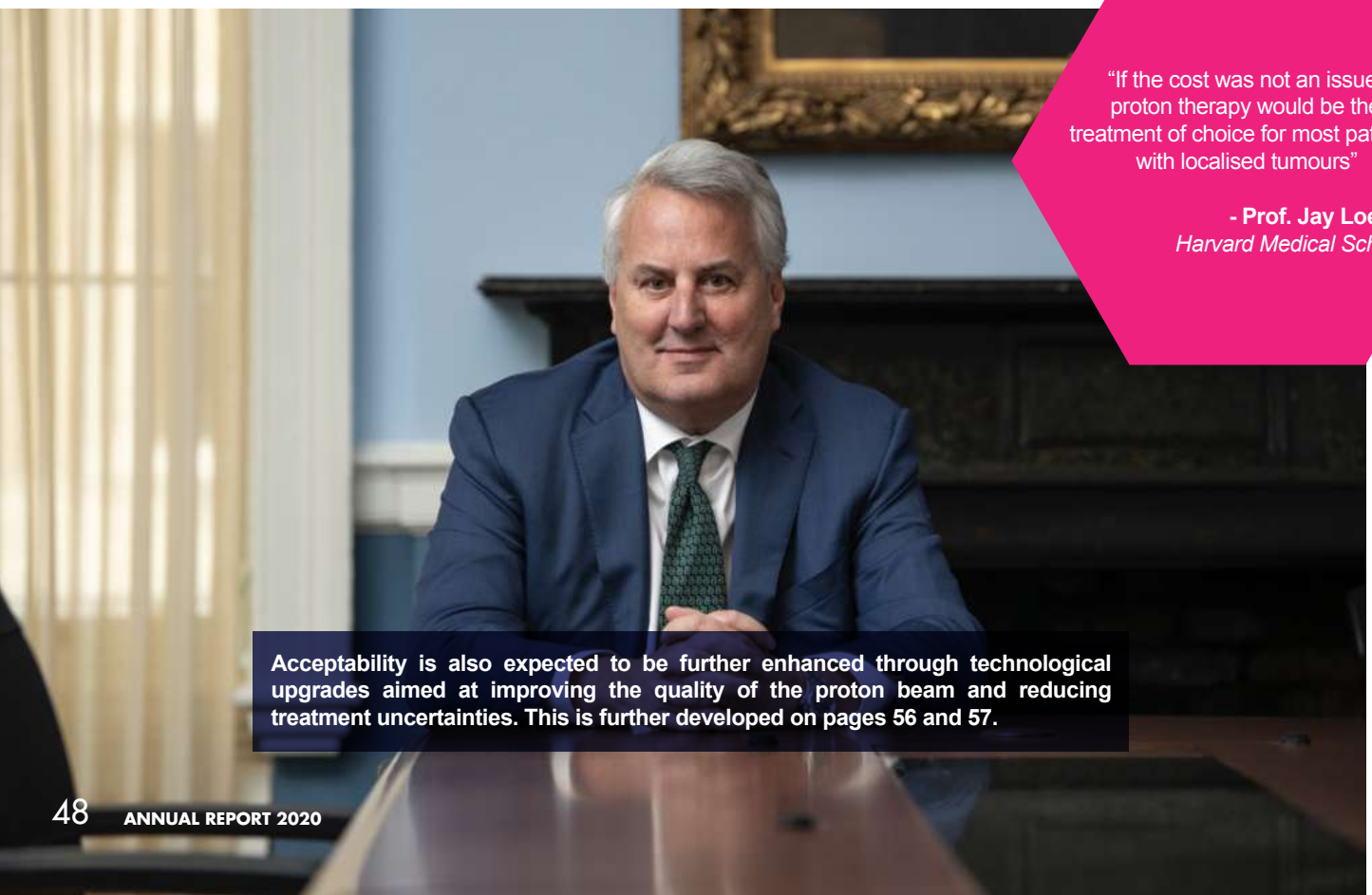
We are witnessing a new era in proton therapy research, with an unprecedented number of clinical studies under way. For three decades, research has focused heavily on paediatric tumours and tumours of the brain, spine and prostate, establishing that proton therapy is efficacious, enables precise targeting of tumours permitting higher doses of radiation with few short- and long-term side effects, and maintains a high quality of life for patients. The treatment also has been shown to reduce the likelihood of treatment-related malignancies. Researchers now are exploring the clinically meaningful benefit of proton therapy in diseases of high incidence, particularly lung and breast cancer, where the precision and limited side effects can provide effective treatment with significant long-term benefit to the patient. Initial results prove hopeful, especially for lung cancer, which remains the No. 1 cancer killer of both men and women.

Yearly Scientific Publications on Proton Therapy



Source: PubMed

[1] *+23% year on year; impact of pandemic still being assessed for 2020*



"If the cost was not an issue, proton therapy would be the treatment of choice for most patients with localised tumours"

- Prof. Jay Loeffler,
Harvard Medical School

Acceptability is also expected to be further enhanced through technological upgrades aimed at improving the quality of the proton beam and reducing treatment uncertainties. This is further developed on pages 56 and 57.

What has LIGHT been designed for?	How does the design of LIGHT make it possible ?	Why is it relevant ?
Improved dose conformality	• The beam energy modulation in the LIGHT system is done electronically at a fast rate (i.e., up to 200 times per second). In contrast, the control of the beam energy in cyclotrons is done mechanically through the use of absorbers, making their energy modulation very slow (i.e., up to 2 or 3 times per second). • The spot size in the LIGHT system can also be changed electronically at fast rate. • The smallest transverse dimension of beams is produced with linear accelerators such as LIGHT unlike legacy accelerators which are unable to produce a beam smaller than 3 millimetres. The opportunity of the LIGHT minibeam is to offer a beam size of less than one millimetre.	• Improving the dose conformity is an opportunity for delivering a better clinical performance. This can be achieved through a higher frequency at which radiation is deposited onto the tumour and a smaller size of the proton pulses. • Delivering more conformal treatments offers the opportunity to treat the entire class of moving tumours.
Volumetric repainting and active range control	• The electronic control of beam energy in the case of LIGHT allows for volumetric repainting.	• Volumetric repainting makes the radiation dose distribution more homogeneous, hence improving the medical outcome.
Higher radiation doses and fewer fractions	• Currently, hypofractionation is not able to be fully realised with legacy proton therapy systems. This is because hypofractionation depends on normal tissue sparing instead of repair, so target conformity is of utmost importance. • With a scanning system, the smallest possible beam emittance is required. The LIGHT system is expected to offer a significant advantage in this regard.	• Hypofractions (large dose fractions) are more convenient for the patients because fewer total treatment sessions are required. • Hypofractions also result in an increased throughput of patients per year.
Adaptive radiotherapy	• LIGHT is highly programable; it can adjust treatment delivery rapidly by electronic control and there is no need for absorbers to change the beam energy. • LIGHT offers full integration including all software and hardware making adaptive proton therapy a reality. Included in the software package is on the fly patient specific QA using fast Monte Carlo.	• The accuracy of proton therapy is dependent on patient changes over the course (weeks) of treatment; so adaptive radiotherapy is needed to improve the quality of the treatment.

The breakthrough LIGHT technology is designed to offer clinical advantages in conformality and versatility of use

Our business model

Our understanding of the customers' needs

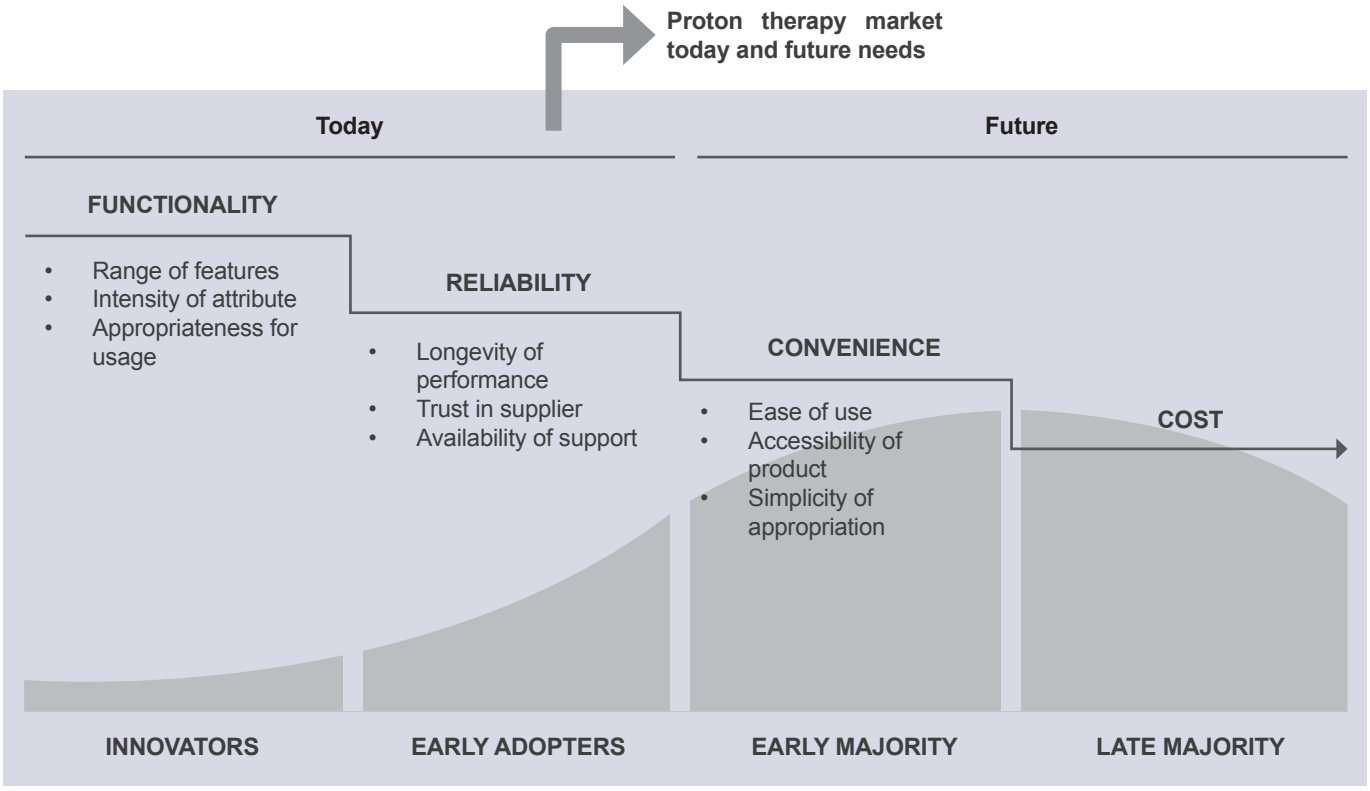
Customers and patients are at the core of our business and every decision made. We believe being customer centric is key to ensure our business model stands out in an increasingly competitive marketplace, that is seeing profound transformation. These changes stem from technological advancements as well as macro- and micro-economic factors. As governments and health insurers worldwide implement measures to control costs, public hospitals are operating on tighter budgets, while private facilities are receiving lower reimbursements. These measures – combined with the increasing market awareness and direct push from patients – have triggered a transformation of the purchasing process characterised by the following trends:

- there is a growing demand from smaller healthcare institutions;
- decisions that used to be the sole preserve of doctors are now also made by hospital administrators and other non-clinicians;
- emerging markets – which have suffered from a lack of cancer infrastructure – are taking more steps to leapfrog developed economies and introduce cutting-edge technologies;
- the past few years have seen a rise in “value” customers, i.e., those who gravitate to systems that are good enough and competitively priced. So, pricing competition has been key to win market shares. However, pricing levels are now reaching a plateau and more emphasis is being placed on both the services offering that has to be broader and more differentiated and the need to deliver superior medical outcomes;
- aligning interest is becoming a more prevalent pre-requisite for customers. This entails the potential participation of the technology provider to the operations of the clinical centre through a risk-reward strategy as well as the opportunity to “staple” a financing package directly to the technical solution. This is further described in page 66.

These dynamics have forced proton therapy companies to adjust their business models and – in the absence of a disruptive technology and service offering – consider M&A as an alternative route for diversification or exit strategy. With a disruptive technology that lends itself perfectly for establishing a more customer-centric business model, Advanced Oncotherapy is in a privileged position to shift the treatment paradigm and make its vision of democratising proton therapy a tangible reality.

"Proton beam therapy is a very exciting new treatment but access has been limited due to the costs and size of equipment. Until now. Advanced Oncotherapy's LIGHT system reduces size and cost, while providing the same high success rate for patients. We're excited to be the first hospital in London to offer this new treatment. The new service will adjoin our main site on Harley Street, and enable The London Clinic to help even more patients fight and survive cancer while furthering our aim of advancing healthcare"

Al Russell,
Chief Executive Officer of The London Clinic



"With more than 25 years of experience in the medical industry and after leading the worldwide Particle Therapy business of Varian, I realised a long time ago how vital customer-centricity is when market shares in the recent years have been gained through pricing strategies. The LIGHT platform is obviously pushing new boundaries and setting Advanced Oncotherapy apart, but this needs to be nurtured with the quality and history of the relationships we are building with our customers. Having the right people, doing the right things, with the right attitude and genuinely caring about our customers is what counts. It is a testament to our dedication to our customers and staying at the forefront of innovation that we have been able to build a network around prestigious healthcare institutions such as The London Clinic, The Cleveland Clinic, the Mediterranean Hospital and the University Hospital Birmingham NHS Trust."

Moataz Karmalawy,
Chief Commercial Officer of Advanced Oncotherapy

A unique financing model made possible by the design of the LIGHT system

Although harnessing technological innovations is a key imperative for healthcare institutions, keeping pace with such advancements requires considerable capital expenditure. This is particularly the case for the acquisition of medical equipment. This is why leasing has always been a favoured, and often only, means facilitating the acquisition of all the equipment needed by healthcare providers. This financing solution has gained popularity as a cost-effective investment-enabler; it spreads the cost of the equipment over an agreed financing period, with monthly finance payments arranged to align with the expected benefit of its use, such as improved operational efficiency. This removes the need for a large initial outlay, thereby improving cash flow and working capital. Additionally, financing arrangements can incorporate other costs such as installation as well as introduce the possibility of technology upgrade in line with technology developments.

Some of the most commonly leased or rented medical devices currently include ultrasound, remote patient monitoring equipment, X-rays systems and other laboratory equipment, which are also continually changing in the face of new developments. Unfortunately, the implementation of leasing solutions for the acquisition of proton therapy equipment has proved to be very challenging up to now, contributing to limit the market adoption. This is because legacy proton therapy machines are bulky and cannot be moved from one clinical site to another, hence they cannot be used as a financing security. The introduction of LIGHT – as a modular device which can be retrofitted into existing building through the assembly of individual components directly at the customer's site – is shifting the financing paradigm, making leasing a tangible opportunity for customers.

In January 2021, Advanced Oncotherapy established a financing partnership with DiaMedCare, a Swiss-based active financing specialist for innovative technologies and equipment for projects in Europe and the United States. DiaMedCare – which is chaired by Prof. Erich Reinhardt, former CEO of Siemens Healthcare – has an in-depth understanding of radiation and proton therapy. This knowledge makes it more capable of creating customised financing packages that fit the specific requirements of prospective customers – for instance, flexing the financing period to suit the organisation's cash flow. This contrasts with the standard financing terms usually available from generalist financiers.

As an illustration of this greater flexibility, DiaMedCare will also be able to bridge manufacturing costs until delivery of the LIGHT system to customers, subject to definitive agreements being entered into between the Company, DiaMedCare and the customer. This is an important step forward in the commercialisation strategy of the Company as it will not only accelerate its fast-growing commercial pipeline but will also ensure its growth prospects are not limited by its balance sheet.

"Legacy proton therapy systems are usually associated with high upfront capital costs that can introduce a significant hurdle to adoption, particularly for many smaller treatment centres. Thanks to its modular design, its lighter weight and its improved proton efficiency, Advanced Oncotherapy's LIGHT systems are a true innovation for the market of proton therapy. DiaMedCare's tailor-made lease financing solutions for Advanced Oncotherapy's customers will eliminate large upfront payments for the system and will make proton therapy more accessible to local, smaller hospitals. We are convinced that our innovative financing will strongly enhance the future growth of Advanced Oncotherapy."

Kreske Nickelsen,
Partner at DiaMedCare

"At Advanced Oncotherapy, we believe that the key to success does not "just" rely on bringing a new product to the market, but it also involves altering the conventional business models and service offerings which have been the norm for the last decades. As we are accelerating our plans for commercialisation, we must act now and implement a business model which enables us to thrive and sustain our competitive advantages. The way we structured our commercial partnerships and our collaboration with DiaMedCare illustrates how we wish to democratise and build the future of the proton therapy industry."

Nicolas Serandour,
Chief Executive Officer of Advanced Oncotherapy

Aligning interests with customers through profit sharing arrangements

Another building block in the execution strategy of the Company lies in the opportunity of structuring commercial partnerships whereby profits of the healthcare centres are shared with the Company. In February 2020, the Company announced the sale of a three-treatment room system to the Mediterranean Hospital of Limassol, Cyprus for €50 million, together with an operating agreement enabling Advanced Oncotherapy to receive a share of the net profits from the clinical services. In the same spirit, Advanced Oncotherapy and The London Clinic agreed to receive a share of the profit generated by the centre located in Harley Street, London, using the LIGHT machine sold by the Company.

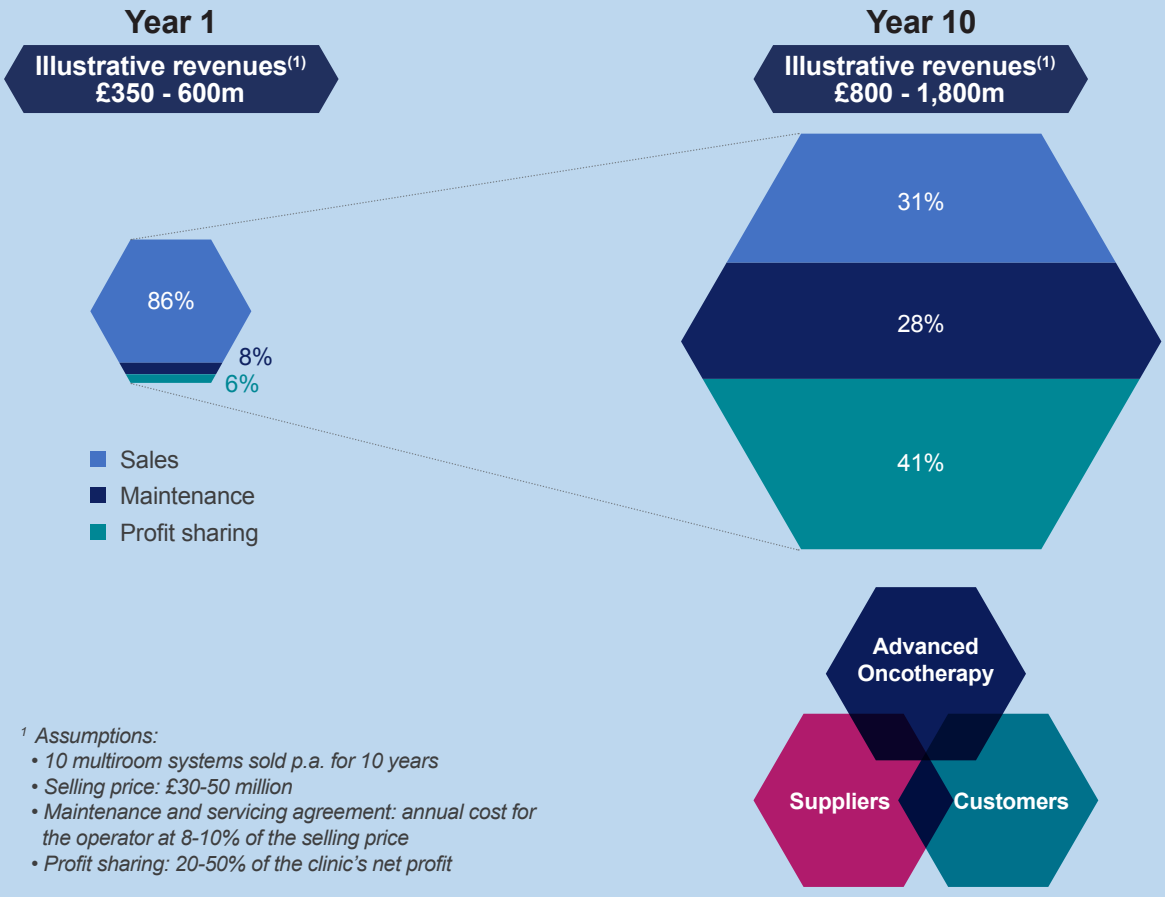
This strategy is being shaped by various forces, including:

- Advanced Oncotherapy is committed to democratise proton therapy and as such setting an attractive pricing policy for customers is an important area of focus, regardless of the clear and superior profile of the LIGHT system. Profit sharing arrangements are therefore a way to fairly balance the return expectations of both the Company and the customers;
- ensuring that the LIGHT platform lends itself perfectly for a roll-out of new features over time. The Company acknowledges that early technology adopters must not be penalised, hence the necessity for Advanced Oncotherapy and the customers to work closely together.

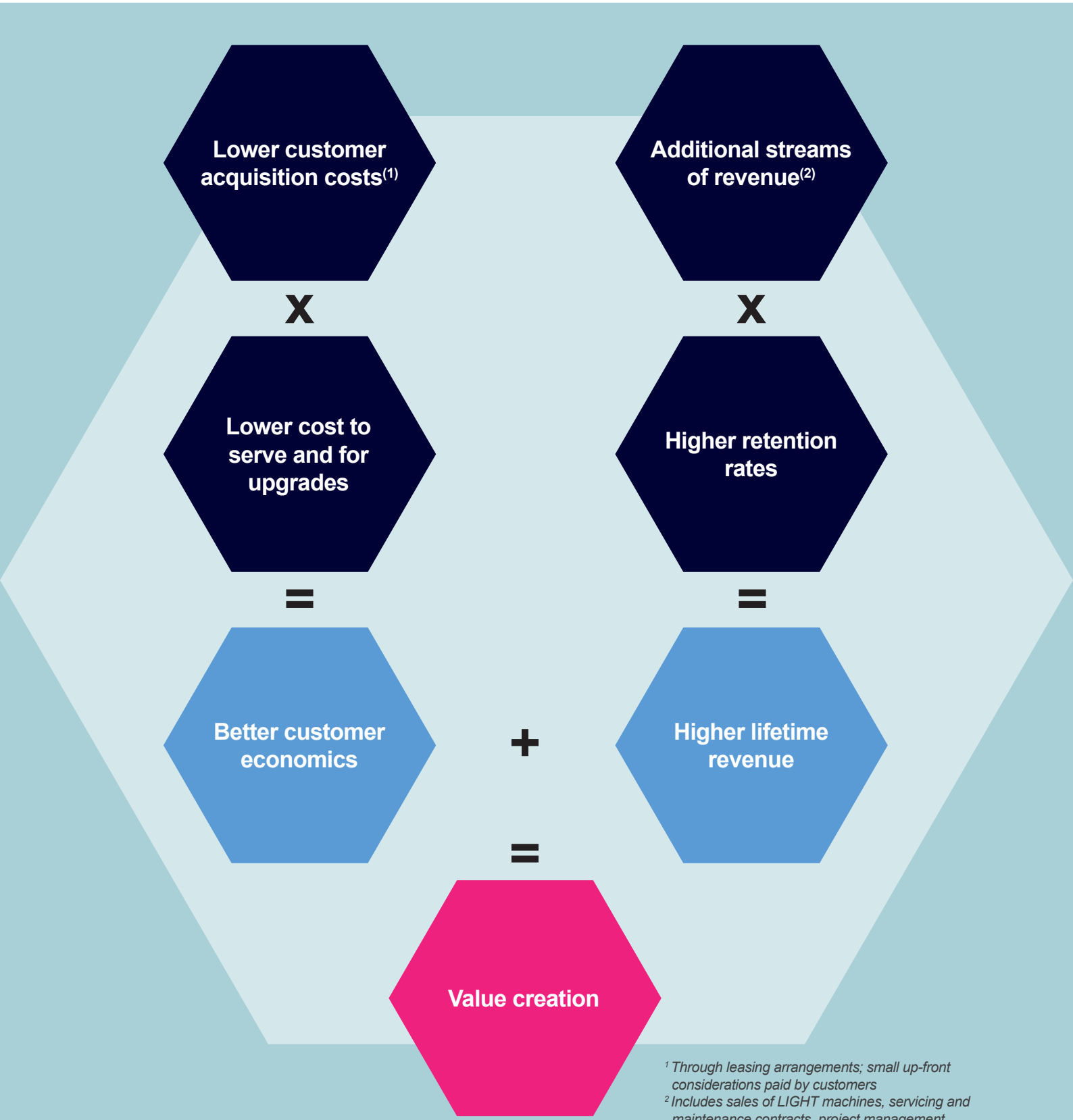
This innovative business model – complemented by financing solutions as detailed on pages 52 to 54 – is key to sustain a differentiated profile in the current fast-paced business environment. It brings in particular many benefits, including:

- Increased customer loyalty: This closer link with customers is an opportunity to build stronger relationships, gain more insights about the customers' operations, putting the Company in a position to offer services which continuously increase customer satisfaction;
- Attractiveness for new customers: Offering an attractive pricing strategy and delivering a breakthrough solution that is set to be upgraded is a particularly attractive combination in the marketplace which can be further enhanced through a cooperation between partners rather than the conventional supplier/customer relationship;
- More recurring revenue stream: Profit sharing arrangements are a way to smooth any potential fluctuations in demand, especially in times of economic pressures;
- Enhanced profitability for the Company: The design of LIGHT plays a key role in the profitability of the clinical centre, particularly given its potential to treat more patients at lower operating costs. Therefore, any profit-sharing arrangements provide the Company with the opportunity to enhance its profitability profile. These potential financial benefits are highlighted below.

The financial implications for the Company: Illustrative example



[1] Assumptions:
- *10 multiroom systems sold p.a. for 10 years*
- *Selling price: £30-50 million*
- *Maintenance and servicing agreement: annual cost for the operator at 8-10% of the selling price*
- *Profit sharing: 20-50% of the clinic's net profit*



[1] Through leasing arrangements; small up-front considerations paid by customers
[2] Includes sales of LIGHT machines, servicing and maintenance contracts, project management, financing, profit sharing

Our long-term orientation driven by innovation

Introducing LIGHT is the opportunity to disrupt the radiation oncology market and shift the cancer treatment paradigm.

Because LIGHT is a breakthrough technology, it is an ideal platform for subsequent innovation and improvement, unlike circulator accelerators on the market which are now reaching their limits in terms of technical upgrades and cost reduction. Therefore, factoring in the future new product releases applied to the LIGHT platform as part of a broader commercialisation plan is essential to achieve sustainable competitive advantage and create value. The following summarises a few projects which are developed.

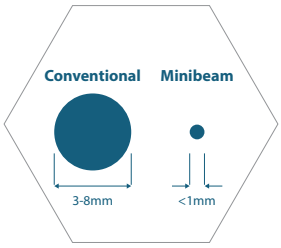
Page 60 further outlines how innovation is nurtured within the Company and to which extent the combination of a unique mindset with organisational processes leveraging a multi-disciplinary approach yields a well-defined innovation roadmap.

FLASH

The purpose of FLASH radiotherapy is to treat cancer in one single visit as opposed to 20-35 visits, which is the norm today. Given the significance of this topic and its potential impact on the convenience for patients, it is legitimate to see a lot of ongoing studies in which Advanced Oncotherapy plays a key part.

FLASH radiotherapy involves the ultra-fast delivery of radiation treatment at dose rates several orders of magnitude greater than regimes currently used in routine clinical practice, i.e., 40/200 Gy per second as opposed to 2 Gy per minute. This enables the same amount of radiation to be delivered in a single, rapid treatment as opposed to being divided over a number of weeks. Animal models have shown that ultra-fast dose rates allow normal tissue tolerance levels to be exceeded, thus enabling high doses of radiation to be delivered while maintaining a similar tissue sparing profile. FLASH therapy has been used to treat only a handful of patients to date; results are encouraging, and various studies are ongoing.

LIGHT has been designed specifically to incorporate this next generation delivery regimen. One major advantage is that LIGHT maintains a constant efficiency above 95%, regardless the location of the tumour in the body. In contrast, conventional proton therapy systems are highly inefficient and hence produce much greater level of stray radiation that must be contained with shielding walls. Given the significantly higher radiation dose required with FLASH and the clinical need to adjust the energy below 230MeV, the thickness of such walls is expected to be much greater than 6 meters which are currently necessary with the current regimes associated with legacy systems. This makes LIGHT an ideal platform for FLASH.

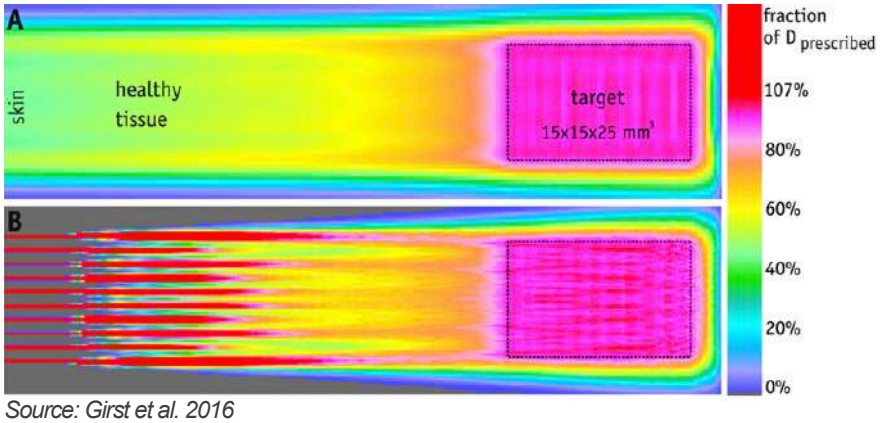


Minibeams

The ability of a proton therapy system to ensure maximum conformity and hence target radiation onto the tumour and its irregular shapes is directly correlated to the size of the proton beam. Legacy accelerators have reached a limit with a proton beam of 3 millimetres. Due to their nature, the transverse dimensions of beams produced by linear accelerators such as LIGHT are the smallest amongst all accelerator types. In a major advancement, the LIGHT system intends to offer a beam size of less than one millimetre. This holds great promise, particularly for the treatment of tumours where a high conformity is needed. Because of the lower entrance dose sparing associated with the minibeams, the following illustration shows that a lower radiation dose is expected to be delivered to the patient with the minibeams (B) compared to standard scanned proton beams (A).

The LIGHT system's use of minibeam technology is currently under evaluation in a research collaboration with the Cleveland Clinic.

Proximal Dose Sparing (B) from Proton Minibeams in Comparison to Regular Proton Beams (A)



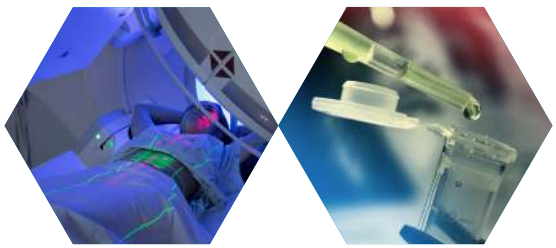
Source: Girst et al. 2016

Proton tomography

The LIGHT system is designed with an integrated conventional (X-rays) CT scanner that enables real time imaging and adaptation of the treatment plan during therapy, enabling increased accuracy of targeting. CT data is used to construct a digitally constructed radiograph for use in patient set up and treatment planning.

Yet, CT data does not provide information concerning the penetration of protons. Therefore, there is an opportunity to further optimise the imaging capability of the LIGHT system by using protons as a means for imaging and not just for treatment purposes; this is a subject of investigation. The underlying principle is to image a patient with a a higher energy beam than used for treatment, such that the Bragg peak is located beyond the patient's body. This allows for a better imaging of the dose deposition. As part of the PRaVDA Consortium, the Company is committed to supporting the development of new concepts and instrumentation to provide accurate information about the proton beam's dose, energy and profile before and during treatment.

The richer dataset provided by proton imaging together with the ability of the LIGHT system to generate a higher beam energy, i.e., an energy of 330MeV resulting in a Bragg peak beyond the patient's body, are key to develop more advanced treatment planning functions. These can be further enhanced through the integration of machine learning and artificial intelligence tools which can further refine tumour targeting. Indeed, such tools are already used in routine clinical practice in radiology and radiation oncology today, however, due to the (still hypothetical) depth and quality of information provided by proton imaging, the benefits of integrating such tools could be further multiplied.



Proton therapy and Immunotherapy

The combination of proton therapy with immunotherapy has gained substantial interest over the last two years. Recent clinical results support the pre-clinical experiments pointing to a benefit for the combined treatment in metastatic cancers.

Protons have physical advantages which can lead to a reduced damage to the immune cells, that are required for an effective immune response. In addition, they may have biological advances due to the release of cytokine mediators of inflammation. Consequently, proton therapy can turn these immunologically "cold" tumours into "hot" tumours, thus enabling the immune system to identify and kill the cancer, hence tackling the potential resistance of cancer cells to immune checkpoint inhibitors used as a monotherapy. New clinical studies such as the LEAP study performed by the Mayo Clinic highlight the synergies between immunotherapy and radiotherapy and how they can potentially allow for a better treatment of cancers.

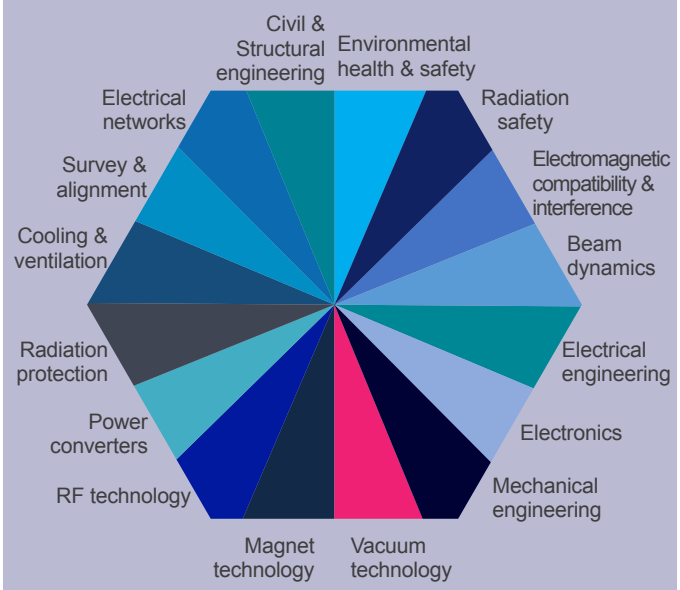
Protecting our innovation

In a study published by the Harvard Medical School, the overall cost of development for a complex medical device has been estimated at $526 million, an amount significantly greater than the investment made to date for the development of the LIGHT solution. Furthermore, and for projects with a strong physics-content, it is estimated that 10-15 years are necessary to develop a conceptual design into an optimised design ready for industrialisation.

Having the right procedures to protect innovation and the LIGHT's brand are therefore an essential part of the strategy of the Company. To do so, the Company is building a portfolio of patents, trademarks, copyrights and registered design rights.

Beyond these sources of protection, the Company can rely on the know-how that has been built for many years. This know-how is the result of the expertise needed across a large list of differentiated specialties and explains the time needed for developing a ready-for-manufacturing design. This constitutes a particularly strong barrier to entry.

Key Disciplines and Barriers to Entry



INTRODUCTION TO ADVANCED ONCOTHERAPY

WHY OUR COMMITMENT TO PATIENTS?

WHAT WE DO

HOW WE DO IT

OUR SET-UP

Innovation: key to Advanced Oncotherapy's DNA

In the 21st century, innovation practices and initiatives have become more important than ever due to a fast and unpredictably changing global environment. When it took decades for great inventions to be unveiled in the past, in today's business world it is just a few years. It is therefore of paramount importance that the Company continues embracing the principles of innovation management which have been built upon its privileged access to CERN and which have set Advanced Oncotherapy apart.

Yet, being innovative and creative is easier said than done. Below are a few important aspects which are forging the innovation plan of the Company; these are embedded in the unique culture of the Company and its organisation.

Innovation, a gravitational force shaping the culture of the Company

Due to its close links to the highly prestigious CERN and its mission of democratising proton therapy, the Company views innovation not as a choice, but rather as a requisite for success. In order to achieve the triple aim of improving care, improving health and reducing spend, Advanced Oncotherapy relies on a product-oriented culture whereby the commercialisation of LIGHT is not seen as the ultimate goal, but rather as an important milestone in the journey of transforming the radiation oncology market. In that context, the Company has created a scientific and engineering hub in Geneva, Switzerland, at close proximity to CERN and an integration, verification and validation centre at STFC in Daresbury, UK; these are gravitational forces attracting key talents in the industry and leveraging a multi-disciplinary approach. As such, the unique culture of Advanced Oncotherapy is a critical determinant of the innovation success of the Company.

Discipline and process, the keys to nurture the creativity of the employees and partners of the Company

Innovation is the result of a complex thought-process which is originated by creativity and which must be challenged and analysed from various perspectives; it requires a set of cross-cutting practices to structure, organise, and encourage it. For this reason, a global screening and incubation team has been formed to identify new opportunities based on well-proven principles and processes aimed at:

- tracking down long-term trends and innovative subjects in industry and society;
- analysing their growth potential;
- checking whether potential new business areas fit well with the overall mission of Advanced Oncotherapy.

Such processes have been crafted with the ultimate objective of striking the right balance between optimising and prioritising resources and objectives, promoting an effective team working environment, establishing a creative climate and keeping a commitment to build the future of radiation therapy.

Innovation must be democratised

Advanced Oncotherapy views patients and physicians as the primary source of innovation because their experience, practical knowledge and feelings determine the way proton therapy must be delivered. Furthermore, the commitment of the Company to develop more personalised solutions entails a high level of user involvement and constant information flows between patient and practitioners. For this reason, the Company has implemented various initiatives, including:

- operational partnerships with customers beyond the delivery and maintenance of the LIGHT system; please refer to page 53 for further details;
- scientific partnerships which externalise innovations and supplement the internal research and development programmes of the Company.

These collaborations play a key role in understanding the patient journey, enabling practitioners to identify value-creating activities and ideas for service development and innovation and ultimately addressing citizens' priorities. The Company's partnerships with the University Hospital Birmingham NHS Trust and the Cleveland Clinic are good examples of its commitment to using a customer-centric approach to drive innovation.

A dual strategy focused on outsourcing and in-house assembly

In order to enhance its competitiveness and leverage its skillset, Advanced Oncotherapy has made the strategic decision to:

- develop an outsourced manufacturing and specialised supply chain with established world-class equipment providers;
- internalise the assembly process of LIGHT based on a modular build plan at its site in Daresbury, UK.

This dual strategy – built upon the outsourcing of the production and procurement of the LIGHT components and their subsequent assembly which is performed in-house – aims to fulfil various objectives. By outsourcing the production, the Company is better placed to:

- make the Company's organisation more flexible and agile. Outsourcing is an opportunity to free up internal resources and focus on the Company's strengths, allowing staff to concentrate on their areas of expertise and on the future strategy;
- enhance the efficiency and competitiveness of the Company. By working with established Original Equipment Manufacturers, the Company gets access to capabilities otherwise not accessible or affordable, hence providing a more productive and efficient support with the delivery of greater quality components;
- develop system speed and hedge risk exposure (e.g., geopolitical risks, currency fluctuations, changes in cost factors). The Company has selected its partners based on stringent criteria, including the ability to deliver products based on a clear delivery plan, the quality of their services and products, their adherence to quality and certifications, their commitment to provide technical and engineering product support, their competitiveness and ability to optimise production and costs, their experience in past prototype build, their innovative capacity and processes to protect IP at all times, and their commitment to corporate social responsibility;
- control cost and optimise cash allocation. Cost-savings achieved by the partners of Advanced Oncotherapy help the Company release capital for investment in other areas, such as the set-up of the infrastructure needed for assembling machines or the development of new functionalities which require Non-Recurring Engineering costs.

"We work with very large organisations such as BMW Group and many established players in the semi-conductor area, and I can say that the calibre of the team and the processes Advanced Oncotherapy put in place to produce items in high demand are what you would expect in large well-established organisations."

Guustaff Savenje,
Senior Vice-President of VDL Group

By dedicating its internal resources for assembling the LIGHT system on the campus of the UK Government's Science and Technology Facilities Council (STFC) in Daresbury, the Company gains valuable insights for the future commissioning of new systems and the development of new product features. Further information on the assembly of LIGHT and the cooperation with STFC can be found on page 64.

To develop an efficient and reliable supply chain, the Company has built a long-term partnership model with its suppliers. It is the philosophy of Advanced Oncotherapy to involve them, as a core component in the end-to-end value chain with the view of achieving the product satisfaction performance objectives as well as maximising responsiveness and adaptivity. This is why most suppliers' contracts are driven by risk-sharing principles supported by effective and rigorous supply control processes which include audit and monitoring against the product's requirements. Partners in the supply chain are required to address timebound corrective actions if necessary, and commit to make technical improvements to production, improve the sustainability of their operations and operate in a transparent manner at all times.

Drawing on its vision to serve a global market and democratise proton therapy, Advanced Oncotherapy is constantly seeking options to gain more flexibility and better financial terms across the whole value chain. Potential cost savings of 40-50% on future machines have already been identified through value engineering program and leveraging the relationship with suppliers, hence generating a faster, more reliable, and cheaper production results while capitalizing larger production volumes. Underpinning this strategy are the Company's efforts to optimise its supply chain resources. This has led the Company to assess the operational areas in which a greater concentration of its supplier base and source purchases from top-performing strategic suppliers will be beneficial. Consequently, the Company decided to cement a broader partnership with VDL ETG Precision BV in June 2020. Under this new collaboration, Advanced Oncotherapy and VDL ETG Precision have expressed the common intention to work on a number of additional areas beyond the activities currently performed by VDL ETG Precision. The objectives of this partnership are to provide a more higher-level assembly resulting in an overall efficient and effective delivery of LIGHT systems and to position the parties at the forefront of clinical innovation and precision manufacturing. This was complemented by an unsecured €20 million working capital facility from VDL ETG Precision to support the manufacturing and sale of future LIGHT systems.

"Our priority is to develop and operate a responsible, sustainable and agile supply chain that meets both the demand of the dynamic radiation oncology market and the stringent regulatory, health and quality requirements of the medical device industry. Underpinning this vision is our commitment to develop long-lasting relationships with our suppliers built upon a clear alignment of interests and our drive to make LIGHT as accessible, affordable and acceptable as possible."

Ed Lee,
Chief Operating Officer of Advanced Oncotherapy

OUR PROCESSES

Focus on quality, a mindset influencing each action undertaken by the Company

Science & Technology Facilities Council | UK Research and Innovation

An assembly site located at the heart of a campus dedicated to accelerators and science and sponsored by the UK Government

The Company has established a testing and assembly site on the premises of the UK Government's Science and Technology Facilities Council (STFC) through a 15-year lease. This partnership with STFC:

- provides access to an established and certified facility as well as a strong local manufacturing base; and
- leverages the strong reputation of STFC as an organisation of excellence for research, development and operation of future particle accelerators.

Throughout 2020, significant investment has been made to customise the site in order to:

- assemble the first LIGHT system;
- perform the necessary tests as part of the Verification and Validation process, a pre-requisite for product certification;
- ensure smooth operations for the installation, integration and conditioning of the relevant components of the future LIGHT machines;
- treat first patients in partnership with the University Hospital Birmingham NHS Trust.

As a medical device supplier, Advanced Oncotherapy operates in one of the most regulated sectors in which significant quality systems and product requirements must be satisfied. These are intended to ensure that the Company consistently designs, produces, and places onto the market LIGHT systems that are safe and fit for their intended purpose. Furthermore, consistently with our objective of delivering defect-free products, reliable technical information, and effective help in using our LIGHT solutions, the Company has developed approaches aimed at building quality into processes at every step of the value chain-from design and manufacturing to sales and service. The following gives an overview of the principles supporting the Company's commitment to safety and to providing a high-quality product.

Advanced Oncotherapy has adopted a process-based quality management system as a way to accomplish daily work and deliver LIGHT systems as per the commercial arrangements agreed with customers and in accordance with the relevant medical, health and safety requirements and standards. The Company's work is organised to understand the customers' requirements, design the most reliable way to produce, deliver and instal LIGHT, and to measure how the team at Advanced Oncotherapy is doing every step of the way.

Advanced Oncotherapy's quality system is registered to the ISO13485 international standard for the design, manufacture, and distribution of medical devices. This standard describes the requirements for developing, producing, distributing, and maintaining high quality products and services for customers working in the medical industry.

"Advanced Oncotherapy's and ADAM's compliance with the ISO13485 standard illustrates the importance that the Company places on the quality of its product and the need to have robust processes across our entire organisation in accordance with the stringent requirements associated with medical devices."

Michel Baelen,
Director Regulatory Affairs, Quality & HSE of Advanced Oncotherapy

The ISO13485 certification was granted in January 2019 and was further validated in December 2020 through an external audit by Lloyd's Register. It enables Advanced Oncotherapy and ADAM to continue to develop the LIGHT proton therapy system in compliance with the highest standards for safety and product performance, and to make its product available for the first patient treatment, once the LIGHT proton therapy system medical device file has been approved.

Following a well-proven regulatory path

Under the leadership of Michel Baelen, ex-head of regulatory affairs at IBA for 19 years, the Company is pursuing the following regulatory clearance routes:

- CE Mark needed for the commercialisation of LIGHT in Europe: LIGHT has been classified as a Class IIb device ("Potentially hazardous devices") and as such no clinical trials are required according to guidelines. However, given the novelty of LIGHT, a small-scale clinical investigation plan is being implemented to prove safety. This is expected to show a significantly equivalent performance to predictive devices. This programme is jointly designed and executed with the University of Birmingham and Queen Elizabeth Hospital;
- 510(k) certificate needed for the commercialisation of LIGHT in the US: The 510(k) route for a predicate device is open to the Company. The US clearance presents a significant overlap with the CE Marking process.

Under both regulatory paths, the verification and validation of LIGHT must be completed ahead of its submission for regulatory approval.

Verification and validation are independent procedures that are used together for checking that LIGHT meets requirements and specifications and that it fulfils its intended purpose. As part of the validation process, evidence must support that LIGHT provides the appropriate value proposition to the customer and satisfies intended use and user needs.

"Quality is not a function or process; it is a mindset that inspires all of our employees and partners to go the extra mile and deliver the right product as if it was used by our friends and family. It must be nurtured through an unrelenting investment."

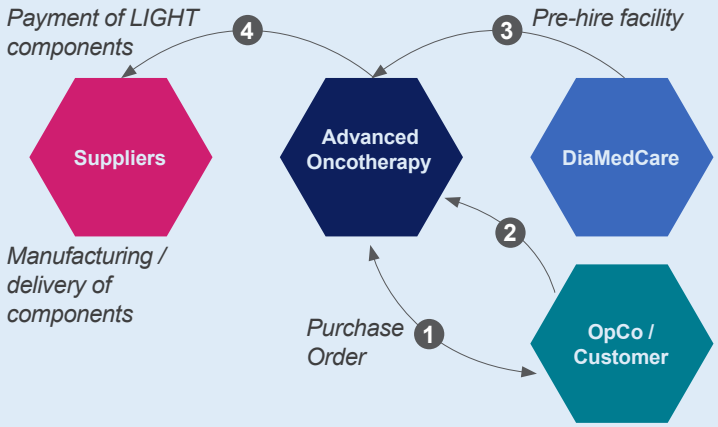
Nicolas Serandour,
Chief Executive Officer of Advanced Oncotherapy

OUR RESOURCING PLAN

Our funding plan: securing the means of the Company's and customer's ambitions

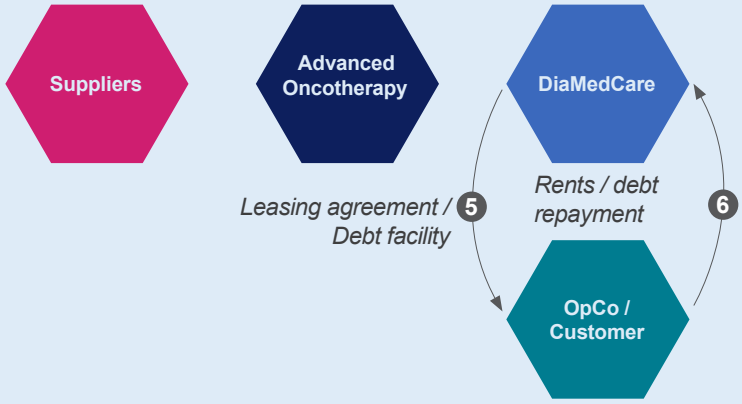
In light of the market needs, Advanced Oncotherapy has already taken important initiatives to remove constraints to growth and ensure the scalability of the business. The partnership with DiaMedCare – described on page 52 – is an important step in this direction. It entails a leasing agreement between DiaMedCare and the customer as well as a working capital facility for the benefit of the Company. This is separately complemented by an unsecured €20 million working capital facility from VDL ETG Precision to support the manufacturing and sale of future LIGHT systems.

Resourcing our Future Projects – Structuring Considerations



1. Purchase order
2. Down-payment
3. Cost of manufacturing the equipment funded through a "pre-hire arrangement"
   - Interest charge paid by AVO and either "covered" by the down-payment from the operator or passed to the customer
   - LIGHT used a security
4. AVO to purchase LIGHT components

Delivery and Installation of LIGHT on the Customer site



5. "Pre-hire" facility transferred to the OpCo / Customer; AVO's debt is then extinguished
   - Opportunity for the financing partner to monetize future cash-flows depending on the envisaged "ownership" of LIGHT
6. DiaMedCare receives annual payments (rents or debt repayment & interests)

Stapled financing solution = pipeline acceleration by limiting the upfront investment for the customer and deferring the payment of the system once it generates revenue to the hospital

For each proton therapy project, there are 4 key stakeholders:
- Advanced Oncotherapy
- DiaMedCare
- Hospital / operator
- Real estate developer / construction company (with support or not from the financing partner)

Approaching customers with a consortium, a fully baked solution and one voice is key

Due to the modularity of LIGHT which lends itself perfectly to leasing models, Advanced Oncotherapy has been able to establish such a financing partnership that reduces the balance sheet impact for both customers and the Company. This is key to unlock the high demand for the LIGHT system. The structuring arrangements together with an illustrative financial scenario have been summarised below. The Company is in discussion with other financing institutions to replicate this model in selected geographies.

Our people

Another important aspect of our ability to deliver and succeed relates to our ways of optimally resourcing our projects consistently with our culture and mission.

Enabling everyone to work at their best contributes to our overall success as a Company and we continue to focus on developing careers, ensuring inclusivity and mental well-being.

We believe that people remain at the heart of investing and our long-term focus is on retaining, developing and attracting the right talent for our current and future business needs. To achieve this, we concentrate on our sense of purpose, our working environment and quality of work, and strive to provide a positive, inclusive and collaborative culture for this key stakeholder group to thrive within.

We measure our effectiveness by actively seeking feedback via multiple channels to ensure we evolve our employee proposition alongside our business strategy. Our intention is to provide the best possible environment where, regardless of role, location or background, all employees can realise their potential.

In 2020, we had to change the way we work by adapting our nimble organisation to new challenges

New processes and organisational changes
- Emergency plan and advice to employees
- Enhanced remote work and IT improvements – simultaneous stream multi-video/audio communications for remote technical guidance with "hands-on" team at the assembly site in Daresbury
- Full risk assessment with implementation plan based on governments' Covid-19 guidance
- Comprehensive health and safety training plans
- PPE and sanitisers, mask enforcement, team segregation, etc.

Additional support and reallocation of priorities
- Continued operation at Daresbury, surge resources at Daresbury to support operations
- Confirmed commitment from supply base to deliver objectives per the programme need
- Remote work focused on documentation supporting the regulatory filings

Staff well-being and engagement
- Regular staff gatherings, staff survey
- Regular company briefings on the changing regulations in UK, Switzerland and France and the Company's response to them to keep our staff safe

Bridget Biggar, *HR Director*

88%

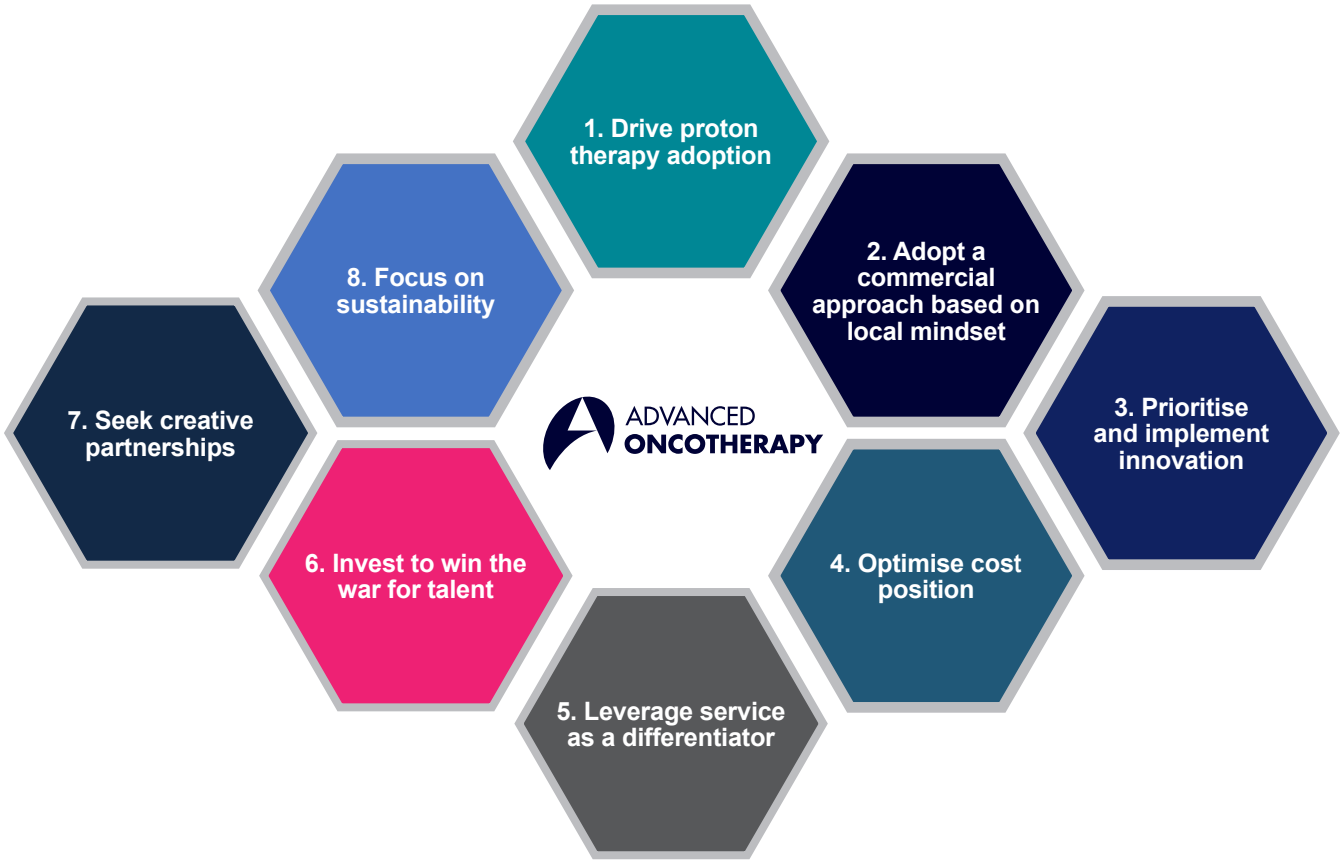
of our employees feel their overall well-being is similar or better since working remotely

88%

of our employees feel trusted to work productively at home

OUR STRATEGY

Our strategy to disrupt and democratise the proton therapy market is underpinned by our relentless focus on the following imperatives and actions.



1. Drive proton therapy adoption: Be the leader in increasing the adoption of proton therapy by promoting research activity, helping develop treatment protocols and influencing patient funnels.

2. Adopt a commercial approach based on local mindset: Align interest with customers and build further insights into the mindset of customers.

3. Prioritise and implement innovation: Define future new features of LIGHT and prioritise future product releases based on an innovation roadmap; recognise speed is as important as the level of new differentiation.

4. Optimise cost position: Implement the plan to achieve efficiencies cost targets in partnership with the supply base.

5. Leverage service as a differentiator: Further develop a separate service infrastructure to promote responsiveness, enhance long-term relationships with customers and build a diversified, sustainable and profitable source of cash-flows.

6. Invest in talent: Invest to attract and retain top talent as the industry remains characterised by scarcity and competition for skills and capabilities.

7. Seek creative partnerships: Opportunistically leverage partnerships to enhance the differentiated profile of the LIGHT platform.

8. Focus on sustainability: Integrate sustainability in a systematic way throughout the entire value chain and decision-making process in order to truly influence the Company directions and build resilience.

1. Drive proton therapy adoption

Our strategy to drive market adoption is built upon clinical programs – in partnerships with our customers – to influence treatment approaches and establish loyalty across the patient and physician community. Our partnership with the prestigious Cleveland Clinic to perform studies supporting the superiority of the LIGHT system against other X-rays technologies together with the policy of the Cleveland Clinic to refer cancer patients to the Harley Street Proton Therapy Centre illustrate this important facet of our strategy.

2. Adopt a commercial approach based on local mindset

Commercial approaches must be customised to each market and individual needs and constraints. Our approach is therefore based on removing the silos arising from the conventional supplier/customer relationship and implementing a joint risk/reward sharing policy as evidenced by the profit-sharing arrangements agreed with The London Clinic and the Mediterranean Hospital.

3. Prioritise and implement innovation

Creativity is about unleashing the potential of new ideas, which is subjective and hard to measure. Because innovation goes one step further and is completely measurable, our innovation approach is supported by a process-driven framework articulated around key metrics (e.g., assessment of the market needs, impact on customer's satisfaction, financial impact for the Company, ability to execute within the right timeframe and resources, etc.) and is nurtured by our CERN deep-rooted culture of pre-empting the necessary changes. Further details about our processes and solutions to reap the right returns on investment are further outlined on pages 56 and 57.

4. Optimise cost position

By installing a lean sigma discipline and business culture from the start, we have established the key foundations enabling us to focus from the beginning on quality and cost control. This has required investment in our infrastructure and Non-Recurring Engineering costs as we are approaching the final steps to introduce LIGHT to the market. Such investments have been made following detailed optimisation studies with the view of streamlining processes, reducing costs and future lead times. To do so, we are supported by a team with an in-depth experience in managing complex cross-border manufacturing processes, which has consistently achieved demanding goals. Please refer to pages 60 to 65 for further details.

5. Leverage service as a differentiator

Service engineers are key to increase the product quality and durability standards and create customer loyalty. They can also act as independent sources of market intelligence. Under the leadership of Ed Lee, Chief Operating Officer of Advanced Oncotherapy and former production and technical field service director at Optivus Proton Therapy, important metrics (e.g., equipment uptime, maintenance costs, equipment operating costs, equipment life, spare parts inventory, mean time to recovery (MTTR) targets, etc.) have been identified. Measures have been put in place to calibrate these performance indicators against the data set gathered during the Verification and Validation process. A specific emphasis has also been put on creating an effective and symbiotic relationship between the technical and the client servicing teams, so that all the data gathered during the phase of assembly and conditioning is fully exploited, going forward.

6. Invest in talent

Finding qualified executives for key operational roles is not without challenges, given the scarcity of talent and increasing competition. We have implemented a policy combining incentives, training and recruitment programmes. Keeping our innovation hub in Geneva, at close proximity to CERN and having a verification and validation site at STFC are also central to our strategy.

7. Seek creative partnerships

Staying at the forefront of innovation is predicated on our ability to leverage the versatility of the LIGHT platform and deploy our technology in new markets. This can be done organically, but opportunistic partnerships – as exemplified by our distribution partnership with Realcan – can help us achieve this goal more rapidly and efficiently.

8. Focus on sustainability

Ensuring sustainability through the deployment of our technology is an important facet of our growth strategy. Further information about the initiatives we implemented in 2020 are indicated on pages 20, 96 and 97.

PRINCIPAL RISKS AND RISK MANAGEMENT

The principal risks and uncertainties facing the Group are detailed below. Further risks not currently known or risks that have been considered to be less material may also have an adverse impact on the business.

1. EARLY STAGE OF OPERATIONS, PRODUCT LAUNCH TIMELINES AND FUNDING REQUIREMENTS

Description:

The Group currently has no positive operating cash flow. Product launch timelines are at risk of delay. There is a risk therefore that it could take longer than presently expected by the Directors. If such delays occur the Group may require further working capital. This means that the Group faces uncertainties in its cash flow until the installed base is large enough.

Mitigation:

The Group has successfully advanced the LIGHT technology for several years, including securing research collaborations and sale contracts. The Group employs tight cost controls across the business and has raised £100 million equity between December 2017 and December 2020. It continually monitors opportunities which provide financing flexibility in order to deliver on its strategic priorities. The Group also prepares short term and medium cash flows to ensure that the business has adequate funding to execute its business strategy. The Directors shall seek to minimise the risk of delays by careful management of projects by working with accredited experts, suppliers and building companies.

2. LEGAL, REGULATORY AND COMPLIANCE ISSUES

Description:

The Group operates in a highly regulated environment and will need to obtain various regulatory approvals. These regulations, including the time required for regulatory review, vary from country to country and can be lengthy, expensive, and uncertain. Regulatory and law changes can occur, impacting the approval process of new technical features as well as the key health, safety and regulatory requirements needed for installing and operating a LIGHT System. Failure to proactively identify and comply with industry laws and medical regulatory aspects could result in fines, penalties, business disruption, reduced revenue, and/or potential exclusion from tender processes.

Mitigation:

The Group utilises internal specialists in regulatory affairs who consult with other external experts to ensure that processes meet current regulatory, health and safety requirements. The Group regularly reviews regulations changes through proactive discussions with key industry officials, professional advisors and regulatory bodies where appropriate. Furthermore, the Group has a business and Group-wide compliance structure which is continually assessed and trainings are provided to employees on a wide range of topics, including good manufacturing practice activities, quality control, legal policies including whistleblowing, and anti-bribery and corruption. The Group is regularly audited by regulatory authorities to ensure compliance with relevant legislation and contractual obligations and acts to address any recommendations.

3. ABILITY TO SELL EFFECTIVELY

Description:

The Group's brand does not benefit from a longstanding history in the marketplace. The process of winning major contracts is typically protracted, and the Group operates in a competitive environment.

Mitigation:

The Group has strengthened the management team to add resources to the sales and marketing function. The commercial arrangements announced in 2020 are based on a flexible customer-centric approach. In 2021, the Group announced a partnership with a specialised funding institution, with a view to providing vendor financing and leasing arrangements and support customers.

4. REPLICATION OF THE TECHNOLOGY

Description:

Whilst the business uses its own proprietary technology, a competitor could attempt to replicate a linear proton accelerator technology for medical use.

Mitigation:

The Group's focus on creating a linear-based turn-key system requires a combination of technology and specialised skills which is hard to replicate. The Group continually develops its model to leverage the versatility of the technology, adding further value to its clients and differentiating its service from competitors. In addition, the Group's patent portfolio, the know-how and the diversity of the required skills which are complex to develop constitute a further barrier for new entrants. The Group actively manages its IP, engaging with specialists to apply for and defend IP rights in appropriate territories. A strong emphasis is also placed on innovation in order to sustain a competitive advantage.

5. INTRODUCTION OF NEW TREATMENT MODALITIES OR COMPETING TECHNOLOGIES

Description:

The Group faces a threat to its LIGHT franchise from the development of alternative cancer treatment modalities and technologies by competitors. Competitive propositions could erode the sales potential of LIGHT.

Mitigation:
The Group closely monitors the competitive landscape in key markets. The Group believes that any emerging technology validates the unmet need for a cancer radiation treatment modality which decreases the toxicity to surrounding organs at risk. The Group takes pride in the fact that the uniquely small size of its beam make LIGHT particularly relevant for the clinical studies investigating FLASH, LEAP, the mini-beam. Furthermore, the Group notes that an increasing number of innovations could be used in combination with radiation, such as immunotherapy. Such innovations are therefore perceived as an opportunity rather than a threat.

6. BREXIT AND COVID-19 RISK
Description:
The Group's structure across the UK, Europe and the US, increases its exposure to adverse local political decisions and economic events impacting the medical industry and the Company. There is a risk that possible changes resulting from the Brexit or from the Covid-19 outbreak could lead to additional barriers to trade and regulatory divergence which could adversely affect the Group. The longer-term effects of Brexit and Covid-19 are difficult to predict, but could include financial instability and slower economic growth or economic downturn in the UK, Europe and/or the global economy.

Mitigation:
The Group mitigates this risk by having an increasingly broad offering, service and geographical range, limiting the impact of events in any single territory. The Group also takes into account political risk when assessing new contracts or product acquisitions. The Group will continue to monitor the Brexit and Covid-19 situations and assess the impact on the Group's ability to access capital in the UK.

7. HIRING AND RETAINING TALENTS
Description:
The success and future growth of the Group is in part dependent on the continued performance and delivery of the Directors and key employees. The Group operates in a highly specialised field where there is strong competition for required skills and talent. Key personnel leaving the Group could lead to a short-term reduced capacity to service client projects.

Mitigation:
The Group seeks to recruit talent on a continuous basis and has built a network of contracted specialists who can provide additional resource when required. In order to attract the best talent, the Group offers competitive packages to its staff which includes a share option scheme, private medical insurance and flexible working. The Group has appropriate remuneration packages to help retain key employees. The Group provides significant opportunities for learning, development and leadership training. In addition, all permanent employees are given the opportunity to become shareholders of the Group.

8. RELIANCE ON THIRD PARTIES
Description:
The business model for the Group anticipates that it will have limited internal resources over the next few years and that it will use third party providers wherever possible to conduct the research, development, registration, manufacture, marketing and sales of its proposed products. The commercial success of the Group's products will depend upon the performance of these third parties.

Mitigation:
The Group seeks experts in the areas where it utilises outsourcing. Wherever possible, the Group seeks to have duplicate suppliers to lessen the reliance on a particular vendor.

9. MANUFACTURING
Description:
There can be no assurance that the Group's proposed LIGHT systems will be capable of being manufactured in commercial quantities, in compliance with regulatory requirements and at an acceptable cost. The Group intends to outsource the manufacture of components of LIGHT and, as such, will be wholly dependent upon third parties for the provision of adequate material supplies. Those are available from a limited number of suppliers and there can be no assurance that adequate supplies at acceptable cost can be obtained.

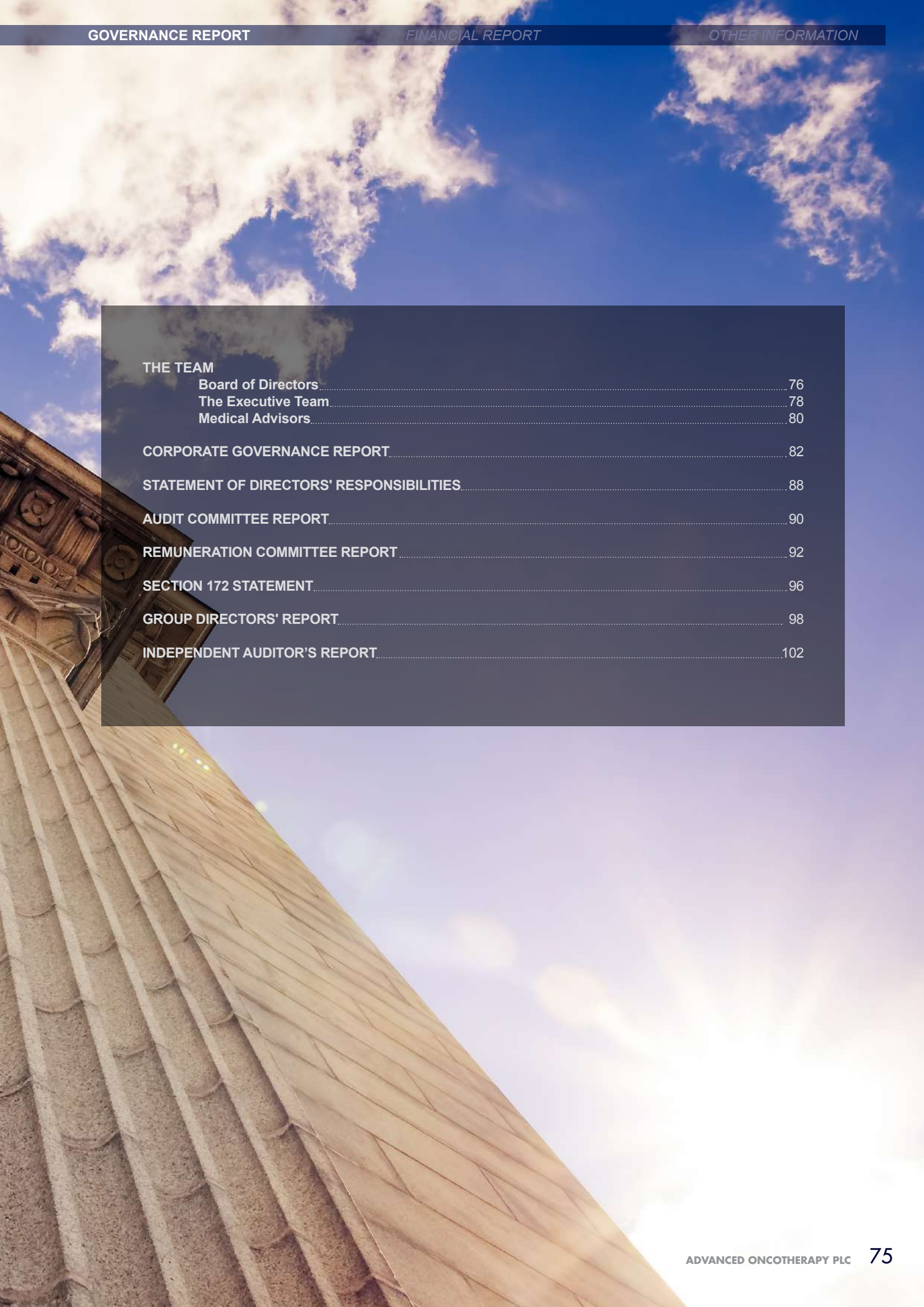
Mitigation:
The Group mitigates this risk by retaining its own assembly site, entirely dedicated to the assembly of LIGHT systems. Furthermore, the Group outsources production to trusted manufacturing and global partners which the Group assesses regularly. The Group also has industry-leading quality management systems and audits supply partners where appropriate. The Group also intends to maintain appropriate stock levels of its key parts of LIGHT, with a focus on long-lead items, allowing to better serve clients' needs.

10. SYSTEMS AND INFRASTRUCTURE
Description:
The Group is dependent on its IT technical infrastructure and systems for the management of its core operations and research and development programmes. The Group's dependence on technology in its day-to-day business means that systems failure would have a high impact on the operations.

Mitigation:
Continuity of access to data and integrity of data is maintained through the implementation of a system of data storage, offsite backup and monitoring of key coding and modelling data. In 2020, the Group invested further in servers dedicated to highspeed computation which has significantly reduced the time required to complete complex simulations.

11. FOREIGN EXCHANGE
Description:
The Group has significant operations and activities outside the UK where the Group is listed and outside Switzerland where its engineering and development team is located. The Group is therefore exposed to foreign exchange risk.

Mitigation:
The Group reduces its exposure to currency fluctuation on translation by having a diversified base of multi-currency accounts, creating a natural financial hedge. The Group does not issue or use financial instruments of a speculative nature and the Group's treasury function does not act as a profit centre.



BOARD OF DIRECTORS

As a Board we have collective responsibility for the long-term success of Advanced Oncotherapy and are accountable to all stakeholders of the Company.

1. **Dr Michael Sinclair,** Executive Chairman
2. **Mr. Michael Bradfield,** Non-Executive Director
3. **Mr. Hans von Celsing,** Non-Executive Director
4. **Mrs. Lori Cross,** Non-Executive Director
5. **Prof. Steve Myers, OBE,** Executive Director and ADAM Executive Chairman
6. **Dr. Nick Plowman,** Non-Executive Director and Chairman, Medical Advisory
7. **Mr. Nicolas Serandour,** Chief Executive Officer
8. **Dr. Enrico Vanni,** Non-Executive Director
9. **Mrs. Renhua Zhang,** Non-Executive Director

Dr. Michael Sinclair
Executive Chairman

(C)

Appointed to the Board since 2006. MB, BS in Medicine and physiology.

KEY SKILLS AND COMPETENCIES
Michael brings significant financial, healthcare and international experience to the Board, gained from his long career with hospital and healthcare institutions.

CURRENT EXTERNAL APPOINTMENTS
Trustee of The London Clinic; Non-Executive Chairman of Symthera Inc; Board member of Opiant and various educational non-profit organisations.

PREVIOUS EXPERIENCE
Michael was the founder and former CEO of Nestor Healthcare and Allied Medical Group Limited. He was chairman and founder of Lifetime Corporation Inc. and US based Atlantic Medical Management LLP. Former member of the Board of Overseers of Tufts University Medical School.

Mr. Michael Bradfield
Non-Executive Director

(A) (R)

Appointed to the Board in 2013. On the audit and remuneration committees. Michael has a law degree from LSE.

KEY SKILLS AND COMPETENCIES
Michael has significant experience in marketing, insurance and corporate leadership.

CURRENT EXTERNAL APPOINTMENTS
Chairman of Fairford Medical Ltd, Fairford Medical Services Ltd, Health Imaging Solutions Ltd and Quest Medical UK Ltd, all active in the Diagnostic Medical Imaging field; on the board of Stockgain Asset Management, Henstridge Properties Ltd, the Vail Foundation, the Covenant & Conversation Trust (registered charity).

PREVIOUS EXPERIENCE
Michael is the founder and former CEO of Hospital Plan Insurance Services, a company sold to AIG in 2000. He was previously Chairman and CEO of Acacia Asset Management Ltd, Hamilton Capital Management Ltd and Acacia Trust Ltd

Mr. Hans von Celsing
Non-Executive Director

(A) (R) (E)

Appointed to the Board in 2017. On the audit and remuneration committees. MBA from Harvard School of Economics.

KEY SKILLS AND COMPETENCIES
Hans brings over 35 years' experience to the Board with a particular focus on radiation therapy, medical innovation, product launches as well as corporate governance.

CURRENT EXTERNAL APPOINTMENTS
CEO of Plasma Surgical; Executive Chairman of Clinical Laser Thermia Systems AB; chairman of Gelexir Healthcare Ltd, Peptonic Medical and Partner Fondkommission AB; part-time consultant at Berkshire Investment Management.

PREVIOUS EXPERIENCE
Hans was an Adviser to Mevion Medical Systems for eight years and supported their international expansion in Europe and Asia. He joined Elekta, as Executive Vice President, in its early stages in 1985. Both Elekta and Mevion are active in the Radiation Oncology Technology market.

Mrs. Lori Cross
Non-Executive Director

(E)

Appointed to the Board in 2020. BS in Biomedical Engineering, MBA and Masters of Engineering Biomedical Systems.

KEY SKILLS AND COMPETENCIES
Lori has a wealth of experience in building and transforming leading global organisations, specialising in Medical Technology and Life Sciences. She also has extensive experience in strategic innovation, operational scale-up/execution, and leadership development.

CURRENT EXTERNAL APPOINTMENTS
President and founder of MindSpan Consulting; Board member of Fastems and Electrosonic.

PREVIOUS EXPERIENCE
Lori has successfully designed and commercialised numerous, disruptive healthcare business models, with executive positions at VIASYS Healthcare (acquired by Cardinal Health), Instrumentarium/GE Medical Systems, Smith & Nephew and Baxter Edwards Laboratories.

Prof. Steve Myers
Executive Director and ADAM Executive Chairman

Appointed to the Board in 2015. Honorary Member of the European Physical Society and of the Royal Irish Academy.

KEY SKILLS AND COMPETENCIES
Steve – as a world-class expert in accelerator physics – brings extensive experience of working on complex physics projects, particularly relating to engineering, innovation and project management.

CURRENT EXTERNAL APPOINTMENTS
n.a.

PREVIOUS EXPERIENCE
At CERN since 1972, Steve was leader of the Accelerator and beams Division from 2000 until 2009. In 2009 he was nominated fora five-year mandate as the Director of Accelerators and Technology (with special emphasis on the LHC). He then led the CERN Medical Applications Initiative from 2014 until 2016. Steve has been awarded (2003 London) the IOP Duddell (renamed Gabor in 2008) medal and Prize. He has also received the lifetime achievement award (2010 Kyoto) from the Internal Particle Accelerators Committee and shared the EPS Edison Volta Prize (2012 Milan and Strasbourg) and the Prince of Asturias Prize of Spain (2013 Oviedo).

Dr. Nick Plowman
Non-Executive Director

Appointed to the Board in 2017. Chairman of the Advanced Oncotherapy Medical Advisory Board since 2013. MA, MD, FRCP, FRCR.

KEY SKILLS AND COMPETENCIES
Nick brings an unprecedented depth of clinical experience in both paediatric and adult oncology to the Board. As a leader amongst clinicians, Nick has a wealth of insight which is invaluable in the deployment of LIGHT.

CURRENT EXTERNAL APPOINTMENTS
Senior Clinical Oncologist to St Bartholomew's Hospital and The Hospital for Sick Children Great Ormond Street, London.

PREVIOUS EXPERIENCE
Nick has a long-term interest in advances in the radiotherapeutic methods to treat prostate cancer and brain- and body-focussed radiotherapy techniques. He wrote over 300 research papers in radiotherapy and clinical oncology.

Mr. Nicolas Serandour
Chief Executive Officer

Joined the Board in September 2014. Nicolas previously held the roles of Group Finance Director and Chief Operating Officer. He assumed the role of CEO in October 2016. Management school (ESSEC) and post-degree master in risk management.

KEY SKILLS AND COMPETENCIES
Nicolas has extensive financial management and advisory experience in the healthcare and banking industry with general operational management experience.

CURRENT EXTERNAL APPOINTMENTS
None.

PREVIOUS EXPERIENCE
Nicolas is a former advisor at Lazard, Lehman Brothers and JPMorgan where he provided strategic and financial advice to healthcare companies.

Dr. Enrico Vanni
Non-Executive Director

(A) (R)

Appointed to the Board in 2013. On the audit and remuneration committees. PhD and post-doctoral experience in chemistry.

KEY SKILLS AND COMPETENCIES
Henri brings extensive advisory and consulting experience, especially on advising boards on strategic healthcare transformation and governance matters.

CURRENT EXTERNAL APPOINTMENTS
Vice-chairman of Novartis and Board member of Lombard Odier & Cie SA.

PREVIOUS EXPERIENCE
Henri began his career as a research engineer at IBM in the US. He later joined McKinsey & Co. in Switzerland, where he managed the Geneva office and led the firm's European pharmaceutical practice. Since retiring in 2007, Henri has continued to support leaders of pharmaceutical and biotechnology companies on core strategic challenges facing the healthcare industry. Former director of Eclosion2 SA, Alcon Inc. and Actavis Plc.

Mrs. Renhua Zhang

(E)

Non-Executive Director

Appointed to the Board in 2018.

KEY SKILLS AND COMPETENCIES
Renhua brings strong business and operational experience across the healthcare market, with a particular focus on China.

CURRENT EXTERNAL APPOINTMENTS
Co-Founder, CEO, and Vice Chairman of the Board of Realcan Pharmaceutical; supervisor at the Shandong Ruixiang Dental; supervisor at Shandong Chengen Invst. Co., Ltd; director and General Manager at Shandong Realcan Pharmaceutical Distribution Co., Ltd; executive director at Yantai Ruiyou Invst. Co., Ltd.

PREVIOUS EXPERIENCE
Renhua was the former Director of Nursing for one of China's leading regional Hospital Systems; she graduated in Business Administration from the Shandong Television Broadcast University.

(A) Member of the Audit Committee
(R) Member of the Remuneration Committee
(E) Member of the ESG Committee
(C) Chairman

THE EXECUTIVE TEAM

The Executive Team provides input and recommendations to assist the Chief Executive Officer in the day-to-day management of the business and its operations. Team members combine experience and expertise across a range of disciplines.

1. **Dr. Michel Baelen,** Director, Regulatory Affairs
2. **Mrs. Bridget Biggar,** HR Director
3. **Dr. Jonathan Farr,** Chief Clinical Officer
4. **Dr. Manuel Gallas,** Technical and Engineering Director
5. **Mrs. Louise Harley-Smeur,** Senior Vice-President, Intellectual Property
6. **Mr. Moataz Karmalawy,** Chief Commercial Officer, President US
7. **Mr. Ed Lee,** Chief Operating Officer, President Europe
8. **Mrs. Berengere Pons-Chabord,** Senior Vice-President, Corporate Finance
9. **Mr. Graham Pughe,** Senior Vice-President, Accounting
10. **Mr. Benoit Raskin,** Programme Director
11. **Mr. Julian Tokuta,** Director, Supply Chain

Dr. Michel Baelen
Director, Regulatory Affairs

- More than 19 years of experience in Regulatory and Quality for proton therapy
- Former Head of Regulatory Affairs and Quality Assurance at IBA
- Former Quality Coordinator at the University Hospital Saint-Luc at the Catholic University of Louvain

Mrs. Bridget Biggar
HR Director

- Fellow of the UK Chartered Institute of Personnel and Development
- Masters in Applied Positive Psychology from the University of Pennsylvania
- 13 years as an employer representative on the Employment Tribunal Board of England and Wales; has been an HR Director in various start-ups

Dr. Jonathan Farr
Chief Clinical Officer

More than 14 years of Radiation Physics experience across USA and Europe

- Former Chief of Radiation physics and Associate Professor at St. Jude Children's Research Hospital
- Current Privat Dozent at University of Essen-duisburg and chief medical physicist at WPE
- Author of many peer-reviewed publications on advances in proton, other particles and photon radiotherapy

Dr. Manuel Gallas
Technical and Engineering Director

- More than 10 years managing high tech product design and development, management of technology innovation and R&D across a broad area of expertise
- Ph.D. in High Energy Physics and an eMBA in Management of Technology, Innovation, and Entrepreneurship
- Fellow then Staff at CERN from 1999 to 2008 working on the PS-DIRAC proton experiment and the ATLAS Large Hadron Collider (LHC), Higgs-searching experiment

Mrs. Louise Harley-Smeur
Senior Vice-President, Intellectual Property

- European Patent Attorney and Head of the Intellectual Property Department
- Working in IP since 2001, half the time working on medical inventions; prior to that, during the 1990s, has worked in UK hospitals as a medical physicist, specialising in radiotherapy and imaging

Mr. Moataz Karmalawy
Chief Commercial Officer, President US

- Former General Manager of the Worldwide Particle Therapy Business for Varian Medical Systems, the world's largest manufacturer of radiotherapy equipment
- Grew the order book of Varian to over $1bn and achieved a 50% market share of the global particle therapy products market
- Also worked at Philips Medical Systems, Inc and won a performance excellence award for quality & customer satisfaction industry wide

Mr. Ed Lee
Chief Operating Officer, President Europe

- 29 years of experience in operations and manufacturing
- Former Production and Technical Field Service Director at Optivus Proton Therapy
- Manufacturing and operations experience spanning from high-volume/low-mix to low-volume/high-mix industries such as Automotive, Aerospace, Military/Defence, Nuclear, and Medical Device

Mrs. Berengere Pons-Chabord
Senior Vice-President, Corporate Finance

- Strong experience in financial analysis, business planning and Board/management reporting
- Previously worked for Lazard as an M&A Vice-President
- Transaction experience covers a wide range of private and public transactions, including acquisitions, divestitures, and more complex structures

Mr. Graham Pughe
Senior Vice-President, Accounting

- Seasoned finance professional with a strong technical grounding within all areas of the finance spectrum
- Implemented robust and pragmatic solutions for various industries including newspaper publishing, food manufacturing and building materials

Mr. Benoit Raskin
Programme Director

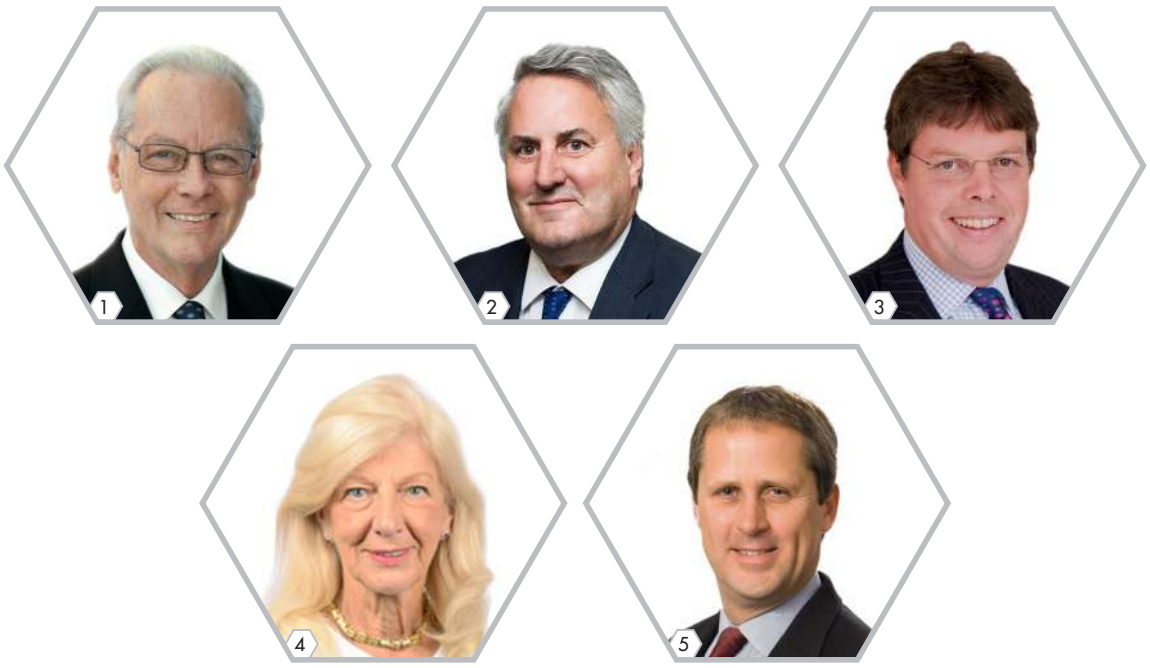
- More than 20 years experience in proton therapy as project manager and director at IBA
- Deep experience of site installation, commissioning, contract acquisition and customer acceptance

Mr. Julian Tokuta
Director, Supply Chain

- More than 20 years of professional procurement experience at Proxima Group and Accenture
- Substantial achievements in delivering supply chain strategies and procurement excellence that address unanticipated business challenges

MEDICAL ADVISORS

The medical advisory board comprises distinguished scientists and leaders of medical research and physics institutions. It provides insight, scientific direction, and expertise to Advanced Oncotherapy's leadership team.



1. **Prof. Ugo Amaldi,** Adviser
2. **Dr. Jay Loeffler, MD,** Adviser
3. **Prof. Chris Nutting,** Adviser
4. **Dr. Margaret Spittle, OBE,** Adviser
5. **Dr. Euan Thomson,** Adviser

Prof. Ugo Amaldi
Adviser

- Has been working at CERN since the 1970s; founded the DELPHI Collaboration, at CERN's LEP Accelerator: established TERA, the Italian Foundation for Hadrontherapy
- Led the design effort of the Italian National Centre of Oncological Hadrontherapy (CNAO)
- Awarded the Gold Medal for science and culture by the President of the Republic of Italy
- Appointed Fellow of the European Physics Society

Dr. Jay Loeffler, MD
Adviser

- Herman Suit Professor of Radiation Oncology at Harvard Medical School, Boston
- Chair of the Department of Radiation Oncology at the Massachusetts General Hospital, Boston
- Member of the Institute of Medicine of the National Academies of Science

Prof. Chris Nutting
Adviser

- World leading consultant oncologist
- Consultant clinical oncologist and chair at The Royal Marsden and The Institute of Cancer Research London; chairman of the National Advisory Board on Head and Neck Cancer to the Cancer Services Collaborative
- President of the British Oncological Association

Dr. Margaret Spittle, OBE
Adviser

- Clinical oncologist at University College London Hospital (UCLH) and consultant adviser in Radiation Medicine to Royal Navy and the Ministry of Defence
- Member of the Nuclear Safety Committee and Medical Adviser Board member to UK All Party Committee on Breast Cancer

Dr. Euan Thomson
Adviser

- Trained as a physicist; nearly 20 years of experience in research, clinical practice, consulting and corporate management and more than 14 years of experience as a CEO
- Operating partner at Khosla Ventures; CEO of AliveCor; Director of the Hospice of the Valley
- Served as global lead of R&D, digital technology and advanced innovation for J&J; previously the CEO of Accuray for 10 years; consultant for other medical device companies including Varian Oncology Systems and Radionics; has served as Chair of the California Division of the Entrepreneur of the Year award

CORPORATE GOVERNANCE REPORT

Good corporate governance is a prerequisite for a well-run company and this corporate governance report reflects the new regulations which encourage transparency in governance reporting and enhance understanding of how Advanced Oncotherapy is managed.

The underlying principle of the QCA code is that "the purpose of good corporate governance is to ensure that the Company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term".

The Board of Directors of the Company fully endorses the importance of corporate governance and has adopted The Quoted Companies Alliance Corporate Governance Code (2018) (the "QCA Code"), which they believe is the most appropriate recognised governance code for a company of its size with shares admitted to trading on the AIM market of the London Stock Exchange. The Board considered that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders.

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. Each principle is listed below together with an explanation of how the Company applies or otherwise departs from each of the principles. The Company is subject to the City Code on Takeovers and Mergers.

DELIVER GROWTH

- Establish a strategy and business model which promote long-term value for shareholders;
- Seek to understand and meet shareholder needs and expectations;
- Take into account wider stakeholder and social responsibilities and their implications for long-term success; and
- Embed effective risk management, considering both opportunities and threats, throughout the organisation.

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

- Maintain the Board as a well-functioning balanced team led by the Chair;
- Ensure that between them the Directors have the necessary up to date experience, skills and capabilities;
- Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement;
- Promote a corporate culture that is based on ethical values and behaviours; and
- Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

BUILD TRUST

- Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

PRINCIPLE ONE – BUSINESS MODEL AND STRATEGY

The Group's strategy is explained within the previous Strategic Report section, on pages 70 to 71. It intends to invest for growth in the following areas:

- provide a turn-key solution that delivers the best outcome for patients by bundling the LIGHT technology with complementary services, including training, maintenance, financing, and building development and installation;
- build on the LIGHT technology to make the treatment more affordable for patients whilst optimising the financial returns of the operators;
- ensure the Company builds the right network and capabilities to deliver its fast-growing pipeline in a way that aligns the interest of all stakeholders of Advanced Oncotherapy;

- plan and produce a series of product releases with continued technical and medical upgrades through a strong commitment to maintain an active R&D effort; and
- maintain brand awareness and reputation of the Group.

The key challenges to the business and how these are mitigated are detailed on pages 72 and 73.

PRINCIPLE TWO – UNDERSTANDING SHAREHOLDER NEEDS AND EXPECTATIONS

The Company communicates with its shareholders principally via a Regulatory Information Service, its website, social media, formal company meetings and periodic investor presentations. An up-to-date information flow is maintained on the Company's website http://www.avoplc.com which contains all press announcements, financial reports as well as operational information on the Company's activities.

Copies of the annual report (which includes the notice of the AGM) are available to all shareholders and can be downloaded from the investors section of the Company's website. The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and that approvals sought at the Company's AGM are as much as possible within the recommended guidelines of the QCA Code. The results of the resolutions put forward to the AGM are communicated to the shareholders by way of RNS.

The Company's management meets prospective and existing investors from to time to time to update them on progress made and to assess the availability of funding to advance the Company's plans.

The Company has recorded a number of media interviews which are available to download on leading investor-focussed websites and from the media section of the Company's website.

The Company has established an email alert service on its website to which shareholders and other interested parties can subscribe to receive company announcements as and when they wish (www.avoplc.com/en-gb/Investors/Investor-Alert-Service). All contact details are included on the investor relations website.

PRINCIPLE THREE – CONSIDERING WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES

The Company is aware of its corporate social responsibilities and the need to maintain effective working relationships across a wide range of stakeholder groups. This is evidenced and underpinned by the vision and values of the Company, described in pages 12 and 13 of the Strategic Report. The Company regards its employees and their families, its partners, customers and its shareholders to be the core of the wider stakeholder group. It is the Group's policy and practice to comply with health, safety and environmental regulations and the requirements of the countries in which it operates to protect its employees, partners, assets and the environment. A range of processes and systems have also been put in place to ensure that there is close oversight and contact with these key resources and relationships.

Staff employed by the Group are based primarily in Switzerland and the UK. As well as providing employees with appropriate remuneration and other benefits, together with a safe working environment, the Board recognises the importance of communication with employees to motivate them and involve them fully in the business. Staff are kept informed of major developments from the Chief Executive Officer and are encouraged to discuss these matters openly within the Company. Weekly updates are also sent to the team and weekly and bi-weekly meetings are also organised at each division's level to ensure a constant flow of information. Furthermore, a company-wide internal information system shares information on key developments, enabling the Company to efficiently fulfil customer requirements.

All employees of the Company participate in an annual ROADMap assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Company to promote successful two-way communication with agreement on goals, targets and aspirations of the employee and the Company. These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of employees and the Company. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

Advanced Oncotherapy's website was upgraded at the end of 2019 and in 2020, taking into account some of the comments provided by shareholders. A corporate video has also been produced and shown on the website following requests from potential customers. Informal contact is promoted through use of social media such as Facebook, Twitter, Linkedin and Yammer.

PRINCIPLE FOUR – RISK MANAGEMENT

Risk assessment and evaluation is an essential part of the Company's planning and control system. This is also critical to safeguard the Company's assets and enable it to meet its strategic objectives. The Company operates in a highly regulated environment and as such is necessarily subject to stringent medical norms and regulation as well a rigorous health and safety regime.

The Board has delegated the responsibility for reviewing and monitoring the risk management systems to the Audit Committee, which works closely with the management and reports back to the Board. A key role of the Audit Committee is to manage rather than eliminate the risk of failure to achieve business objectives; therefore, it can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Information about the key risks to the business, and how these are mitigated can be found on pages 72 and 73. This is supplemented by a risk log updated internally by the management team. The Board considers risks to the business during Board meetings. The Company formally reviews and documents the principal risks to the business at least annually.

The Executive Directors and the senior management team meet on a regular basis to review ongoing performance, discuss budgets and forecasts and new risks associated with ongoing trading. The Audit Committee met three times during the year ending 31st December 2020.

PRINCIPLE FIVE – A WELL FUNCTIONING BOARD OF DIRECTORS

The Board currently comprises of six Non-Executive Directors and three Executive Directors.

CORPORATE GOVERNANCE REPORT _Continued

The biographies on page 77 include further disclosures in relation to the Directors, their relevant experience, skills and personal qualities and capabilities.

Duties

The Board as a whole is collectively responsible for the success of the Company and provides leadership of the Group within the framework of effective controls, which enable risks to be assessed and managed. It sets out the Group's values and standards and ensures that its obligations to shareholders and other stakeholders are understood and met.

In accordance with the Companies Act 2006, the Board complies with a duty to:

- act within their powers;
- promote the success of the Company;
- exercise independent judgement;
- exercise reasonable care, skill and diligence;
- avoid conflicts of interest;
- avoid benefits from third parties; and
- declare any interest in a proposed transaction or arrangement.

Time Commitment

Executive Directors are expected to devote most of their time to their duties with the Company. The Non-Executive Directors devote considerable time to the Group beyond the programme of Board and Board Committee meetings. Their activities necessarily include further investigation of reports submitted to them and discussion with the senior executives and other subject matter experts, and extend to induction and training to ensure they understand the business and are kept up to date with emerging technology, regulations, and other matters impacting the Group.

Independence

The Directors are mindful that a balance between Executive and independent Non-Executive Directors should be maintained to facilitate impartial and equitable decision making.

The individual members of the Board have equal responsibility for the overall stewardship, management and performance of the Group and for the approval of its long-term objectives and strategic plans.

Whilst the Board recognises that having an Executive Chairman is not considered best practice under the QCA Code, it feels that the commitment, expertise, industry connections and enthusiasm the Executive Chairman brings to the role offset this. The role of the Chairman is reviewed periodically by the Board.

The current division of responsibilities between the Executive Chairman and Chief Executive Officer have each been agreed by the Board. Dr Michael Sinclair, the Executive Chairman, is responsible for the running of the Board. Nicolas Serandour, the Chief Executive Officer, has executive responsibility for running the Group's business and implementing its strategy.

All Non-Executive Directors serving at the year-end bring an independent judgement. The Board does not consider the shareholdings of the Non-Executive Directors as detailed on page 99 to have any effect on their independence. The Executive Chairman and other Non-Executive Directors have other directorships, which are not deemed to conflict with the business of the Company.

Attendance

The Board met seven times in 2020, excluding separate ad-hoc meetings and calls. It has established an Audit Committee and a Remuneration Committee, the particulars of which appear hereafter. The record of each Director's attendance at Board meetings is set out below.

Directors who were unable to attend specific meetings reviewed the relevant papers and provided their comments to the Executive Chairman of the Board or Committee. Any Director who misses a meeting receives, as a matter of course, the minutes of that meeting for reference.

Director	*Scheduled Board meetings*	*Ad hoc Board meetings[2]*	*Audit and Remuneration Committees*
Dr. Michael Sinclair	7/7	5	
Mr. Michael Bradfield	6/7	5	4
Mr. Hans von Celsing	7/7	5	7
Mrs. Lori Cross	1/1	1	
Prof. Steve Myers, OBE	7/7	4	
Dr. Nick Plowman	4/7	4	
Mr. Nicolas Serandour	7/7	5	
Dr. Enrico Vanni	7/7	5	5
Mrs. Renhua Zhang	2/7[1]	1	

[1] Mr Chunlin Han attended board meetings when Ms Renhua Zhang has been unable to attend meetings

[2] Where often only a quorum is necessary

Company Secretary

All Directors have access to the advice and services of the Company Secretary, Henry Clarke, who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with.

Access to Information

Guidelines are in place concerning the content, presentation and timely delivery of papers by management to Directors for each Board meeting so that the Directors have enough information to be properly briefed. Where issues arise at Board meetings, the Executive Chairman ensures that all Directors are properly briefed and, when necessary, appropriate further enquiries are made.

In addition, the Board keeps abreast of ongoing changes relating to governance and compliance, the AIM Rules for Companies, QCA Code, the Market Abuse Regulation and other statutory and regulatory developments. In that regards, all Directors have access to the Company's NOMAD, Company Secretary, lawyers and auditors and are able to obtain advice from other external bodies as and when required, at the Company's expense. Details of the Company's advisors can be found on the website and on page 152 of the annual report.

Services and Re-election

All Executive Directors have service agreements with the Group terminable by either party upon the minimum notice period being met. The notice period is 24 months for Dr. Michael Sinclair and Nicolas Serandour and six months for Prof. Steve Myers. Non-Executive Directors are initially appointed for a three-year term, but their appointment is terminable by either party on three months' written notice. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours.

	Date of Appointment
Executive Directors	
Dr. Michael Sinclair	16th June 2006
Mr. Nicolas Serandour	27th August 2014
Prof. Steve Myers, OBE	26th January 2017
Non-Executive Directors	
Mr. Michael Bradfield	26th April 2013
Mr. Hans von Celsing	26th January 2017
Mrs. Lori Cross	29th September 2020
Dr. Nick Plowman	9th February 2017
Dr. Enrico Vanni	1st October 2013
Mrs. Renhua Zhang	28th August 2018

Executive and Non-Executive Directors retire by rotation in accordance with the Company's Articles of Association which prescribe that at every Annual General Meeting one third of the Directors shall retire from office. However, to underline their accountability to shareholders and the Board's commitment to appropriate corporate governance, each Director will stand for re-election at the upcoming AGM. The Board has concluded that each Director is eligible for re-election. The Executive Chairman and the Chief Executive Officer evaluate succession planning at the Board level and will discuss this with the Non-Executive Directors as appropriate.

New Appointments

When a new appointment to the Board is made or a removal is being considered, thought is given to the particular skills, knowledge and experience that could be of benefit to the Board. In the case of a new appointment, a formal process is then undertaken, which may involve external recruitment agencies, with appropriate consideration being given, in regard to Executive appointments, to internal and external candidates. Before undertaking the appointment of a Non-Executive Director, the Executive Chairman establishes that the prospective Director can give the time and commitment necessary to fulfil his/her duties, in terms of availability both to prepare for and attend meetings and to discuss matters at other times.

Share Dealing

The Company has established a Group share dealing code which complies with all applicable legislation and which is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016. All the Directors of the Group understand the importance of compliance with the Code. At every Board meeting, Directors are reminded whether they are allowed to trade shares of the Company.

PRINCIPLE SIX – APPROPRIATE SKILLS AND EXPERIENCE OF THE DIRECTORS

Diversity

The Company embraces diversity and is dedicated to encouraging inclusion without compromising professionalism, experience and expertise. This is reflected in the composition of the Board who has significant industry, financial, public markets and governance experience and who possesses the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long-term. One-third of the Non-Executive Directors are female.

Skills and Experience

The Board recognises the importance of having a balanced and diversified set of skills and experience which reflect the current maturity of the Company as well as its growth prospects. In that respect, in September 2020, the Board appointed Lori Cross who brings over 35 years of experience in commercialising disruptive MedTech innovations and a wealth of experience in the US, a key market for the Company.

Further information regarding each current Director's experience, skills and capabilities is summarised below.

Director	*CEO Experience*	*Finance*	*Strategy*	*Remuneration*	*HR / people*	*Healthcare and Engineering*
Dr Michael Sinclair	•	•	•		•	•
Mr. Michael Bradfield	•	•	•	•	•	•
Mr. Hans von Celsing	n.a	•	•	•	•	•
Mrs. Lori Cross	n.a	•	•	•	•	•
Prof. Steve Myers	n.a		•		•	•
Dr. Nick Plowman			•			•
Mr. Nicolas Serandour	•	•	•		•	•
Dr. Enrico Vanni		•	•	•	•	•
Mrs. Renhua Zhang	•		•		•	•

PRINCIPLE SEVEN – EVALUATION OF BOARD PERFORMANCE

This year the Board conducted a Board Effectiveness review under the auspices of the Senior Independent Director Hans von Celsing and Non-Executive Director Lori Cross, assisted by the Company Secretary. The Board was surveyed in May 2021. The Board is considering the findings of the review and formulating responses. As part of this process, a policy for board effectiveness reviews for future years was developed to align with the strategic governance needs of the Company. As the Board is keen to continuously develop its corporate governance, the work will be continued under the Environmental, Social and Governance sub-committee of the Board that was established in May 2021. The members include Hans von Celsing, Lori Cross and Renhua Zhang, with the Company Secretary.

PRINCIPLE EIGHT – CORPORATE CULTURE

The Board firmly believes that sustained success will best be achieved by adhering to a corporate culture of treating all stakeholders fairly and with respect. Accordingly, in dealing with each of the Company's principal stakeholders, the Company is guided by its values of life, safety, quality and innovation. Pages 12 and 13 of the Strategic Report further details these ethical

CORPORATE GOVERNANCE REPORT _Continued

values. The Board places great emphasis on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

Openness and Well-being

The Company takes the welfare of all its employees extremely seriously and continues to invest in its people, who are encouraged to develop and grow with the business. Advanced Oncotherapy strives to continually improve the working environment and benefits of its people. It prides itself on its inclusive culture and team spirit, and in operating in a fair and sustainable manner whilst management encourages the staff to operate in an honest and respectful manner. This is done by listening to and actioning feedback given during its ROADMap process (performance management conversations), and internal HR channels, with immediate attention paid to any concerns raised. The Company is continually improving the support provided to managers to help ensure that they are actively listening and valuing their teams. The Company's commitment to staff is shown in the significant investment made to upgrade facilities and the working environment. During the Covid-19 pandemic, the Company has also increased communication and support to all staff with frequent updates about the local situation and measures taken to keep everyone safe. The Company has invested in the training of the HR team to become mental health first aiders to support the increased levels of stress and anxiety some are facing in the light of Covid-19.

Anti-Bribery and Corruption

All staff and Directors are bound by the Company's Anti Bribery and Corruption policies. The Company has a zero-tolerance approach with its policies to protect the Company, its employees and those third parties with which the business engages. These policies are provided to staff upon joining the business to ensure that everyone within the business is aware of the importance of all dealings within the Company being carried out with the highest integrity. All policies are regularly reviewed and compliance training is given. Each employee is required to sign an agreement to confirm that they understand and will comply with the policies.

Diversity

The Board believes it is crucial for the success of the Company to have a diverse workforce comprised of individuals with different ideas, strengths, interests and backgrounds. It sees a great benefit in the diversity of employees, as this helps the Company to better fulfil the wishes and multi-faceted demands of customers around the world and provides a higher-performing workplace. The Company strives to create an environment where all employees are heard and appreciated – regardless of gender, nationality, ethnic origin, religion, world view, abilities, age, sexual orientation or identity.

The Board believes in mixed leadership teams as a competitive advantage and driver of success. By the end of 2020, the Company had recorded a total of 26% of women globally. The Group applies fair and equitable employment policies, and these ensure that entry into, and progression within, the Group is determined solely by the fair application of relevant job criteria and by personal ability and competence. The Company actively promotes the career development of its employees. Full and fair consideration (having regard to the person's particular aptitudes and abilities) is given to applications for employment and the career development of disabled persons. The Group will take all practicable steps to ensure that if an employee becomes disabled during the time they are employed, their employment can continue. It continues to review both performance and potential as a key part of its annual performance management, career development and succession planning processes. Diversity is at the heart of the Group culture, which is characterised by a meritocratic and collaborative ethos. 26 different nationalities are represented in the Group as of 31st December 2020.

Whistleblowing Procedures

The Company's management structure emphasises short reporting lines, encouraging its staff to realise their full potential, as well as to raise issues and concerns with senior managers and Directors. In addition, the Group operates a whistleblowing policy which allows all employees to raise concerns to senior management in strict confidence about any unethical business practices, fraud, misconduct or wrongdoing.

PRINCIPLE NINE – MAINTENANCE OF GOVERNANCE STRUCTURES AND PROCESSES

The Board retains full and effective control over the Company and holds regular Board meetings at which financial, operational and other reports are considered and where appropriate voted upon. It has ultimate accountability for good governance and is responsible for monitoring the activities of the management team. The Board is responsible for the Company's strategy and key financial and compliance issues.

The Board has a schedule of matters specifically reserved for its approval. These matters are delegated to the Board Committees, Executive Directors, executive management team and senior management where appropriate. The schedule of matters reserved for the Board can be found on the website www.avoplc.com.

The Board is satisfied that the Company's governance structures and processes are consistent with its current size and complexity. The current structure enables the retention of key skill-sets within the Company whilst facilitating the enhancement of the senior management base and the continuing development of the Board and the management in line with the QCA Code's key principles. As the Company grows, the Directors will ensure that the governance framework is reviewed and appropriately updated to support the development of the business. The Company continues to look at how to best improve its corporate governance; and as a fast-growing company Advanced Oncotherapy is constantly looking for ways to strengthen its Board, whilst ensuring that the business is led by people with the right experience, passion and enthusiasm.

There are three Board committees – Audit, Remuneration and ESG Committees. The roles and responsibilities of each are detailed below. The terms of reference of the Audit Committee and the Remuneration Committee are set out on the Company's website. All Board Committees report back to the Board following a Committee meeting.

Audit Committee

The Board is required to establish formal and transparent arrangements for considering how it should apply required financial reporting standards and internal control principles. The Board is also responsible for maintaining appropriate independent relationships with the Group's external auditors, RPG Crouch

Chapman LLP. As a result, a sub-committee of the Board – the Audit Committee – exists to scrutinise and clarify any qualifications, recommendations and observations within the audited accounts and report of the Group's auditors. The Audit Committee is also responsible for reviewing the effectiveness of the Company's internal controls and risk management systems as well as assisting with the Board's oversight of the independence and performance of the Company's Auditor, in all cases having due regard to the interests of shareholders. When satisfied, the Audit Committee presents the audited accounts and report to the Board and reviews the effectiveness of resultant corrective and preventative measures.

Hans von Celsing is currently the Chairman of the Audit Committee. Dr. Enrico Vanni and Michael Bradfield, both Non-Executive Directors, are the other members of the Audit Committee. The composition of the Audit Committee is reviewed on an annual basis to ensure that it is comprised of members with skills and competences relevant to the radiotherapy equipment sector and with financial experience. The biographies of all the members of the Audit Committee are on page 77 and show that the members of the Audit Committee have gained a combination of financial, investment and other relevant experience throughout their careers, which satisfies the provisions of the Quoted Company Alliance ("QCA") Code. The Audit Committee may invite representatives of the management team and other Directors to attend the meetings as appropriate. The Chairman of the Audit Committee maintains dialogue with them outside of the scheduled meetings and meets with the auditors without the presence of Executive Directors and members of the finance team.

The Audit Committee met three times in 2020. Matters considered at these meetings included:

- reviewing and approving the annual report and financial statements for the year and half-year end;
- recommending to the Board on the appointment of auditors and confirmation of their independence, scope for audit work, remuneration and effectiveness;
- considering the reports from the external auditors identifying any accounting or judgemental issues requiring the Board's attention;
- reviewing the Going Concern Statements presented in the Annual Report, the supporting budgets, forecasts and evidence as well as the performance evaluation process for the Audit Committee;
- reviewing and approving the group's tax strategy; and
- considering the adequacy of the whistle-blowing policy, the anti-bribery training and monitoring as well as the data protection policy and procedures.

Remuneration Committee

The Remuneration Committee reviews the performance of the Executive Directors and senior executives and determines their terms and conditions of service, including their remuneration and the grant of share awards, having due regard to the interests of shareholders. The Remuneration Committee reviews individual performance to ensure that targets are both challenging and closely linked to the Group's strategic priorities.

The level of remuneration of the Directors is set out in the Group's Remuneration Report on pages 92 to 94. It is a rule of the Remuneration Committee that a Director shall not participate in discussions or decisions concerning his/her own remuneration.

The chairman of the Remuneration Committee is Hans von Celsing[1]. Dr. Enrico Vanni and Michael Bradfield, both Non-Executive Directors, are the other members of the Remuneration Committee.

The Remuneration Committee met four times in 2020.

ESG Committee

Post year-end, the Company established a new Board sub-committee created to focus on Environmental, Social and Corporate Governance ("ESG") matters and instructions for the ESG Committee were adopted in May 2021. In the midst of the COVID-19 crisis, we believe that the importance of environmental, social and governance analysis has been reinforced.

Members include Lori Cross, Renhua Zhang and Hans Von Celsing. The committee ensures that the Company has an Environmental, Social and Governance Strategy (the "ESG Strategy") and that it remains fit for purpose, that short and long term objectives for the Company's ESG Strategy are in place and that key metrics are reported on, and that all related policies are regularly reviewed and updated and remain in compliance with any relevant national and international regulations.

PRINCIPLE TEN – SHAREHOLDER COMMUNICATION

The importance of engaging with shareholders underpins the essence of the business. Therefore the Company ensures that there are numerous opportunities for investors to engage with both the Board and executive team.

The Board places a high priority on transparent and effective communications with shareholders. As an AIM listed company there is a need to provide fair and balanced information in a way that is understandable to all stakeholders. The Board recognises the importance of engaging with all stakeholders including employees, investors, partners, suppliers, media and communities.

The primary communication tool with shareholders is the Company's website, https://www.avoplc.com. The shareholders are also kept up to date through Regulatory News Service, ("RNS") on regulatory matters and matters of material substance.

The Company reports formally to its shareholders and the market twice each year with the release of its interim and full year results. The full year results are audited by an external firm of auditors with the interim statement usually subject to a review by the same external auditors. These reports contain full details of all the principal events of the relevant period together with an assessment of current trading and future prospects. The interim report and other investor presentations are also available on the website. The Company has full electronic communications in place, so that shareholders (unless they elect otherwise) will have access to communications through the Company's website.

Upon conclusion of Shareholder meetings arrangements are made that the outcomes of votes cast by shareholders to be disclosed in a clear and transparent manner. If a significant proportion of votes (20%+) was ever cast against a resolution, the Company would provide, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or would take, as a result of the vote.

[1] Dr. Enrico Vanni took over the role of chairman of the remuneration Committee as of May 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as applied in accordance with the provisions of the Companies Act 2006 and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as applied in accordance with the provisions of the Companies Act 2006 have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' CONFIRMATIONS

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

In the case of each Director in office at the date, the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditors are aware of that information.

This responsibility statement was approved by the Board of Directors on 29 June 2021 and is signed on its behalf by:

Dr Michael Sinclair
Executive Chairman
29 June 2021

AUDIT COMMITTEE REPORT

The Audit Committee plays a key role in governance of the Group's financial reporting and risk management and ensures that shareholders' interests are protected and the Company's long-term strategy is supported.

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee are independent Non-Executive Directors who possess the necessary depth of financial and commercial expertise to fulfil their role. Detailed information on the experience, skills and qualifications of all Committee members can be found on page 87. The Board is satisfied that the Committee Chair, Hans von Celsing, has recent and relevant financial experience.

Although not members of the Audit Committee, the CEO, the SVPs (Finance and Accounting) and the Company Secretary are also invited to attend meetings, unless they have a conflict of interest. Other senior members of the business are invited to attend meetings as appropriate.

TERMS OF REFERENCE

The terms of reference of the Audit Committee are available for review on the Company's website at www.avoplc.com. These are reviewed periodically taking into account relevant legislation and recommended good practice.

FINANCIAL REPORTING

The Audit Committee's primary responsibility in relation to the Group's financial reporting is to review, with management and the external auditors, the quality and appropriateness of the annual and half-yearly financial statements. The Audit Committee focuses on the quality of accounting policies and practices, the appropriateness of underlying assumptions, judgements and estimates made by management, key audit matters identified by the external auditors, the clarity of the disclosures and compliance with financial reporting standards, an assessment of whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance,

business model and strategy. The Audit Committee received reports from management in relation to the identification of critical accounting judgements and significant accounting policies.

The Audit Committee has discussed areas of risk with the auditors and agreed for the following areas of heightened risk to be reviewed and assessed in the audit of the Group's performance in the financial year to 31st December 2020:

- Carrying value of intangibles;
- Carrying value of inventory;
- Accounting for convertible loan agreements; and
- Going concern.

For each of the above areas the Audit Committee considered the key facts and judgements outlined by management. Members of management attended the section of the meeting of the Audit Committee where their item was discussed to answer any questions or challenges posed by the Audit Committee. Key findings are provided in the Independent Auditor's Report on pages 102 to 105. The Audit Committee was satisfied that there are relevant accounting policies in place in relation to these key areas and management have correctly applied these policies.

FAIR, BALANCED AND UNDERSTANDABLE

The Annual Report and Accounts continues to focus strongly on key strategic messages and the Audit Committee has had due attention to this emphasis and balance of this where it may affect disclosures elsewhere in the Annual Report and Accounts. In addition, the Audit Committee gave due consideration to the integrity and sufficiency of information disclosed in the Annual Report and Accounts to ensure that they clearly explain the Group's financial position, performance, business model and strategy. An assessment of the narrative reporting was also undertaken to ensure consistency with the financial statements, including appropriate disclosure of material or significant items necessary to aid a reader's understanding and appropriate balance of reported and adjusted performance measures.

In conclusion, the Audit Committee reported to the Board that it considers the Annual Report for the year ended 31st December 2020 to be fair, balanced and understandable and provides the information necessary for shareholders to assess the strategy, business model and financial position and performance of the Company.

RISK MANAGEMENT

The Audit Committee oversees the effectiveness of the Group's risk management and reviews and monitors the key risks in order to eliminate or mitigate against those risks. The Audit Committee has assured itself that a risk management framework is in place and effective; it is satisfied that risks are within the risk appetite of the Group and, where mitigating actions are undertaken, they are proportionate.

EXTERNAL AUDIT

The external auditors, RPG Crouch Chapman LLP, were first appointed in the financial year to 31st December 2011. The fees paid to RPG Crouch Chapman LLP for the financial year to 31st December 2020 were £55,500 (2019: £55,500). In line with its Terms of Reference, the Audit Committee undertakes a thorough assessment of the quality, effectiveness, value and independence of the audit provided by RPG Crouch Chapman LLP each year, seeking the views of the Board, together with those of relevant members of the executive team.

The Board is satisfied that the Group has adequate policies and safeguards in place to ensure RPG Crouch Chapman LLP maintain their objectivity and independence. The external auditors report to the Audit Committee annually on their independence from Advanced Oncotherapy. Periodic rotation of key audit partners is also required. Current audit partner Colin Turnbull first started overseeing the external audit of the Company with effect from the financial year ended 31st December 2018.

In line with the requirements of the Revised Ethical Standard issued December 2019 by the Financial Reporting Council (FRC), the Audit Committee continues to have a robust policy for the engagement of the external auditors' firm for non-audit work. The Audit Committee received a report covering the auditors' fees including details of non-audit fees incurred. Details of the amounts paid to the external auditors during the year for audit and other services are set out in Note 2 to the financial statements. The external auditors were engaged for one non-audit assignment during the year. The use of their knowledge of the facts under consideration was seen as being cost effective for the Group. Their engagement was not deemed to compromise their objectivity.

Following the most recent review, the Audit Committee recommended the reappointment of RPG Crouch Chapman LLP as auditors of Advanced Oncotherapy, and RPG Crouch Chapman LLP expressed their willingness to continue.

A resolution to reappoint RPG Crouch Chapman LLP and a resolution to enable the Directors to determine their remuneration will be proposed at the Annual General Meeting.

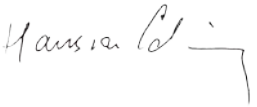
INTERNAL AUDIT

The Company does not currently have an internal audit function. The Audit Committee presently considers this to be appropriate given the close involvement of the Executive Directors and senior management on a day-to-day operational basis. However, the Board, with advice from the Audit Committee, annually reviews the need for an in-house internal audit function.

LOOKING AHEAD

The Audit Committee's oversight of financial reporting, external audit, and the further development of the control and risk environments have been areas of significant focus. These are likely to remain so for the year ahead as the Company grows in line with its strategy. The Audit Committee remains focused on ensuring that finance and risk capability is enhanced appropriately to reflect an increasingly regulated environment.

I am confident that the Audit Committee has the necessary skills and experience to continue to meet the challenges ahead.



Hans von Celsing
Chairman of the Audit Committee
29 June 2021

REMUNERATION COMMITTEE REPORT

This report is intended to explain the remuneration approach adopted by the Company and to enable shareholders to appreciate how it underpins the Group's business growth and strategic objectives.

The Remuneration Committee is primarily responsible for assessing the performance of the Executive Directors and senior management of the Company and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee is also responsible for making recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time as well as employee benefit structures across the Group. In discharging its duties, the Remuneration Committee considers the wider economy, the market in which the Company operates and the overall performance of the Company and the individuals.

This report does not constitute a Directors' remuneration report in accordance with the Companies Act 2006. As a company whose shares are admitted to trading on AIM, the Company is not required by the Companies Act to prepare such a report. However Advanced Oncotherapy has always recognised the need to report in an open and transparent manner and align with shareholder and stakeholder expectations. Therefore, and in exercising its role, the Remuneration Committee shall have regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance. The Remuneration Committee meets as and when necessary, but at least twice each year.

COMPOSITION OF THE REMUNERATION COMMITTEE AND RESPONSIBILITIES

The composition of the Remuneration Committee and its responsibilities are set out in page 87.

TERMS OF REFERENCE

The terms of reference of the Remuneration Committee are available for review on the Company's website at www.avoplc.com. These are reviewed periodically taking into account relevant legislation and recommended good practice.

REMUNERATION POLICY

The remuneration policy of the Company is formulated to attract and retain high-calibre executives and motivate them to develop and implement the business strategy set by the Board in order to optimise long-term stakeholder value. It is the intention that this policy should conform to best practice standards and that it will continue to apply for 2021 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles:

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- total incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests;
- incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle;
- the design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- in considering the market positioning of reward elements, account will be taken of the performance of the Group and of each individual senior team member; and
- reward practice will conform to best practice standards as far as reasonably practicable.

When formulating the scale and structure of remuneration levels the Remuneration Committee considers market rates, drawn from external market data, for the level of remuneration offered to directors of similar type and seniority in other companies whose activities are similar to Advanced Oncotherapy. In addition, the Remuneration Committee also considers the pay and employment conditions of team members when determining their remuneration as well as the relevant legal and regulatory requirements and corporate governance guidelines. Where appropriate it seeks advice from external consultants. No Director was involved in deciding the level and composition of their own remuneration.

Each Executive Director's remuneration package consists of basic salary, discretionary bonus, share options and other benefits, including Medical health insurance, life cover and pension contributions. An appropriate balance is maintained between the fixed and performance related remuneration elements.

The policy on each element of remuneration and how it operates, is also detailed on the following page. The main elements of the remuneration packages are as follows.

BASIC ANNUAL SALARY AND PENSION

Basic annual salary and contribution to pension arrangement or payments in lieu of pensions are reviewed annually by the Remuneration Committee. This takes into account a number of factors, including the current position and progress of the Group, individual contribution and market salaries for comparable organisations.

OTHER BENEFITS

Medical health insurance, life cover and pension benefits and other benefits may also be provided to employees once they have met eligibility criteria.

DISCRETIONARY BONUS

Bonus awards are determined by the Remuneration Committee taking into account Company and individual performance. They are either related to the achievement of personal, departmental and/or Group targets/milestones. In addition, the Remuneration Committee has the discretion to settle an element of any bonus in shares or share options in lieu of cash considerations.

LONG-TERM INCENTIVE PLAN AND SAVE AS YOU EARN SCHEME

Details can be found on page 94.

DIFFERENCES IN THE REMUNERATION POLICY OF THE EXECUTIVE DIRECTORS AND THE GENERAL EMPLOYEES

There are no material differences in the structure of remuneration arrangements for the Executive Directors and senior management, aside from quantum and participation levels in incentive schemes, which reflect the fact that a greater emphasis is placed on performance-related pay for Executive Directors and the most senior individuals in the management team. The Group aims to provide remuneration structures for employees which reflect market norms.

NON-EXECUTIVE DIRECTORS

Non-Executive Directors' fees were reviewed in October 2020, in the context of the changes made to the Board in June 2020. In addition to an annual fixed fee of £30,000, Non-Executive Directors are paid additional fees for memberships of Board Committees. Fees for Non-Executive Directors are set by the Board.

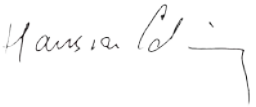
- Committee Chairmanship fee: £15,000
- Other Committee Membership fee: £10,000

On 26th October 2020, the Company agreed to issue 250,000 new ordinary shares to Hans von Celsing, Dr. Enrico Vanni, Michael Bradfield and Dr. Nick Plowman in lieu of additional fees to be paid reflecting additional work that has been undertaken by these Directors since they respectively joined the Board of Advanced Oncotherapy.

Non-Executive Directors do not receive any pension payments or other benefits. They do not participate in bonus or incentive schemes. Most Non-Executive Directors have historically elected to receive their fees in shares of the Company. Please refer to Directors' shareholding on page 99 and options on page 119.

CONCLUSION

The Board firmly believes that the remuneration policy of the Company effectively rewards and incentivises the executive and senior management team in pursuit of the Company's strategic aims and that these incentives align with long-term stakeholder value creation.



Hans von Celsing
Chairman of the Remuneration Committee
29 June 2021

REMUNERATION COMMITTEE REPORT _Continued

Element of pay	Link to remuneration policy/strategy	Key features/ Operation	Potential value	Performance metrics
Base salary	To attract and retain high-calibre executives.	Reviewed annually. Senior members' experience, responsibilities and performance taken into consideration. Performance is assessed both from an individual and business perspective. Reflects market data for comparable positions in similar companies.	No maximum or minimum annual increase. Higher increases than the average percentage for the workforce may be appropriate, for example, where an individual changes role, where the complexity of the Group changes, where an individual is materially below market comparators or is appointed on a below market salary with the expectation that his/ her salary will increase with experience and performance.	None.
Benefits	To provide an attractive package alongside basic salary to attract and retain executives.	Benefits include but are not limited to private medical insurance, fuel benefit and dental insurance.	The potential value of medical insurance benefits is limited by the terms of the policy.	None.
Pensions	To provide market competitive arrangements.	The Company contributes to executives' existing personal pension schemes. Cash payments in lieu of pension are available in the event an executive has exceeded their personal pension allowance.	Between 7% and 10% of basic salary	None.
Perfor-mance related bonus	To incentivise achievement of Company targets and other near-term strategic objectives.	Bonus can be settled in shares or share options in lieu of cash considerations.	Payments capped at 100% of salary. Additional discretionary bonus can be awarded subject to specific contributions, roles and performance of individuals.	Takes into account Company and individual performance, which are related to the achievement of personal, departmental and/ or Group targets/milestones.
Long- Term Incen-tive Plan ("LTIP")	To align executives to the interests of shareholders and to incentivise long-term financial performance.	Latest award was announced on 6th October 2020, under which the Remuneration Committee awarded twenty-four million options with an exercise price of 50 pence per share to Executive Directors and senior management (implying a premium of c.61.9% to the weighted average share price over the prior 30 days and a premium of 100% to the issue price of the fundraising completed by the Company in May 2020). The options have a five-year term, expiring on 5th October 2025 and will vest upon the achievement of conditions. The vesting of the Options is subject to the continued employment of the option holders.	n.a.	Performance conditions, targets and weightings set at the time of an award to ensure they are stretching and aligned with the Company's strategy to build shareholder value. Latest grant of LTIP options announced in October 2020; options to vest at the discretion of the Remuneration Committee, based on four vesting conditions: • the LIGHT system is fully operational at 230MeV; • the first patient has been treated; • the LIGHT system has been certified; and • the Company's share price has been in excess of £1.00 for 30 consecutive calendar days.
Savings related share option scheme or SAYE (Save As You Earn) plan.	To encourage ownership and align the interests of employees and external shareholders and build long- term value.	Open to all employees with more than one month's service. Participants can make monthly contributions of up to £500 on a three-year savings account.	Maximum monthly savings of £500. As per this SAYE plan, the Board granted options over a total of 962,162 new shares.	None.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Group's employees and other stakeholders, including the impact of its activities on communities, the environment and the Group's reputation when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Group and its members in every decision made.

Advanced Oncotherapy's purpose is to democratise proton therapy. Its strategy is aligned to strong, structural trends: the increase in cancer incidence, the improved prognosis for a range of cancer indications which raises the need for reduced side effects, and the limited financial resources faced by all health systems.

Advanced Oncotherapy exists to help patients afford a cutting-edge technology which helps improve long-term outcome, but which is currently not widely available. Through the LIGHT system and services, the Group is looking to provide smaller health practices with the flexibility to equip themselves with what the Company thinks is the best technology, and at the same time decreases the cost of a proton therapy treatment.

That said, success in delivering for customers and shareholders depends on effective engagement with all stakeholders. Various feedback processes help to ensure that the Group can respond to new issues and opportunities that arise to further the success of employees and the Group. The Group has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Group.

Stakeholder group	How we engage with stakeholders?	Feedback / Areas of interest raised in 2020
Investors	Half and full-year results, annual report, AIM compliant website with investor relations section, PR support, investor day in October, Stock exchanges announcements, regular press releases and social media updates	Investors' feedback is considered when discussing strategy, performance and policies, e.g. cyber-security, financial strength, risk management. The resolutions for 2020 were passed based on 56% of votes cast (42% in 2019) and acceptance levels of more than 99%.
Customers (including commissioners and patients)	Direct engagement with commissioners by senior colleagues; review of care pathways with health insurance companies led by senior management; trade and research conferences	Customers' focus is primarily on business integrity, the delivery of a high-quality clinical service, time to market, product suitability, patient workflow and support with planning authorities on behalf of customers
Policymakers and regulators	Input to policy papers, sector-wide analysis, partnering, data input	Interactions with regulators concern patient safety, patient journey, management audits, sector regulation
Employees (including contractors, potential recruits)	Surveys; team meetings; all staff meetings, appraisals; intranet; training programmes	Corporate objectives, diversity and inclusion, training and development, succession planning
Suppliers	Assessments, contract negotiations; review and audit meetings	Sustainable procurement, IP protection, data protection, anti-bribery and corruption, credit terms

Cyber Security
Our cyber strategy is constantly evolving to anticipate and respond to the advances being made in the technologies we use and the threats we face.
With 95% staff moving to remote working in March 2020, new controls and procedures were defined to ensure sufficient data backup and decreased cyber risk. This resulted in new controls definitions and guidance for cloud security to support secure growth across the businesses.

Environmental performance
Managing the environmental risks facing our business is crucial to creating long-term value for our customers, shareholders and the communities of which we are part.
We believe the limited stray radiations generated by the LIGHT system act as a game changer in the long-term sustainability of proton accelerators and more broadly proton therapy.

Corporate Culture
We believe that the way in which we conduct ourselves on a daily basis is key to building trust, maintaining our reputation and positive relationships with our stakeholders and ultimately in achieving long-term business success. Training is a key component of how we diffuse the corporate culture.
We are proud to have been awarded a renewal of our ISO-13485 certification in 2020, supporting the operational activities at the installation and integration site in Daresbury.

Valuing our people
The Group considers its people for employment, training, career development and promotion on the basis of their abilities and aptitudes, regardless of physical ability, age, gender, sexual orientation, religion or ethnic origin.
We also believe in the importance of giving employees the opportunity to benefit from the Group's success through share ownership. Of eligible employees, 90 employees participated in the SAYE Option Plan at the end of the year.

Sustainable Procurement
Centred on an outsourced manufacturing model, the Group relies on circa 150 third-party suppliers. The support of the Group's Supply Chain is vital in becoming a sustainable business. Our expanded relationship with VDL exemplifies the strength of the bond that we build with our partners.
For enhanced transparency and mutual protection in the management of our third-party relationships, the Group uses automated purchasing and approvals processes, coupled with robust service level agreements.

GROUP DIRECTORS' REPORT

The Directors present their annual report and the financial statements of the Group for the year ended 31st December 2020.

CORPORATE DETAILS
Advanced Oncotherapy plc is a public limited company incorporated and registered in England and Wales under the Companies Act with registered number 05564418. Its registered office is Level 17, Dashwood House, 69 Old Broad Street, London EC2M 1QS.

Advanced Oncotherapy plc owns 100% of ADAM S.A.

DIRECTORS AND THEIR INTERESTS
Brief biographical descriptions of the current Directors of the Company are set out on 77. The beneficial and non-beneficial interests of the Directors in the Company's ordinary shares along with details of Directors' share options, are contained in the Directors' remuneration report set out on pages 92 to 94.

The powers of the Directors are determined by UK legislation and the Company's Articles of Association, together with any specific authorities that may be given to the Directors by shareholders from time to time (for example the authority to allot or purchase shares in the Company).

At the Annual General Meeting, to be held on Friday, 30 July 2021 at 2.00pm, all the Directors will offer themselves for re-election.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS
The Company has made qualifying third-party indemnity provisions for the benefit of its Directors during the reporting period and these remain in force at the date of this report.

DIRECTORS' AND OFFICERS' INSURANCE
The Company has purchased and maintained throughout the financial year Directors' and Officers' liability insurance to cover any claim for wrongful acts in connection with their positions. The insurance provided does not extend to claims arising from fraud or dishonesty.

PRINCIPAL ACTIVITY
Advanced Oncotherapy is a provider of particle therapy with protons that harnesses the best in modern technology. Advanced Oncotherapy's team "ADAM," based in Geneva, focuses on the development of a proprietary proton accelerator called, Linac Image Guided Hadron Technology (LIGHT). LIGHT's compact configuration delivers proton beams in a way that facilitates greater precision and electronic control.

Advanced Oncotherapy will offer healthcare providers affordable systems that will enable them to treat cancer with innovative technology as well as expected lower treatment-related side effects.

Advanced Oncotherapy continually monitors the market for any emerging improvements in delivering proton therapy and actively seeks working relationships with providers of these innovative technologies. Through these relationships, the Company will remain the prime provider of an innovative and cost-effective system for particle therapy with protons.

RESEARCH AND DEVELOPMENT
During the year the Group expensed through the income statement £0.1 million (2019: £0.1 million) in relation to research and development costs. These costs are for ADAM physics consultancy costs incurred on research projects, not capitalised as an intangible asset. In addition, development costs amounting to £5.8 million (2019: £9.3 million) were capitalised within intangible assets.

LIKELY FUTURE DEVELOPMENTS IN THE BUSINESS OF THE GROUP
The outlook is available on pages 17 and 40-43.

BUSINESS REVIEW
The Directors are required by Company Law to set out a fair review of the business, its position at the year end and a description of the principal risks and uncertainties facing the group and to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as applied in accordance with the provisions of the Companies Act 2006. They consider that the results for the year and the closing financial position as shown in the Financial Statements and accompanying notes are satisfactory for the business. The strategic report on pages 8 to 73 provides this review and financial position and these are incorporated by cross-reference and form part of this report. The corporate governance report on pages 76 to 105 should be read as forming part of the Directors' report.

The business is still pre-revenue and continues to invest in the development and building of the first LIGHT machine through expenditure on intangible assets and inventory. The business has funded this through borrowings and equity raises.

EMPLOYEES

The Group is committed to promoting equal opportunities in employment. Its employees and job applicants will receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. Every effort is also made to retain and support employees who have a disability during their employment, including flexible working to assist their re-entry into the workplace and making alternative suitable provisions.

The Executive Directors regularly engage with employees to seek their views and provide briefings and presentations on key developments and strategy. Employees are encouraged to offer suggestions and views, and to raise queries with the Directors and senior managers.

To aid in retention, a benefits package encompassing death in service and medical insurance, together with a contributory pension scheme, is offered to all employees, in addition to salary. A discretionary bonus scheme and a long-term incentive programme are also available.

HEALTH, SAFETY AND ENVIRONMENT

The Directors are committed to ensuring the highest standards of health and safety for the employees of the Group. The Directors are also committed to minimising the impact of the Group's operations on the environment.

RESULTS AND DIVIDENDS

The results for the year and the financial position at 31st December 2020 are shown in the Consolidated Statement of Comprehensive Income on page 108 and the Consolidated Statement of Financial Position on page 109.

The Directors do not recommend the payment of a dividend (2019: no dividend) so that cash is retained in the Company for building the first LIGHT machine and capital expenditures that are required for the rapid growth of the business. The results of the Group for the year are explained further on pages 114 to 137.

SHARE STRUCTURE

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in Note 19 to the consolidated financial statements. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between the holders of the Company's shares that may result in a restriction on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

SUBSTANTIAL SHAREHOLDINGS

On 31 May 2021, the Company had been notified that 8 parties had holdings of 3% or more in the ordinary share capital of the Company. The number of ordinary shares and the percentage of the total shares held by each party is outlined below:

Holder	Number of Shares	% of Total in Issue
Liquid Harmony Limited	45,000,000	**12.9%**
Celeste Mgt SA	28,333,333	**8.1%**
Nerano Capital Limited*	22,500,000	**6.4%**
Jarvis IM	15,811,174	**4.5%**
Lombard Odier AM	15,810,284	**4.5%**
P. Glatz	15,659,162	**4.5%**
DNCA	15,125,000	**4.3%**
Hargreaves Lansd.	11,400,198	**3.3%**

* *Controlled by Mr Seamus Mulligan. Mr Seamus Mulligan also controls Barrymore Investments which owns 7,905,721 shares in the Company's ordinary share capital.*

DIRECTOR'S SHAREHOLDINGS

The beneficial interests of the Directors in the share capital of the Company at 31 December 2020 and 31 December 2019 were as follow:

Holdings by Directors or Holdings Under Their Control	31st December 2020	31st December 2019
Mrs. Renhua Zhang	**45,000,000**	45,000,000
Dr. Michael Sinclair & Family	**8,280,604**	7,468,178
Mr. Michael Bradfield	**7,443,240**	7,193,240
Dr. Nick Plowman	**4,412,804**	4,042,804
Dr. Enrico Vanni	**2,796,361**	2,126,361
Mr. Nicolas Serandour	**1,760,467**	1,760,467
Prof. Steve Myers	**983,902**	783,902
Mr. Hans von Celsing	**512,500**	142,500
Mrs. Lori Cross	**0**	n.a

Information on Directors' remuneration and share option rights is given in Note 7 on page 118.

DONATIONS

During the year, the Company made no charitable donations (2019: nil).

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

GROUP DIRECTORS' REPORT _Continued

INDEPENDENT AUDITORS
RPG Crouch Chapman LLP have expressed willingness to continue in office for the year ending 31st December 2021. Their re-appointment is proposed to shareholders in the Notice of the forthcoming Annual General Meeting.

RISK MANAGEMENT
The Board is responsible for the Group's system of risk management and continues to develop policies and procedures that reflect the nature and scale of the Group's business. Further details of the key areas of risk to the business identified by the Group are included on pages 72 and 73.

GOING CONCERN
The Group has made a loss before tax of £25.3m (2019: £21.9m) and is presently pre-revenue and, as such, has relied upon equity and debt funding to progress its development plans. Post year end, the Group has successfully raised £6m in equity and £4.1m in short term loans as detailed further in Note 28.

The directors regularly review cash flow forecasts to determine whether the Group has sufficient cash reserves to meet its future working capital requirements and development plans. The Group's plans indicate that they need to raise further finance and the Directors are confident based on past history of successful fundraising and discussions with investors that the Group will be successful in raising these funds. Additionally, they consider they can defer settlement of creditors, reduce short term expenditure and obtain short-term finance should there be any delay in completing any such fundraising to allow continuance of their plans. They therefore consider it appropriate to prepare the Group's financial statements on a going concern basis.

However, as at the date of approval of these financial statements, there are no legally binding agreements in place in relation to any fundraising or extension of terms with creditors and as the success of any finance raising is outside the control of the company there can be no certainty that additional funds will be forthcoming, which indicates the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

ARTICLES OF ASSOCIATION
The Company's Articles of Association may only be amended by special resolution at a general meeting of the shareholders.

ANNUAL GENERAL MEETING
The Annual General Meeting of the Company will be held at the offices of Advanced Oncotherapy plc, Third Floor, 4 Tenterden Street, London W1S 1TE on Friday, 30 July 2021 at 2.00pm.

Full details of the business to be transacted at the AGM can be found in the Notice of Annual General Meeting on pages 148 to 150 of this report.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION
Forward-looking statements are statements relating to the future which are based on information available at the time such statements are made, including information relating to risks and uncertainties. Although Directors believe that the forward-looking statements in this Annual Report are based on reasonable assumptions, the matters discussed in the forward-looking statements may be influenced by factors that could cause actual outcomes and results to be materially different from those expressed or implied by these statements. The forward-looking statements reflect knowledge and information available at the date of the preparation of this Annual Report and the Company undertakes no obligation to update these forward-looking statements. Forward-looking statements are identified by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements. Important factors that could cause actual results to differ materially from those contained in forward-looking statements, certain of which are beyond the control of the Board, include, among other things, those factors identified in the Risk section in pages 72 and 73. Nothing in this Annual Report should be construed as a profit forecast.

APPROVAL AND RECOMMENDATION
This Directors' Report was approved by the Board and was signed on its behalf on 29 June 2021.

The Board are of the opinion that all resolutions which are to be proposed at the 2020 Annual General Meeting are in the best interests of its shareholders as a whole and, accordingly, unanimously recommend that they vote in favour of all the resolutions as the Board intends to do in respect of their own holdings.

EVENTS AFTER THE REPORTING PERIOD
In January 2021, the Group raised additional equity of 5.9 million through the subscription of 14,801,040 new ordinary shares by new and existing shareholders. Further equity of 464,596 was raised by the exercise of warrants for 1,594,116 shares.

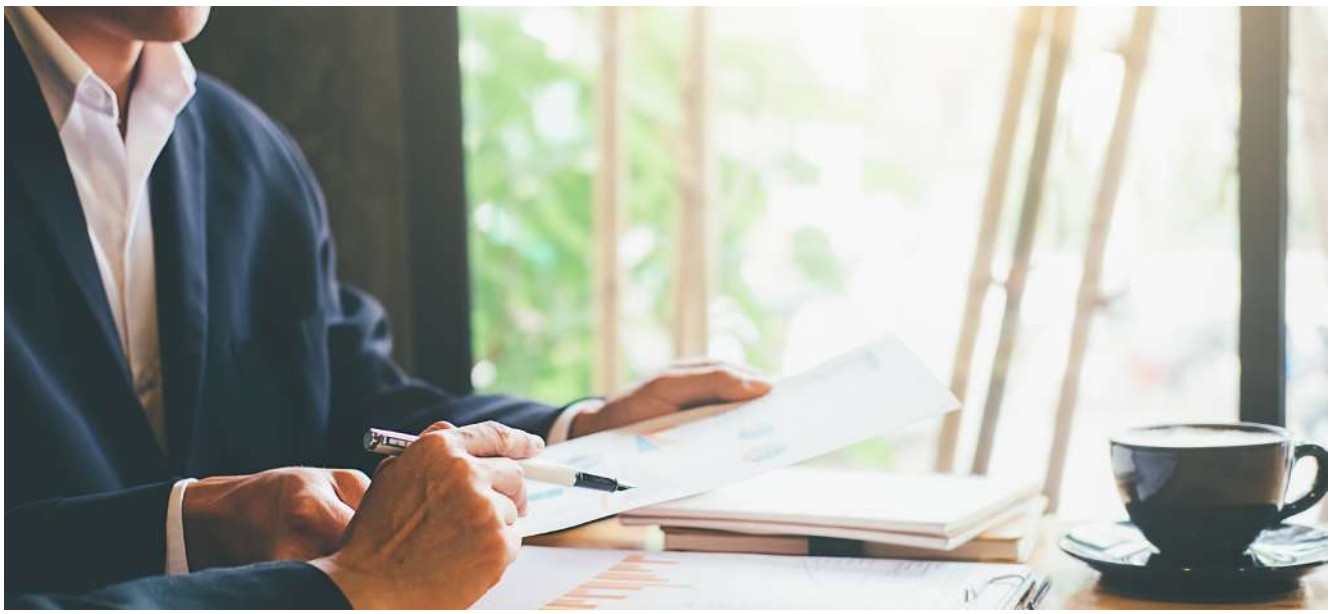
In March 2021, the Group received a short term loan of £1.6m and a further £2.5m in April 2021, both repayable in July 2021.

In January 2021, the Group also announced that DiaMedCare AG had agreed to offer Advanced Oncotherapy's customers access to its leasing solutions, in Europe and the United States primarily. DiaMedCare AG will also be able to bridge manufacturing costs until delivery of the LIGHT system to customers. The terms of any financing solutions provided by DiaMedCare AG will be specific to each project and will be subject to definitive agreements being entered into between the Company, DiaMedCare AG and the customer.

Separately in June 2021, the Group announced the signature of a Letter of Intent with Saba Partners for the sale of a three room system in Switzerland.

Dr. Michael Sinclair
Executive Chairman
Registered Office: Level 17, Dashwood House, 69 Old Broad Street, London EC2M 1QS

INDEPENDENT AUDITOR'S REPORT



We have audited the financial statements of Advanced Oncotherapy PLC (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated statement of profit or loss and other comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practise.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- The Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practises; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Responsibilities for the audit of the financial statements' and section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 30 b) in the accounting policies, concerning the Group's ability to continue as a going concern. The matters explained in Note 30 b) indicate that the Group needs to raise further finance to fund its working capital needs and development plans. As at the date of approval of these financial statements there are no legally binding agreements relating to securing the required funds. These events or conditions along with the matters set forth in Note 30 b) indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We have highlighted going concern as a key audit matter. In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Analysing Management's and the Directors' cashflow forecast which forms the basis of their assessment that the going concern basis of preparation remains appropriate for the preparation of the Group and Company financial statements for a period of at least twelve months from the date of approval of these financial statements;
- Testing the mathematical integrity of the cashflow model in order to ensure the basis of preparation of the model;
- Assessing costs included within the cashflow forecast and where available agreeing these costs to other evidence obtained during the course of our audit work is in line with our expectations;
- Obtaining details of post year ends fundraisings and agreeing supporting documentation and cash received;

- We reviewed loan agreements and ensured the repayments were appropriately included in the forecasts;
- Discussing with Management and the Board the Group's strategy to continue to ensure funds are available to the Group to fund its plans; and
- Reviewing and considering the adequacy of the disclosure within the financial statements relating to the Directors' assessment of the going concern basis of preparation.

OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit scope focused on the Group's principal activities and the reporting entities held, being Advanced Oncotherapy Plc and ADAM S.A. We have identified both entities as significant components for the purposes of our financial statement audit, based on their relative share of total assets. We have performed a full scope audit for these components, having performed substantive procedures over 99% of total assets.

The remaining components of the Group were considered non-significant. We performed full scope audit procedures over for UK Group entities subject to audit at the head office location in the United Kingdom where the accounting records of all companies in the group are held. Other insignificant components were subject to substantive testing where considered necessary.

All audit work (full scope audit or review work) was conducted by RPG Crouch Chapman LLP.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters were identified as carrying value of inventories, intangible asset valuation and going concern which has been covered above.

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

Audit risk	How we responded to the risk
Intangible asset valuation The Group's Intangible assets consist of direct costs relating to the internal development of the proton therapy technology and machines. Please refer to Note 10. As an intangible asset not yet ready for use Management and the Board are required to perform an annual impairment review. Given the materiality of the assets in the context of the Group's consolidated statement of financial position and the judgement involved in making this assessment we consider this to be a key audit matter.	***Our audit work included, but was not restricted to:*** • Reviewing the impairment model provided and checking that the value in use model meets the requirements of the accounting standard; • Testing the mathematical integrity of the cashflow model in order to ensure the basis of preparation of the model; • Discussing with Management the assumptions used and obtaining details to support the key assumptions; and • Sensitising the cash flow for assumptions.
Carrying value of inventories Inventory consists of the cost of components for a research machine and machines being developed for sale. There is judgement involved in the assessment of whether the carrying value is the lower of cost or fair value less costs to sell and therefore we consider this to be a significant risk	***Our audit work included, but was not restricted to:*** • Confirming costs to date are accurate by reference to invoices; • Confirming costs to complete to budgets and supporting documents; • Considering if the budget is reasonable based on costs to date against original budget; and • Considering sales price of similar equipment or indicated sales price in any correspondence with potential customers.
Accounting for convertible loan agreement The Company entered into a $30m loan facility during the year and drew down $10m of this facility. The terms of the loan are complex and due to IFRS financial reporting requirements and the use of a number of assumptions potentially included in the accounting treatment, we consider this to be a significant risk.	***Our audit work included, but was not restricted to:*** • Confirming amounts received to drawdowns and confirming liability at year end to confirmation; • Reviewing management's proposed accounting treatment for the loan facility, agreeing terms to loan agreements and considering against the requirement of the financial reporting framework; • Reviewing management expert's report; • Considering competence of management's expert as required under ISA (UK); • Confirming the inputs used in the valuation to supporting information; and • Confirming the disclosures in regards the loan and the related financial instruments are appropriately disclosed.

INDEPENDENT AUDITOR'S REPORT _Continued

OUR APPLICATION OF MATERIALITY
We define materiality as the magnitude of a misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the Group and Company financial statements as a whole to be £1,500,000 (2019: £1,500,000) which represents 1.25% (2019: 1.4%) of the Group's gross assets. This benchmark is considered the most appropriate because assets are the key item for an entity in the development phase.

Materiality for the current year is at the same level as the level that was determined for the year ended 31 December 2019. The rate applied is considered appropriate given the stage of development of the Group and the nature of the assets.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 50% of financial statement materiality for the audit of high-risk areas and 75% for areas considered to be lower risk. We also determine a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £75,000. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Whilst materiality for the financial statements as a whole was £1,500,000 each significant component of the Group was audited to a lower level of £1,125,000 to £500,000 which was used to determine the financial statement areas that were included within the scope of the Component audits and the extent of sample sizes used during the audit.

OTHER INFORMATION
The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 ARE UNMODIFIED
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006
In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS
As explained more fully in the directors' responsibilities statement set out on page 88 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud
We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group which were contrary to applicable laws and regulations, including fraud. These include but were not limited to compliance with Companies Act 2006 and IFRS.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment. We focused on laws and regulations that could give rise to a material misstatement in the financial statements.

Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation, performing substantive testing of account balances which were considered to be a greater risk of susceptibility to fraud;
- enquiries of management as to whether there was any correspondence from regulators;
- performed journals testing with a focus on identifying entries that could be indicative of fraud;
- testing consolidation entries to ensure consistency and appropriateness of application;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

These procedures are designed to address the risk of material misstatements in respect of irregularities, including fraud, but do not provide absolute assurance as to the non-existence of any such misstatements.

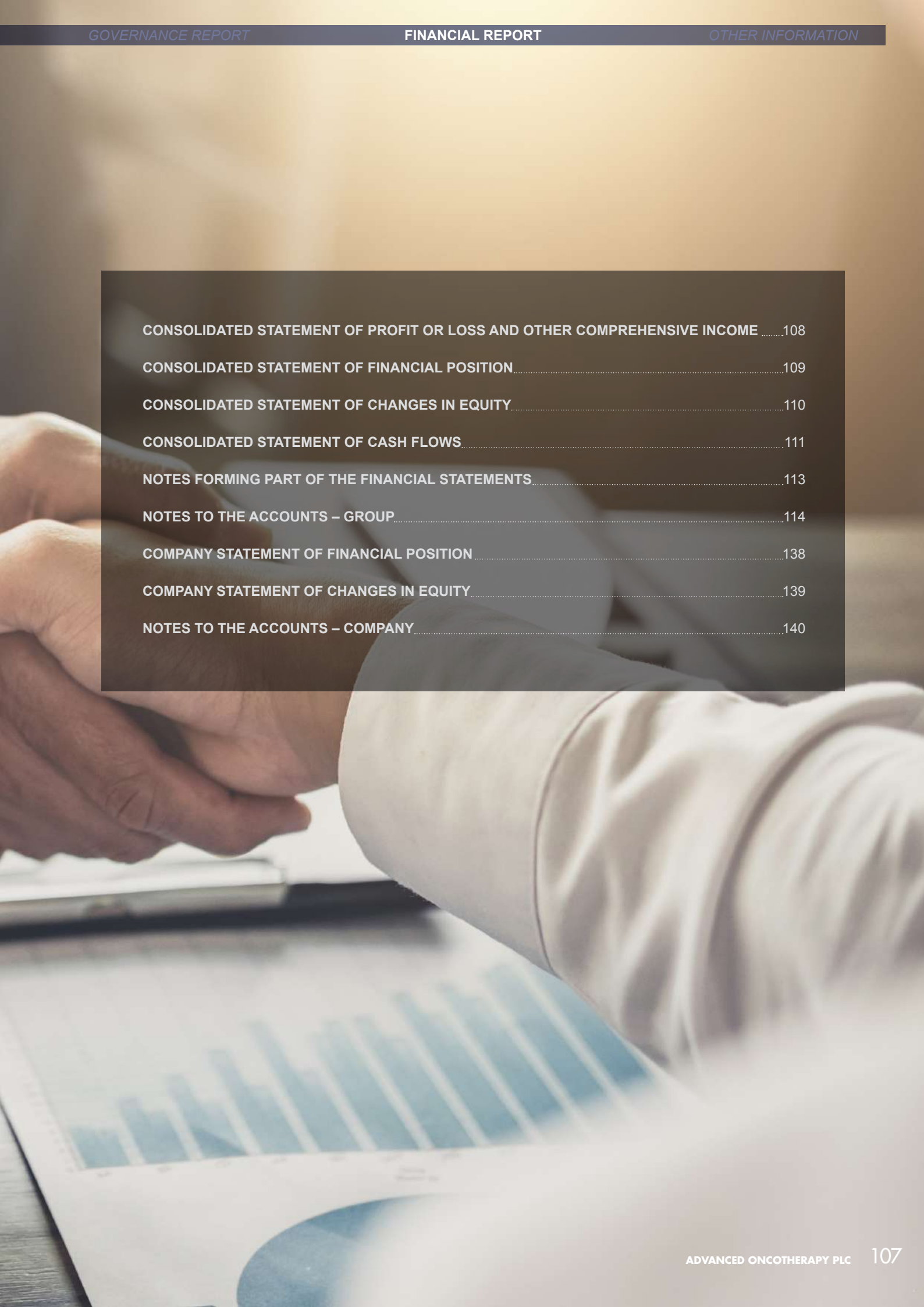
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

USE OF REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Colin Turnbull ACA
Senior Statutory Auditor
for and on behalf of RPG Crouch Chapman LLP
Statutory Auditor, Chartered Accountants
14-16 Dowgate Hill
London
EC4R 2SU
29 June 2021



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020 - Financials in £

	Note	Group 2020	Group 2019
Revenue		**-**	-
Cost of sales	1	**-**	-
Gross loss		**-**	-
Administrative expenses	1	**(20,269,788)**	(20,659,460)
Operating loss	2	**(20,269,788)**	(20,659,460)
Finance income	1,3	**3,297**	15,572
Finance costs	1,4	**(5,032,981)**	(1,233,545)
Loss on ordinary activities before taxation		**(25,299,472)**	(21,877,433)
Taxation	5	**-**	1,082,827
Loss after taxation		**(25,299,472)**	(20,794,606)
Loss for the period			
Equity of shareholders of the parent company		**(25,299,472)**	(20,794,606)
Non-controlling interests		**-**	-
		(25,299,472)	(20,794,606)
Other comprehensive income			
Items that will or may be subsequently re-classified as to profit or loss:			
Exchange differences on translation of foreign operations		**1,902,660**	(462,413)
Total comprehensive loss for the year net of tax		**(23,396,812)**	(21,257,019)
Total comprehensive loss attributable to:			
Equity of shareholders of the parent Company		**(23,396,812)**	(21,257,019)
Non-controlling interests		**-**	-
		(23,396,812)	(21,257,019)
Loss per ordinary share			
Basic and diluted	9	**(8.75)p**	(9.83)p
Weighted average number of shares (000's)	9	**288,981**	211,479

The accompanying Notes on pages 114 to 137 form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020 - Financials in £

	Note	Group 2020	Group 2019
Non-current assets			
Intangible assets	10	**56,869,415**	49,183,428
Property, plant and equipment	11	**6,710,777**	6,002,500
Right of use assets	12	**31,437,161**	32,528,667
Trade and other receivables	13	**934,834**	914,938
		95,952,187	88,629,533
Current assets			
Inventories	15	**22,138,323**	15,048,228
Trade and other receivables	13	**1,885,224**	2,140,657
Corporation tax R&D refund	13	**-**	1,768,591
Cash and cash equivalents	14	**2,317,451**	3,235,167
		26,340,998	22,192,643
Total assets		**122,293,185**	110,822,176
Current liabilities			
Trade and other payables	16	**(6,438,217)**	(4,881,210)
Lease liabilities	12	**(2,731,920)**	(1,594,691)
Borrowings	17	**(10,039,316)**	-
		(19,209,453)	(6,475,901)
Non-current liabilities			
Licence Fee Received	16	**(16,500,000)**	(16,500,000)
Lease liabilities	12	**(29,604,809)**	(31,046,827)
Borrowings	17	**(8,258,435)**	(13,864,384)
Embedded Derivative	17	**(4,578,210)**	-
		(58,941,454)	(61,411,211)
Total liabilities		**(78,150,907)**	(67,887,112)
Net assets		**44,142,278**	42,935,064
Equity			
Share capital	19	**83,359,894**	61,105,852
Share premium reserve	21	**61,442,782**	60,452,065
Share option reserve	22	**7,675,332**	7,853,803
Reverse acquisition reserve	23	**11,038,204**	11,038,204
Exchange movements reserve	24	**2,892,186**	989,526
Accumulated losses		**(122,266,120)**	(98,504,386)
Equity attributable to shareholders of the Parent Company		**44,142,278**	42,935,064
Total equity funds		**44,142,278**	42,935,064

These consolidated financial statements have been approved and were authorised for issue by the Board of Directors on 29 June 2021.

Dr Michael Sinclair
Executive Chairman

Nicolas Serandour
Chief Executive Officer

Registered number: 05564418
The accompanying Notes on pages 114 to 137 form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020 - Financials in £

	Share capital	Share premium reserve	Share option reserve	Reverse acquisition reserve	Exchange movement reserve	Accumulated losses	Total equity share holders interest
Balance at 01 January 2019	42,391,523	50,724,177	7,198,580	11,038,204	1,451,939	(78,808,925)	33,995,499
Loss for the year	-	-	-	-	-	(20,794,606)	(20,794,606)
other comprehensive income exchange movement	-	-	-	-	(462,413)	-	(462,413)
Total comprehensive income	-	-	-	-	(462,413)	(20,794,606)	(21,257,019)
Shares Issued in the period	18,714,329	10,975,557	-	-	-	-	29,689,885
Expenses deducted from share premium	-	(1,247,669)	81,414	-	-	-	(1,166,255)
Lapsed options	-	-	(1,014,117)	-	-	1,014,117	-
Lapsed warrants	-	-	(85,028)	-	-	85,028	-
Share based payments	-	-		-	-		
- Share option charge			872,539			-	872,539
- Share warrants charge	-	-	800,415	-	-	-	800,415
Balance at 31 December 2019	61,105,852	60,452,065	7,853,803	11,038,204	989,526	(98,504,386)	42,935,064
Balance at 01 January 2020	61,105,852	60,452,065	7,853,803	11,038,204	989,526	(98,504,386)	42,935,064
Loss for the year	-	-	-	-	-	(25,299,472)	(25,299,472)
other comprehensive income exchange movement	-	-	-	-	1,902,660	-	1,902,660
Total comprehensive income	-	-	-	-	1,902,660	(25,299,472)	(23,396,812)
Shares Issued in the period	22,254,042	2,003,103	-	-	-	-	24,257,145
Expenses deducted from share premium	-	(1,012,386)	-	-	-	-	(1,012,386)
Lapsed options	-	-	(510,950)	-	-	510,950	-
Lapsed warrants	-	-	(1,026,788)	-	-	1,026,788	-
Share based payments	-	-		-	-		
- Share option charge			704,533			-	704,533
- Share warrants charge	-	-	654,734	-	-	-	654,734
Balance at 31 December 2020	**83,359,894**	**61,442,782**	**7,675,332**	**11,038,204**	**2,892,186**	**(122,266,120)**	**44,142,278**

The accompanying Notes on pages 114 to 137 form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020 - Financials in £

	Group 2020	Group 2019
Cash flow from operating activities		
Loss after taxation	**(25,299,472)**	(20,794,606)
Adjustments to cash flows from non-cash items		
Depreciation of property, plant and equipment	**1,000,115**	730,544
Amortisation of right of use assets	**1,331,698**	1,294,951
Finance income	**(3,297)**	(15,572)
Finance expense	**5,032,981**	1,233,545
Taxation	**-**	(1,082,827)
Share based payment expense	**1,340,949**	2,005,987
Impairment of inventory	**-**	-
Foreign exchange	**471,204**	(62,188)
Cash flows from operations before changes in working capital	**(16,125,822)**	(16,690,166)
Changes in inventories	**(7,090,095)**	(5,034,142)
Change in trade and other receivables	**235,537**	(151,080)
Change in trade and other payables	**968,798**	(1,517,532)
Cash (used) / generated from operations	**(22,011,582)**	(23,392,920)
Corporation tax receipt	**1,768,591**	-
Cash flows from operating activities	**(20,242,991)**	(23,392,920)
Cash flows from investing activities		
Interest received	**3,297**	15,572
Purchase of buildings, plant and equipment	**(1,656,335)**	(2,658,105)
Capital expenditure on intangible assets	**(5,781,884)**	(9,344,556)
Proceeds from disposal of investment property	**-**	310,000
Cash flows from investment activities	**(7,434,922)**	(11,677,088)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**18,040,021**	25,692,058
Costs of share issue	**(728,853)**	(665,125)
Interest paid	**(327,086)**	(160,677)
Long term loan receipts	**7,621,951**	13,800,000
Lease payments	**(1,865,946)**	(1,369,231)
Short term loan receipts	**4,000,000**	-
Cash flows from financing activities	**26,740,087**	37,297,025
Increase/(decrease) in cash and cash equivalents	**(937,825)**	2,227,017
Exchange gain/(loss) on cash and cash equivalents	**20,109**	(4,903)
Cash and cash equivalents at 01 January 2020	**3,235,167**	1,013,053
Cash and cash equivalents	**2,317,451**	3,235,167

The accompanying Notes on pages 114 to 137 form part of the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Consolidated

Company

NOTES TO THE ACCOUNTS – GROUP

For the year ended 31 December 2020 - Financials in £

1. Segment reporting

	Notes	2020 Development of Proton Therapy - UK	2020 Development of Proton Therapy - Switzerland	2020 Development of Proton Therapy - USA	2020 Group
Revenue		**-**	**-**	**-**	**-**
Cost of sales		**-**	**-**	**-**	**-**
Gross Loss		**-**	**-**	**-**	**-**
Administrative expenses		**(11,104,749)**	**(8,279,694)**	**(885,345)**	**(20,269,788)**
Operating loss		**(11,104,749)**	**(8,279,694)**	**(885,345)**	**(20,269,788)**
Finance income	3	**3,297**	**-**	**-**	**3,297**
Finance costs	4	**(5,032,884)**	**(97)**	**-**	**(5,032,981)**
Loss on ordinary activities before taxation		**(16,134,336)**	**(8,279,791)**	**(885,345)**	**(25,299,472)**
Capital Expenditure					
Intangible assets	10	**501,546**	**5,280,338**	**-**	**5,781,884**
Property, plant and equipment	11	**1,315,203**	**340,282**	**850**	**1,656,335**
Total assets		**82,073,874**	**40,194,549**	**24,762**	**122,293,185**
Total liabilities		**(74,862,311)**	**(3,246,897)**	**(41,699)**	**(78,150,907)**
Net assets/(liabilities)		**7,211,563**	**36,947,652**	**(16,937)**	**44,142,278**

During 2020 the Group operated in one business segment: Proton Therapy.

	Notes	2019 Development of Proton Therapy - UK	2019 Development of Proton Therapy - Switzerland	2019 Development of Proton Therapy - USA	2019 Group
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross Loss		-	-	-	-
Administrative expenses		(11,853,675)	(7,801,405)	(1,004,380)	(20,659,460)
Operating loss		(11,853,675)	(7,801,405)	(1,004,380)	(20,659,460)
Finance income	3	15,572	-	-	15,572
Finance costs	4	(1,162,437)	(71,108)	-	(1,233,545)
Loss on ordinary activities before taxation		(13,000,540)	(7,872,513)	(1,004,380)	(21,877,433)
Capital Expenditure					
Intangible Assets	10	4,250,136	5,094,420	-	9,344,556
Property, Plant and Equipment	11	2,334,087	324,018	-	2,658,105
Total assets		76,860,329	33,948,751	13,096	110,822,176
Total liabilities		(65,051,976)	(2,805,529)	(29,607)	(67,887,112)
Net assets/(liabilities)		11,808,353	31,143,222	(16,511)	42,935,064

2. Operating loss

	Note	2020	2019
Operating loss is arrived at after charging:			
Depreciation	11	**1,000,115**	730,544
Amortisation of right of use assets	12	**1,331,698**	1,294,951
Foreign exchange loss or (gain)		**471,204**	244,676
Amounts payable to the Group's Auditor and their associates for:			
- audit of the Group's annual accounts		**17,500**	17,500
- audit of the Group's subsidiaries		**32,500**	32,500
- taxation compliance		**5,500**	5,500

3. Finance income

	2020	2019
Interest receivable on deposits	**3,297**	15,572
Total	**3,297**	15,572

4. Finance costs

	2020	2019
Interest expense on short term facilities	**291,408**	40,826
Interest expense on secured loans	**2,557,025**	573,858
Interest expense on lease liabilities	**1,322,763**	618,861
Embedded derivative cost	**861,785**	-
Total	**5,032,981**	1,233,545

Refer to Note 17 for information on the secured loan interest rates.

NOTES TO THE ACCOUNTS – GROUP

Continued - Financials in £

5. Taxation on profit for ordinary activities

(a) Tax (credit) / charge comprises	2020	2019
Current tax		
UK corporation tax charge/(credit) for the year	**-**	-
UK corporation tax charge/(credit) for the previous year	**-**	(1,082,827)
Deferred tax		
Origination and reversal of temporary differences	**-**	-
Total tax credit	**-**	(1,082,827)

(b) Factors affecting tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK (19.0%) (2019: 19.0%)
The differences are explained below:

	2020	2019
Loss on ordinary activities before tax	**(25,299,472)**	(21,877,433)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK at 19.00% (2019: 19.0%)	**(4,806,900)**	(4,156,712)
Effects of:		
Research and Development claim this year	**-**	-
Research and Development claim prior year	**-**	(1,082,827)
Permanent differences	**360,518**	609,576
Capital allowances in excess of depreciation	**90,655**	54,412
Short term timing differences	**573,215**	1,163
Unprovided losses carried forward	**3,782,511**	3,491,561
Tax credit for the year	**-**	(1,082,827)

(c) Unprovided deferred tax assets at 19.0% (2019: 19.0%)	2020	2019
Losses carried forward	**(20,915,823)**	(16,939,236)
R&D tax credit on Intangible assets	**7,545,825**	7,450,525
Accelerated capital allowances	**1,083,814**	777,690
Total	**(12,286,184)**	(8,711,021)

No deferred tax asset has been recognised on the above item on the grounds that it is uncertain when taxable profits will arise against which losses carried forward may be utilised.

6. Staff costs

	2020	2019
Wages and salaries	**12,917,614**	12,339,626
Social security costs	**1,130,903**	1,257,742
Pension costs	**933,981**	804,008
Other benefits	**350,672**	64,285
Share based payments	**1,340,949**	1,205,572
Total	**16,674,119**	15,671,233

Staff costs include amounts of £5,240,672 (2019:£4,762,191) which have been capitalised within development projects during the year.

Government grants of £89,535 (2019: nil) have been included in Wages and Salaries. These were received to assist with the costs of furloughing two employees in the UK and a lump sum for assistance in the US.

Details of employee share options are set out in Note 20.

The monthly average number of persons employed during 2020 was 139 (2019: 127), categorised as follows:

	2020	2019
Managerial	**10**	10
Operational	**24**	20
Product development	**61**	58
Administrative	**44**	39
Total	**139**	127

NOTES TO THE ACCOUNTS – GROUP

Continued - Financials in £

7. Directors' remuneration

The salaries and benefits of the Directors of the Group payable by the Company or any of the Group companies for the year ended 31 December 2020 were as follows:

	2020							
	Appointed	Resigned	Base salary	Bonus	Pension	Medical Board Fees	Other benefits	**Total**
Dr Michael Sinclair, Exec Chairman	16 Jun 06		270,147	-	-	-	18,623	**288,770**
Nicolas Serandour, CEO	27 Aug 14		300,000	-	30,000	-	6,298	**336,298**
Prof Steve Myers	26 Jan 17		264,599	-	-	-	2,914	**267,513**
Michael Bradfield	26 Apr 13		26,400	96,100	-	-	-	**122,500**
Lori Cross	29 Sep 20		7,500	-	-	-	-	**7,500**
Dr Nick Plowman	09 Feb 17		30,000	96,100	-	6,000	-	**132,100**
Dr Enrico Vanni	01 Oct 13		30,000	96,100	-	-	-	**126,100**
Hans Von Celsing	26 Jan 17		30,000	96,100	-	-	-	**126,100**
Renhua Zhang	28 Aug 18		29,113	-	-	-	-	**29,113**
Chunlin Han	28 Aug 18	31 Jul 20	17,863	-	-	-	-	**17,863**
Yuelong Huang	28 Aug 18	31 Jul 20	17,863	-	-	-	-	**17,863**
Peter Sjöstrand	28 Aug 18	31 Jul 20	17,500	-	-	-	-	**17,500**
Gabriel Urwitz	28 Aug 18	31 Jul 20	16,800	-	-	-	-	**16,800**
Total			1,057,785	384,400	30,000	6,000	27,835	**1,506,020**

Mr Bradfield, Dr Plowman, Dr Urwitz, Dr Vanni and Mr Von Celsing elected to take their remuneration to June 2020 in shares. Dr Sinclair took part of his salary in shares. The Bonus' for certain of the Company's Non-Executive Directors were in lieu of additional fees to be paid reflecting additional work that has been undertaken by these directors since they respectively joined the Board of Advanced Oncotherapy. This includes additional responsibilities undertaken by each director on the respective board committees. The Bonus' were settled in shares.

The amounts stated above for these payments are at the fair value of the shares based on the share price at the date of the issue. Mrs Renhua, Mr Han, Dr Huang and Mrs Cross did not take their remuneration and these amounts are included in creditors.

	2019							
	Appointed	Resigned	Base salary	Bonus payment	Pension	Medical Board Fees	Other benefits	**Total**
Dr Michael Sinclair, Exec Chairman	16 Jun 06		203,502	336,955	700	-	13,769	**554,926**
Nicolas Serandour, CEO	27 Aug 14		247,084	124,685	24,708	-	4,490	**400,967**
Prof Steve Myers	26 Jan 17		252,205	-	-	-	3,483	**255,688**
Michael Bradfield	26 Apr 13		30,000	-	-	-	-	**30,000**
Dr Nick Plowman	09 Feb 17		30,000	-	-	6,000	-	**36,000**
Dr Enrico Vanni	01 Oct 13		30,000	-	-	-	-	**30,000**
Hans Von Celsing	26 Jan 17		30,000	-	-	-	-	**30,000**
Renhua Zhang	28 Aug 18		30,000	-	-	-	-	**30,000**
Chunlin Han	28 Aug 18		30,000	-	-	-	-	**30,000**
Yuelong Huang	28 Aug 18		30,000	-	-	-	-	**30,000**
Peter Sjöstrand	28 Aug 18		30,000	-	-	-	-	**30,000**
Gabriel Urwitz	28 Aug 18		30,000	-	-	-	-	**30,000**
Total			972,791	461,640	25,408	6,000	21,742	**1,487,581**

7. Directors' remuneration continued

Directors' share options

	At 01 Jan 2020	Granted during the year	Lapsed or expired during the year	Exercised during the year	At 31 Dec 2020	Option price pence	Date of grant	Earliest exercise date	Expiry date
Michael Bradfield	**400,000**	-	(400,000)	-	**-**	200.0p	05 May 15	01 Jul 15	30 Jun 20
Prof Steve Myers	**215,000**	-	-	-	**215,000**	100.0p	20 Feb 19	20 Feb 19	20 Feb 24
	-	1,500,000	-	-	**1,500,000**	50.0p	01 Oct 20	Note[1]	04 Oct 25
Nicolas Serandour	**400,000**	-	(400,000)	-	**-**	95.0p	01 Oct 14	01 Oct 16	07 Jan 20
	200,000	-	(200,000)	-	**-**	200.0p	05 May 15	01 Jul 15	30 Jun 20
	1,400,000	-	-	-	**1,400,000**	100.0p	20 Feb 19	20 Feb 19	20 Feb 24
	-	6,500,000	-	-	**6,500,000**	50.0p	01 Oct 20	Note[1]	04 Oct 25
Dr Michael Sinclair	**545,000**	-	-	-	**545,000**	100.0p	20 Feb 19	20 Feb 19	20 Feb 24
	-	5,500,000	-	-	**5,500,000**	50.0p	01 Oct 20	Note[1]	04 Oct 25
Dr Enrico Vanni	**100,000**	-	(100,000)	-	**-**	200.0p	05 May 15	01 Jul 15	30 Jun 20
Total	**3,260,000**	**13,500,000**	**(1,100,000)**	**-**	**15,660,000**	**56.9p**			

Note[1] See vesting conditions in Note 20 Share based payments

As disclosed above 13,500,000 (2019: 2,160,000) options have been issued to the Directors during in the year. The fair value of these options has been charged to the Consolidated Statement of Comprehensive Income.

Directors' share warrants

	At 01 Jan 2020	Granted during the year	Lapsed or expired during the year	Exercised during the year	At 31 Dec 2020	Warrant price pence	Date of grant	Earliest exercise date	Expiry date
Dr Enrico Vanni	**40,816**	-	-	-	**40,816**	100.0p	31 Aug 18	31 Aug 18	31 Aug 23
Hans von Celsing	**6,000**	-	-	-	**6,000**	100.0p	31 Aug 18	31 Aug 18	31 Aug 23
Dr Nick Plowman	**61,224**	-	-	-	**61,224**	100.0p	31 Aug 18	31 Aug 18	31 Aug 23
Total	**108,040**	**-**	**-**	**-**	**108,040**	**100.0p**			

As disclosed above no warrants have been issued to the Directors during in the year (2019: nil).

NOTES TO THE ACCOUNTS – GROUP

Continued - Financials in £

8. Pensions

The Group operates a defined contribution pension scheme. Contributions payable for the period of £901,485 (2019: £798,935) are charged in the statement of comprehensive income. One Director (2019: Two) accrued retirement benefits during the year. A charge of £30,000 (2019: £25,408) has been included in the year for the Directors.

9. Loss per share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares in issue during the year. This is disclosed on page 108 on the income statement. An alternative to this is the loss per share based on the comprehensive loss attributable to the equity holders of the group. This is shown below.

	2020	2019
Loss attributable to equity holders of the Group (£'s)	**(25,299,472)**	(20,794,606)
Weighted average number of ordinary shares in issue (000s)	**288,981**	211,479
Loss per share (pence per share)	**(8.75)p**	(9.83)p

Diluted loss per share
The Group has two categories of dilutive potential ordinary shares - share options and warrants. Both the Group's share options and warrants have been excluded from the calculation of diluted loss per share as the entity is loss making and they would be anti-dilutive. These instruments could potentially be dilutive in the future.

Events after reporting period
As at 29 June 2021 the Company had 349,834,730 ordinary shares in issue. Assuming the same loss for the year ended 31 December 2020 the basic loss per share for the year ended 31 December 2020 divided by the current number of shares in issue would decrease to (7.23)p per share.

10. Intangible assets

	LIGHT Accelerator	Treatment Software	Total
Development costs			
At 01 January 2019	29,340,059	10,825,014	40,165,073
Additions	4,527,926	4,816,630	9,344,556
Foreign exchange difference	(223,144)	(103,057)	(326,201)
At 31 December 2019	33,644,841	15,538,587	49,183,428
Development costs			
At 01 January 2020	33,644,841	15,538,587	49,183,428
Additions	3,938,402	1,843,482	5,781,884
Foreign exchange difference	1,301,955	602,148	1,904,103
At 31 December 2020	**38,885,198**	**17,984,217**	**56,869,415**

For the purpose of impairment testing of intangible assets, the Group's continuing operations are regarded as a single cash-generating unit relating to the development and operation of the LIGHT technology.

The recoverable amount is based on value in use using discounted risk-adjusted projections of the Group's pre-tax cash flows over 10 years and then at a flat rate into perpetuity which is considered by the Board as a reasonable period given the long development and expected operational life cycle of the LIGHT technology. The projections include assumptions about the number of units to be sold in each financial year, expected unit selling price and production cost, pipeline conversion, competition from rival products and pricing policy as well as the possibility of new technology entering the market. In setting these assumptions the Directors consider their own past experience, external sources of information (including information on expected increases and ageing of the populations in our established markets and the expanding patient population in newer markets), our knowledge of competitor activity and our assessment of future changes in the proton beam industry. The 10 year period is covered by internal budgets and forecasts. Given that internal budgets and forecasts are prepared for all projections, no general growth rates are used to extrapolate internal budgets and forecasts for the purposes of determining value in use. The methods used to determine recoverable amounts have remained consistent with the prior year. The weighted average pre-tax discount rate used was approximately 12.5% (2019: 12.5%).

As a further check, the market capitalisation is compared to the book value of the Group's net assets: as of the date of this report, the market capitalisation is higher than the book value of the net assets.

No impairment was found necessary.

The Group has also performed sensitivity analysis calculations on the projections used and discount rate applied. By their nature, the value in use calculations are sensitive to the underlying methods, assumptions and estimates. Consistent with prior years, as part of the impairment review process, management has not identified that reasonably possible changes in certain key assumptions may cause the carrying amount of the intangible assets to exceed the recoverable amount. At 31 December 2020, the Group held intangible assets currently still being developed, for which the most sensitive assumption is the probability of final technical success, and given their nature, impairment adjustments triggered by future events that have yet to occur may be material. In addition, there is a significant risk that impairments recognised in any one period may be subject to material adjustments in future periods.

NOTES TO THE ACCOUNTS – GROUP

Continued - Financials in £

11. Plant and equipment

	Leasehold property	Computer hardware and software	Fixtures, fittings and equipment	Total
Cost				
At 01 January 2019	3,062,125	368,604	1,808,270	5,238,998
Foreign exchange difference	7,476	(2,434)	(52,001)	(46,959)
Additions	2,308,358	90,181	259,566	2,658,105
At 31 December 2019	5,377,959	456,351	2,015,835	7,850,145
Depreciation				
At 01 January 2019	27,932	244,083	880,253	1,152,268
Foreign exchange difference	-	(1,507)	(33,660)	(35,167)
Charge for the year	268,604	64,167	397,773	730,544
At 31 December 2019	296,536	306,743	1,244,366	1,847,645
Net book value				
At 01 January 2019	3,034,193	124,521	928,017	4,086,730
At 31 December 2019	5,081,423	149,608	771,469	6,002,500
Cost				
At 01 January 2020	5,377,959	456,351	2,015,835	7,850,145
Foreign exchange difference	12,360	14,886	104,957	132,203
Additions	543,583	274,895	837,857	1,656,335
At 31 December 2020	**5,933,902**	**746,132**	**2,958,649**	**9,638,683**
Depreciation				
At 01 January 2020	296,536	306,743	1,244,366	1,847,645
Foreign exchange difference	234	9,249	70,663	80,146
Charge for the year	415,638	131,805	452,672	1,000,115
At 31 December 2020	**712,408**	**447,798**	**1,767,700**	**2,927,906**
Net book value				
At 01 January 2020	5,081,423	149,608	771,469	6,002,500
At 31 December 2020	**5,221,494**	**298,334**	**1,190,949**	**6,710,777**

12. Leases

	2020	2019
Right-of-Use Assets		
At the beginning of the period	**32,528,667**	9,613,736
Additions	**144,664**	24,237,535
Amortisation	**(1,331,698)**	(1,294,951)
Foreign exchange movements	**95,528**	(27,653)
At the end of the period	**31,437,161**	32,528,667

12. Leases continued

	2020	2019
Lease liabilities		
At the beginning of the period	**32,641,518**	9,389,329
Additions	**145,195**	24,030,212
Interest expense	**1,322,763**	618,861
Lease payments	**(1,865,946)**	(1,369,231)
Foreign exchange movements	**93,199**	(27,653)
At the end of the period	**32,336,729**	32,641,518
The maturity profile of discounted lease payments		
Repayable within one year	**2,731,920**	1,594,691
Current liabiities	**2,731,920**	1,594,691
Repayable in two to five years	**7,466,124**	7,903,708
Repayable in more than five years	**22,138,684**	23,143,119
Non-current liabilities	**29,604,809**	31,046,827
Total borrowings	**32,336,729**	32,641,518

Break clauses
The only lease that provides a break clause that has not already passed is for the property at STFC Daresbury. The earliest date at which the break clause could take effect is July 2023, management currently do not intend to exercise this break option.

13. Trade and other receivables

	2020	2019
Due greater than 1 year		
Property rent deposits	**584,834**	564,938
Property decommissioning deposits	**350,000**	350,000
Total due greater than 1 year	**934,834**	914,938
Current receivables		
VAT recoverable	**661,286**	355,919
Advance payments to suppliers	**238,848**	87,669
Property and other deposits	**9,943**	9,547
Prepayments	**975,147**	1,687,522
	1,885,224	2,140,657
Corporation tax	**-**	1,768,591
Total current receivables	**1,885,224**	3,909,248

The corporation tax debtor recognised at 31 December 2019 was received in May 2020.

14. Cash and cash equivalents

		2020	2019
Cash and cash equivalents		**2,317,451**	3,235,167
Amounts in foreign exchange denominated by	Swiss Franc	**122,280**	276,162
	Euro	**234,527**	62,764
	US Dollar	**32,481**	15,596
	Sterling	**1,928,163**	2,880,645
Cash included above which is pledged as security. (See Note 17)		**500,000**	500,000

NOTES TO THE ACCOUNTS – GROUP

Continued - Financials in £

15. Inventories

	2020	2019
Work in progress - LIGHT	**22,138,323**	15,048,228
Total	**22,138,323**	15,048,228

All of the above items of Inventory have been valued at cost less an impairment provision of 1,908,925 (2019: £1,908,925) relating to the LIGHT work in progress. No increase in the impairment provision was considered necessary by the Directors.

Costs included in Inventory are for finished components of the LIGHT machine that will be sold as part of future LIGHT installations.

16. Trade and other payables

	2020	2019
Due greater than 1 year		
Licence Fee Received	**16,500,000**	16,500,000
Total due greater than 1 year	**16,500,000**	16,500,000

The agreement under which the license fee was received in the prior year from our Chinese partner, Liquid Harmony, a shareholder, requires certain milestones to be met within a five year from receiving the fee including development of the products and obtaining regulatory approval in China within 5 years. If these conditions are not met the amount will be fully repayable.

	2020	2019
Current		
Trade payables	**1,598,315**	1,854,182
Other taxes and social security	**1,358,372**	279,106
Accruals and deferred income	**3,481,530**	2,747,922
Total	**6,438,217**	4,881,210

17. Borrowings

	2020	2019
Amounts falling due within one year		
Secured loans	**10,039,316**	-
Leases	**2,731,920**	1,594,691
Total amounts falling due within one year	**12,771,236**	1,594,691
Amounts falling due over one year		
Secured loans	**8,258,435**	13,864,384
Leases	**29,604,809**	31,046,827
Total amounts falling due over one year	**37,863,244**	44,911,211
Total borrowings	**50,634,480**	46,505,902
The maturity profile of gross debt is as follows		
Repayable within one year	**12,771,236**	1,594,691
Repayable in two to five years	**15,724,559**	22,752,970
Repayable in more than five years	**22,138,684**	22,158,241
Total borrowings	**50,634,480**	46,505,902

17. Borrowings continued

A debt facility with Credit Suisse AG ("Credit Suisse") for £10 million is secured against an aggregated amount of £10.5 million, Nerano Pharma Ltd ("Nerano Pharma") acting as Third Party Pledgor having placed £10 million in a pledged account, with the remaining £0.5 million placed in a pledged account by the Company. Interest rate payable on the Loan is 2 per cent. above LIBOR per annum. In May 2021, the Company extended the repayment date of the £10 million loan facility on a rolling quarterly basis through to 11 May 2022.

Nerano Pharma is the ultimate parent company of Nerano Capital, a shareholder of the Company. A loan from Nerano Pharma of £4 million was received in the prior year and interest accrues at 12 per cent per annum for annual payment or 15 per cent per annum if paid at the end of the loan. A further loan of £4 million was received and fully settled through the issue of shares along with interest and fees on 11 May 2020.

On 28 June 2020, the Company entered into an interest-bearing secured convertible facility with Nerano Pharma for up to $30 million with the Company being able to issue drawdown requests at any time during the three-year term.

A rate of interest of 5 per cent. per annum will accrue on all amounts drawn under the Nerano Facility, paid annually in cash on each anniversary of the Nerano Facility with the option for the Company to defer payment of that interest until the maturity date of the Nerano Facility on 29 June 2023. On the maturity date all amounts drawn under the Nerano Facility and any interest accrued thereon shall be repayable by the Company. The Facility provides an option for the Company to voluntarily repay part, or all, of the loan (along with any accrued interest) prior to the maturity date. The Nerano Facility is secured on the LIGHT components being built in Daresbury and Geneva, associated intellectual property and the property at Harley St. Nerano Pharma will be entitled to a share of the profit generated by the Harley Street Centre for up to 15 years.

Nerano Pharma may convert any amount that the Company has opted to voluntarily prepay during the life of the Nerano Facility and at maturity of the Nerano Facility in June 2023, any outstanding loan amounts and interest payable, in each case, into new ordinary shares in Advanced Oncotherapy at a price of 25 pence per ordinary share.

Pursuant to the terms of the Nerano Agreement, the Company granted 5 million warrants to subscribe for new ordinary shares to Nerano Pharma exercisable until 28 June 2025 at an exercise price of 50 pence. Details of the measurement have been included in Note 20.

On the 17 August the company drew down $10m of the loan facility. Although convertible, the loan does not meet the fixed number of shares for a fixed loan value and therefore the convertible feature has been separated from the host contract and recognised as an embedded derivative. The below table shows the movement in the loans.

	Host Loan	Embedded derivative
Proceeds received	7,621,951	-
Recognition of embedded derivative	(3,716,425)	3,716,425
Costs including warrants	(654,734)	-
Interest accrued	399,243	-
Foreign exchange	(143,173)	-
Fair value adjustment at reporting date	-	861,785
Carrying value at the year end	3,506,862	4,578,210

The fair value of the embedded derivative was designated as a level 3 in accordance with fair value hierarchy as per financial instruments note. The fair value has been determined in conjunction with a third party valuation firm, using a Monte Carlo simulation forecasting the share price at the date the conversion is exercised. The following assumptions were used in the calculation of the derivative option:

	Assumptions	
	17 August 2020	31 December
Share price	31p	36p
Exchange rate	1.31	1.366
Volatility share price	50%	50%
Volatility exchange rate	9.1%	9.5%
Time period	2.86	2.49

A change in forex rate of -/+5% would move the derivative valuation by approximately £200k whilst a -/+5% movement on the share price would move the valuation by approximately £400k.

NOTES TO THE ACCOUNTS – GROUP

Continued - Financials in £

18. Financial instruments

The Group's principal financial instruments comprise short-term receivables and payables, lease liabilities, embedded derivatives and borrowings, short-term bank deposits and cash. All of the financial instruments are measured at amortised cost with the exception of the embedded derivative which is measure at fair value. There is currently no material difference between the carrying value of financial assets and liabilities and their fair value. The prime objectives of the Group's policy towards financial instruments are to maximise returns on the Group's cash balances, manage the Group's working capital requirements and finance the Group's ongoing operations.

Capital management
The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders.

The Group does not yet have any significant recurring revenues and finances its operations through the issue of new shares and loans. The Group's capital resources are managed to ensure it has resources available to invest in operational activities designed to generate future income. These resources were represented by £2,317,451 of cash as at 31 December 2020. During 2020 the Group utilised a number of short and longer term debt facilities in order to provide liquidity to the group.

	2020	2019
Assets		
Total assets	**122,293,185**	110,822,176
Debt		
Secured loans	**18,297,751**	13,864,384
Lease liabilities	**32,336,729**	32,641,518
	50,634,480	46,505,902
Equity		
Share capital and share premium	**144,802,676**	121,557,917
Reserves	**(100,660,398)**	(78,622,853)
	44,142,278	42,935,064
Total capital	**94,776,758**	89,440,966
Debt as a % of total capital	**53.4%**	52.0%
Debt as a % of total assets	**41.4%**	42.0%

Management of financial risk
The main risks associated with the Group's financial instruments have been identified as interest rate risk, liquidity risk, exchange rate risk, and credit risk. The Board is responsible for managing these risks and the policies adopted, which have remained largely unchanged throughout the year, are set out below.

Interest rate risk
The Group has debts which are the subject of fixed interest rate agreements and, therefore, there is no interest rate risk arising.

Liquidity risk
The Group has financed operations to date through the issue of equity and debt. All of the financial instruments are measured at amortised cost with the exception of the embedded derivative which is measured at fair value. In connection with its business plan, management anticipates additional increases in operating expenses, working capital requirements, and capital expenditures in line with the growth of its business, relating to the lease for the assembly site, the purchase of additional inventory, the hiring of personnel, and marketing expenses. It expects that those will continue to be funded through a combination of existing funds and further issuances of shares, and debt issuances. Thereafter, it is expected that the Group will need to raise additional capital and generate revenues to meet long-term operating requirements. Additional issuances of equity will result in dilution to current shareholders.

18 . Financial instruments continued

All of the Group's Trade and Other Payables are due within three months.

The Credit Suisse loan of £10m was due for repayment in May 2021 however the date has been extended to May 2022.
The Licence Fee received will only be repayable if certain milestones, as indicated in Note 16, are not met.
The maturity of Liabilities is:

	Due in less than one year	Due between two and five years	Due over five years
Trade and other payables	6,438,217	-	-
Borrowings	10,039,316	14,501,728	-
Lease liabilities (undiscounted)	3,194,934	8,026,698	94,564,857
Total	**19,672,467**	**22,528,425**	**94,564,857**

Exchange rate risk
Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency). Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

As of 31 December 2020 the Group's net monetary assets by functional currency of the Group's entities were as follows.

	Functional currency of entity				
Currency denomination of monetary assets/liabilities	GBP	CHF	EUR	USD	**Total**
GBP	(13,944,215)	1,220	-	(1,985)	**(13,944,980)**
CHF	30,391	(1,519,975)	-	-	**(1,489,584)**
Euro	(241,963)	(28,528)	(1,800)	-	**(272,291)**
USD	(7,731,810)	(11,751)	-	(604)	**(7,744,165)**
Total	**(21,887,597)**	**(1,559,034)**	**(1,800)**	**(2,589)**	**(23,451,020)**

The Directors consider that a movement of 10% of GBP and USD represents the entities exposure to foreign exchange risk and do not consider the impact to be material therefore no sensitivity analysis is presented.

Credit risk
The Group is not currently trading and has limited financial assets and therefore the Directors' do not consider that credit risk is material.

Cash at bank is held only with reputable banks with high quality external credit ratings which represents the maximum credit exposure. This represents the maximum credit risk to the Group.

NOTES TO THE ACCOUNTS – GROUP

Continued - Financials in £

19. Equity share capital

Ordinary shares of 25p each	Number	Share Capital	Share Premium	Total	p/Share
As at 01 January 2019	169,566,092	42,391,524	50,724,177	93,115,701	54.91p
Shares Issued in the period	74,857,314	18,714,329	10,975,557	29,689,885	39.66p
Expenses deducted from Share Premium	-	-	(1,247,669)	(1,247,669)	-
Total for year 2019	**74,857,314**	**18,714,329**	**9,727,888**	**28,442,216**	**38.00p**
As at 31 December 2019	**244,423,406**	**61,105,852**	**60,452,065**	**121,557,917**	**49.73p**
Shares Issued in the period	89,016,167	22,254,042	2,003,103	24,257,145	27.25p
Expenses deducted from Share Premium	-	-	(1,012,386)	(1,012,386)	-
Total for year 2020	**89,016,167**	**22,254,042**	**990,717**	**23,244,759**	**26.11p**
As at 31 December 2020	**333,439,573**	**83,359,894**	**61,442,782**	**144,802,676**	**43.43p**

Shares issued in the period					
May-20	61,947,835	15,486,959	108,470	15,595,429	25.18p
Oct-20	27,068,332	6,767,083	882,247	7,649,330	28.26p
Total	**89,016,167**	**22,254,042**	**990,717**	**23,244,759**	**26.11p**

Shares issued in the prior period					
Jan-19	25,000,000	6,250,000	3,577,998	9,827,998	39.31p
May-19	5,862,500	1,465,625	785,575	2,251,200	38.40p
Aug-19	29,797,502	7,449,375	3,380,203	10,829,578	36.34p
Sep-19	2,400	600	3,000	3,600	150.00p
Sep-19	7,364,162	1,841,041	958,800	2,799,841	38.02p
Nov-19	6,250,000	1,562,500	937,500	2,500,000	40.00p
Dec-19	580,750	145,188	84,812	230,000	39.60p
Total	**74,857,314**	**18,714,329**	**9,727,888**	**28,442,216**	**38.00p**

The Directors were authorised at a General Meeting in May 2020 to allot and issue up to 61,221,586 shares. 61,221,586 were issued as shares in May 2020 raising £15.4 million of equity.

At the same meeting, the Directors were further authorised to allot and issue up to 91,693,498 shares. This authority lapsed at the 2020 Annual General Meeting in July 2020.

In May 2020, 726,249 shares were issued under a residual authority from a General Meeting in July 2019, raising £0.2 million of equity.

The Directors were authorised at a General Meeting in July 2020 to allot and issue up to 91,911,372 shares. 27,068,332 were issued as shares in October 2020 raising £7.6 million of equity. In October 2020 24,600,000 were issued as options.

A further 16,395,156 were issued as shares between January and May 2021, raising £6 million of equity.

20. Share based payments

(a) Share Options

The Group's shares options are detailed in note a below. The options in issue are all equity options and vest over a term of 1 to 5 years. They do not have performance conditions attached other than the 24m shares options issued on 01 October 2020 under the LTIP scheme.

The vesting conditions attached to the issue are detailed below:

- 6m on the LIGHT System being fully operational
- 6m on first patient treated
- 6m on the LIGHT system being certified
- 6m if the share price is above £1 for 30 consecutive days.

The first three of these are non-market conditions and are reflected in the number of options expected to vest in accordance with the accounting policy. The vesting period is assessed by management based on their expectation of the conditions being satisfied based on the project timeline. Management expect these all to fully vest over a two year period. The inputs in the Black and Scholes model are detailed later in this note.

The latter item is a non-market condition and is reflected in the fair value of the options in accordance with the accounting policy. The inputs in the Monte Carlo simulation are detailed later in this note.

Share Options

Share options held by Directors are disclosed in Note 7. The total number of options outstanding at the year end are as follows:

Grant date	Maximum date of exercise	Exercise price	Outstanding at start of period 01 January 2020	Issued in the period	Lapsed in the period	**Share options as at 31 December 2020**
01-Sep-13	06-Jan-20	75.00p	80,000	-	(80,000)	**-**
01-Jul-15	30-Jun-20	200.00p	900,000	-	(900,000)	**-**
01-Oct-16	31-Jan-20	95.00p	400,000	-	(400,000)	**-**
13-Feb-17	12-Feb-22	200.00p	400,000	-	-	**400,000**
29-Aug-17	28-Aug-22	130.00p	400,000	-	-	**400,000**
20-Feb-19	20-Feb-24	100.00p	3,720,000	-	-	**3,720,000**
01-Mar-19	31-Aug-22	40.00p	1,404,324	-	-	**1,404,324**
01-Oct-20	31-Oct-25	50.00p	-	24,000,000	-	**24,000,000**
01-Oct-20	31-Oct-25	100.00p	-	600,000	-	**600,000**
Total			7,304,324	24,600,000	(1,380,000)	**30,524,324**

The number and weighted average exercise prices of share options are as follows:

	2020		2019	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	**107.36p**	**7,304,324**	127.11p	5,566,669
Lapsed during the period	**162.32p**	**(1,380,000)**	102.75p	(3,711,687)
Exercised during the period	**-**	**-**	-	-
Issued during the period	**51.22p**	**24,600,000**	84.04p	5,449,342
Outstanding at the end of the period	**59.63p**	**30,524,324**	107.36p	7,304,324
Exercisable at the end of the period	**110.16p**	**5,120,000**	123.39p	5,900,000

(b) Warrants

Warrants held by Directors are disclosed in Note 7. The total number of warrants outstanding at the year end are as follows:

Exercise period	Maximum date of exercise	Exercise price	Share warrants held at 01 January 2020	Issued in the period	Lapsed in the period	Exercised in the period	**Share warrants held at 31 December 2020**
03-Apr-15	02-Apr-20	177.50p	1,840,000	-	(1,840,000)	-	**-**
01-May-15	30-Apr-20	200.00p	535,674	-	(535,674)	-	**-**
14-May-15	13-May-20	206.25p	168,652	-	(168,652)	-	**-**
22-Feb-17	21-Feb-21	86.00p	302,325	-	-	-	**302,325**
26-Apr-17	25-Apr-21	36.00p	722,223	-	-	-	**722,223**
24-May-17	23-May-21	31.00p	838,710	-	-	(4,236)	**834,474**
24-May-17	23-May-21	25.00p	21,800,000	-	-	(31,313)	**21,768,687**
26-Apr-18	23-Mar-22	70.00p	1,000,000	-	-	-	**1,000,000**
31-May-18	11-Jun-22	50.00p	450,000	-	-	-	**450,000**
31-Aug-18	31-Aug-23	100.00p	2,617,312	-	-	-	**2,617,312**
07-May-19	07-May-24	100.00p	3,500,000	-	-	-	**3,500,000**
31-Oct-19	31-Aug-24	100.00p	385,000	-	-	-	**385,000**
28-Jun-20	28-Jun-25	50.00p	-	5,000,000	-	-	**5,000,000**
Total			**34,159,896**	**5,000,000**	**(2,544,326)**	**(35,549)**	**36,580,021**

NOTES TO THE ACCOUNTS – GROUP

Continued - Financials in £

20. Share based payments continued

The number and weighted average exercise prices of share warrants are as follows:

	2020		2019	
	Weighted average exercise price	**Number of warrants**	Weighted average exercise price	Number of warrants
Outstanding at the beginning of the period	**53.73p**	**34,159,956**	51.44p	31,395,210
Lapsed during the period	**184.59p**	**(2,544,326)**	150.00p	(1,117,854)
Exercised during the period	**25.71p**	**(35,549)**	150.00p	(2,400)
Issued during the period	**50.00p**	**5,000,000**	100.00p	3,885,000
Outstanding at the end of the period	**44.14p**	**36,580,081**	53.73p	34,159,956
Exercisable at the end of the period	**44.14p**	**36,580,021**	53.73p	34,159,956

The fair value of services received in return for share options and warrants is measured by reference to the fair value of the share options and warrants granted. For issues without market performance conditions, this estimate is based upon a Black Scholes model. Where the awards include market conditions, a Monte Carlo simulation model is used. The inputs into the various models for options and warrants granted in the year are as follows:

Options

Expected life	First vesting date	Risk free rate	Exercise price	Share price	Volatility of share price	Options Vested	Options Granted	Expiry	Fair Value
Monte Carlo									
5	31-Mar-22	0.10%	50p	32.5p	76.50%	-	6,000,000	31-Oct-25	834,000
Black-Scholes									
5	31-Mar-22	0.10%	50p	32.5p	76.50%	-	18,000,000	31-Oct-25	3,042,000
5	05-Oct-20	0.10%	100p	32.5p	76.50%	600,000	600,000	31-Aug-22	86,720
Total							**24,600,000**		**3,962,720**

Warrants

Expected life	First vesting date	Risk free rate	Exercise price	Share price	Volatility of share price	Warrants Vested	Warrants Granted	Expiry	Fair Value
5	28-Jun-20	0.10%	50p	32.5p	76.50%	5,000,000	5,000,000	28-Jun-25	654,735
Total						**5,000,000**			**654,735**

Volatility was determined with reference to the Company's share price movements over a period equivalent to the expected lives of the options and warrants retrospectively from the date of issue.

The Group recognised the following share-based payment expense during the period:

Charged to the profit and loss account	**2020**	2019
Expense arising from fair value of share options currently in issue	**704,533**	872,539
Expense arising from fair value of warrants currently in issue	**-**	800,415
Expense arising on employee services paid in shares	**636,416**	333,033
Expense on settlement of financial liability	**1,297,174**	106,335
Total charge to the profit and loss account	**2,638,123**	2,112,322

Charged to share premium	**2020**	2019
Expense arising from fair value of warrants issued in period	**-**	81,414
Total	**-**	81,414

Charged to long term loans	**2020**	2019
Expense arising from fair value of warrants currently in issue	**654,734**	-
Total	**654,734**	-

21. Share premium reserve

Company law restricts the use of the share premium reserve of £61,442,782 (2019:£60,452,065), which may only be applied in paying unissued shares of the Company in respect of capitalisation issues and in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company.

22. Share option reserve

The share option reserve of £7,675,332 (2019: £7,853,803) arises owing to the provision in respect of IFRS 2 "Share based payments".

23. Reverse acquisition reserve

The reverse acquisition reserve of £11,038,204 was created on 31 July 2006 when the Company became the legal parent of CareCapital Limited ("CCL") by way of a share exchange agreement. The business combination was regarded as a reverse acquisition under IFRS 3 whereby CCL, the legal subsidiary, is the acquirer and has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

24. Exchange movement reserve

The foreign exchange movement reserve comprises all foreign currency differences arising from the translation of the financial statements of the foreign operations.

25. Capital commitments

The Group and its subsidiaries had capital commitments of £1,554,283 (2019: £528,000). This was in respect of the building modifications being undertaken at the STFC Daresbury site.

26. Contingent liabilities

The Directors are not aware of any contingent liabilities at the 31 December 2020 (2019: £nil).

NOTES TO THE ACCOUNTS – GROUP

Continued - Financials in £

27. Related party transactions

The following related party transactions are required to be disclosed in accordance with IAS24.
There are no employees considered as key management other than the directors whose remuneration is detailed in Note 7.

		2020	2019
A family member of Dr Michael Sinclair, Executive Chairman, was employed by the Group. The remuneration and benefits payable under the contract, excluding Company statutory and other costs, were:		**198,440**	231,754
The Group received services from Berkshire Investment Management Limited, a company controlled by Hans von Celsing, a Group Director		**54,955**	78,871
The balance due to Berkshire Investment Management Limited as at 31 December 2020 was:		**24,000**	7,244
		Price	Quantity
In October 2020, as disclosed in Note 7, the following options were issued:			
Michael Sinclair (Director)		50.00p	5,500,000
Nicolas Serandour (Director)		50.00p	6,500,000
Steve Myers (Director)		50.00p	1,500,000
In May 2020, the following shares were issued:			
Michael Sinclair (Director)	Subscription	25.00p	400,000
Michael Sinclair (Director)	In Lieu of Salary	25.00p	265,944
Dr Nick Plowman (Director)	NED Fees	25.00p	120,000
Enrico Vanni (Director)	Subscription	25.00p	300,000
Enrico Vanni (Director)	NED Fees	25.00p	120,000
Dr Nick Plowman (Director)	NED Fees	25.00p	120,000
Hans von Celsing (Director)	NED Fees	25.00p	120,000
Prof Steve Myers (Director)	Director Fees	25.00p	200,000
Gabriel Urwitz (Former Director)	NED Fees	25.00p	60,000
In October 2020, the following shares were issued:			
Dr Nick Plowman (Director)	NED Fees	30.00p	250,000
Enrico Vanni (Director)	NED Fees	30.00p	250,000
Dr Nick Plowman (Director)	NED Fees	30.00p	250,000
Hans von Celsing (Director)	NED Fees	30.00p	250,000
In February 2019, as disclosed in Note 7, the following options were issued:			
Michael Sinclair (Director)		100.0p	545,000
Nicolas Serandour (Director)		100.0p	1,400,000
Steve Myers (Director)		100.0p	215,000
In August 2019, the following shares were issued:			
Michael Sinclair (Director)	Subscription	40.0p	875,000
Enrico Vanni (Director)	Subscription	40.0p	87,500
Enrico Vanni (Director)	NED Fees	40.0p	112,500
Michael Bradfield (Director)	NED Fees	40.0p	112,500
Dr Nick Plowman (Director)	NED Fees	40.0p	112,500
Dr Euan Thomson (former Director)	NED Fees	40.0p	112,500
Gabriel Urwitz (Director)	NED Fees	40.0p	62,500
Prof Chris Nutting (former Director)	NED Fees	40.0p	37,500

The Group has taken advantage of the exemption available under IAS 24 'Related Party Disclosures' not to disclose details of transactions between Group undertakings which are eliminated on consolidation in the Group Financial Statements.

28. Post balance sheet events

In January 2021, the Group raised additional equity for a net amount of £5.6 million through the subscription of 14,801,040 new ordinary shares by new and existing shareholders. Further equity of £464,596 was raised through the exercise of warrants for 1,594,116 shares.

Separately in June 2021, the Group announced the signature of a Letter of Intent with Saba Partners for the sale of a three-room system in Switzerland for a total contract value of up to US$107 million (equivalent to c.£75.5 million).

In March 2021, the Group received a short term loan of £1.6m, repayable in July 2021.

In April 2021, the Group received a short term loan of £2.5m, repayable in July 2021.

29. Supporting statements of cash flows - Analysis of net debt

		Cash flows	Principal repaid in shares	Costs paid in shares	Fair value of warrants cost	Recognition of embedded derivative	New lease liability recognised	Accrued interest	Foreign exchange	Total
	At 1 January 2019									**At 31 December 2019**
Cash at bank and in hand	1,013,053	2,227,017	-	-	-	-	-	-	(4,903)	3,235,167
Lease liabilities	(9,389,329)	1,369,231	-	-	-	-	(24,030,212)	(618,861)	27,653	(32,641,518)
Borrowings	(3,000,000)	(13,639,323)	3,057,330	106,335	-	-	-	(331,396)	(57,330)	(13,864,384)
Total	**(11,376,276)**	**(10,043,075)**	**3,057,330**	**106,335**	**-**	**-**	**(24,030,212)**	**(950,257)**	**(34,580)**	**(43,270,735)**
	At 1 January 2020									**At 31 December 2020**
Cash at bank and in hand	3,235,167	(937,825)	-	-	-	-	-	-	20,109	2,317,451
Lease liabilities	(32,641,518)	1,865,946	-	-	-	-	(145,195)	(1,322,763)	(93,199)	(32,336,729)
Borrowings	(13,864,384)	(11,294,865)	4,000,000	-	654,734	3,716,425	-	(1,652,834)	143,173	(18,297,751)
Total	**(43,270,735)**	**(10,366,744)**	**4,000,000**	**-**	**654,734**	**3,716,425**	**(145,195)**	**(2,975,597)**	**70,083**	**(48,317,029)**

30. Principal accounting policies – Group

a. Accounting convention, basis of preparation and going concern

These financial statements have been prepared under accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis modified to include certain assets and liabilities at fair value.

The Directors have taken advantage of the exemption offered by Section 408 of the Companies Act 2006 not to prepare a separate statement of comprehensive income for the Parent Company.

Advanced Oncotherapy PLC ("the Company") is a public limited company incorporated and domiciled in the UK. The nature of the operations and principal activities of the Company and its subsidiary undertakings (the "Group") are set out in the Strategic Report on pages 8 to 73 and the Directors' report on pages 98 to 100. These consolidated financial statements are presented in pounds sterling because that is the predominant currency of the economic environment in which the Group operates.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and opinions or statements received from competent professional advisors. The assumptions used are considered to be reasonable under the circumstances and the results of which form the basis of making judgements about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revisions affects only that period.

Critical estimates and judgements that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk attached to:

1. The values ascribed to Intangible assets. The Directors carried out an impairment review of the Intangible assets and found that no impairment is necessary. At 31 December 2020, the Group held intangible assets currently still being developed, for which the most sensitive assumption is the probability of technical success and, given their nature, impairment adjustments triggered by future events that have yet to occur which may be material. In addition, there is a significant risk that impairments recognised in any one period may be subject to material adjustments in future periods. See Note 10 and Note w below.
2. Inventory. The Directors have made significant accounting estimates in respect of the carrying value of inventory at the year-end both in respect of estimated selling prices and costs to complete the inventory. These estimates have been based on quoted amounts from suppliers and on discussions with or signed contracts with potential customers. An impairment provision of £nil (2019: 1.9m) has been provided. Some sales values are contractually agreed thus a 20% reduction in those not agreed would lead to an impairment of £1.1m. An increase in expected costs of 20% would lead to an impairment of £4.3m.

NOTES TO THE ACCOUNTS – GROUP

Continued - Financials in £

30. Principal accounting policies – Group continued

3. Incremental interest rates on Leases. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.0%. The determination of applicable incremental borrowing rates at the commencement of new lease contracts also requires judgement. The Group determines its incremental borrowing rates by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease. The Group considers the relevant market interest rate, based on the weighted average of the timing of the lease payments under the lease obligation.
4. Going concern – refer to Note 30 b for judgments in respect of the going concern basis of preparation.
5. Valuation of share based payments – the estimation related to share based payments includes the selection of an appropriate valuation option pricing model, consideration as to the inputs into the valuation model chosen and the estimation of the number of the awards that will ultimately vest. Inputs subject to estimation relate to the future volatility of the share price based on historically observed volatility from trading in the Company's shares, over a historical period between the date of grant and the date of exercise. Management has used a Monte Carlo model to calculate the fair value of the awards which include market based conditions. Further disclosure of inputs relevant to the calculations is set out in Note 20.
6. Accounting for loan agreements and valuation of embedded derivative – management have applied judgement in accounting for the loan received from Nerano. In determining the appropriate accounting, they have considered the terms of the arrangement and identified that the loan contains an embedded derivative that needs to be recognised separately from the host contract. Additionally, they have applied judgement in determining which of the cash flows arising from the arrangement can be estimated reliably in determining what should be included in the amortised cost calculation.

   The fair value of the embedded derivative has been determined through a range of inputs and modelling the results of the change in these inputs. Inputs are determined based on past performance, comparable instruments and management's determination of the suspected future time horizons for the conversion of the instruments. These forecasted values are by their nature estimates and therefore there is uncertainty with relation to the valuation of these instruments. Further details in relation to the valuation of these instruments can be found in Note 17.

A summary of the Group accounting policies is set out below, together, where relevant, with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year. Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 01 January 2020 and these have been adopted in the financial statements.

b. Going concern
The Group has made a loss before tax of £25.3m (2019: £21.9m) and is presently pre-revenue and, as such, has relied upon equity and debt funding to progress its development plans. Post year end, the Group has successfully raised £6m in equity and £4.1m in short term loans.

The directors regularly review cash flow forecasts to determine whether the Group has sufficient cash reserves to meet its future working capital requirements and development plans. The Group's plans indicate that they need to raise further finance and the Directors are confident based on past history of successful fundraising and discussions with investors that the Group will be successful in raising these funds. Additionally, they consider they can defer settlement of creditors, reduce short term expenditure and obtain short-term finance should there be any delay in completing any such fundraising to allow continuance of their plans. They therefore consider it appropriate to prepare the Group's financial statements on a going concern basis.

However, as at the date of approval of these financial statements, there are no legally binding agreements in place in relation to any fundraising or extension of terms of with creditors and as the success of any finance raising is outside the control of the company and is thus considered to be a material uncertainty. There can be no certainty that additional funds will be forthcoming which indicates the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

c. Basis of consolidation
The consolidated financial information includes financial information in respect of the Group and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive in-come from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings (together "the Group") drawn up to 31 December 2020.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

30. Principal accounting policies – Group continued

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

d. Intangible assets-research and development
Development activities involve a plan or design for the production of new and innovative proton beam cancer therapy machines. Development expenditure is capitalised only if development costs can be measured reliably, the proton therapy machine is technically and commercially feasible, future economic benefits are probable, and the Group has sufficient resources available to complete development and to use, lease or sell the asset. The expenditure capitalised includes only the cost of gross direct labour that is directly attributable to preparing the asset for its intended use or third-party costs incurred directly on the development activities above. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. Other research and development expenditure not meeting the above criteria is recognised in the income statement as incurred. Capitalised development costs are amortised over the period from the date the development generates revenue. As at 31 December 2020 the proton therapy machines are still in the development phase and therefore no amortisation has been recognised in the income statement. Management estimates the useful economic life of the proton machines to be 20 years once development has been completed.

e. Property, Plant and Equipment
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Fixtures and fittings	20% of cost
Plant - equipment	14 % to 20% of cost
Plant - LIGHT development equipment	20% of cost
Computer equipment	33.3% to 50% of cost
Leasehold Improvements	are written off over the term of the lease

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

f. Cash and cash equivalents
Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investment maturities of three months or less, net of short term bank overdrafts.

g. Trade and other receivables
Trade and other receivables are recognised initially at the transaction price. They are subsequently measured less any provision for impairment in relation to expected credit losses. At each reporting date the Group assesses the expected credit losses and changes in credit risk since initial recognition of the receivable and a provision for impairment is recognised when considered necessary.

h. Trade and other payables
Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

i. Holiday Pay Accrual
A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement.

j. Government Grants
Grants have been received from the UK and US governments to assist with staff furlough and payroll costs during the COVID pandemic. The grants are included in the financial statements to the extent that they have been received for the reporting period and confirmation has been received that they will become repayable at any point. No other forms of government assistance have been received.

k. Inventories
Stocks are stated at the lower of cost and realisable value. Cost is based on the first-in first-out principle. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses. Any write down to net realisable value is recorded in cost of sales.

Work in progress is valued at the cost charged for material supplies and the cost charged by sub-contractors for work completed or in progress with those sub-contractors. No element of Group overhead or finance cost has been included.

l. Revenue recognition
During prior periods, the company received an amount of £16.5m for an exclusive distribution agreement issued to Liquid Harmony Ltd. This amount is fully repayable if the entity does not complete the development of the products and have regulatory approval in China within 5 years of the signing of the agreement. As a result of the conditions attached requiring full repayment no revenue, has been recognised.

NOTES TO THE ACCOUNTS – GROUP

Continued - Financials in £

30. Principal accounting policies – Group continued

m. Income taxes
The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed.

Deferred tax is provided using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. It is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related, deferred tax asset is realised or the deferred tax liability is settled. It is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are offset only when they relate to taxes levied by the same authority, with a legal right to set off and when the Group intends to settle them on a net basis.

n. Pensions
The Group makes defined contributions to employees' personal pension plans. Contributions payable to the employees' schemes are recognised as an expense in the statement of comprehensive income as incurred.

o. Share based payments
The cost of granting share options and other share based remuneration to employees and Directors is recognised through the statement of comprehensive income on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. These share based payments are measured at fair value at the date of grant by use of an option pricing mode. Where the share options only contain service conditions or non-market conditions, a Black – Scholes model is used. Where the share options contain market conditions, a Monte Carlo simulation model is used and reflected the in the fair value of the options granted. Details of the assumptions used in those models are included in Note 20 Share based payments.

For equity-settled transactions with non-employees, the costs are recognised through the statement of comprehensive income with measurement based on the fair value of goods or services received.

p. Foreign currencies
Transactions in currencies other than the entity's functional currency are recorded at the exchange rate prevailing at the transaction dates. Foreign exchange gains and losses resulting from settlement of these transactions and from retranslation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The assets and liabilities of foreign entities are translated into sterling at the rate of exchange ruling at the balance sheet date and their statements of comprehensive income and cash flows are translated at the average rate for the period. Exchange differences arising are transferred to reserves as a separate component of equity.

The Group's presentational currency is GBP.

q. Financial instruments
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Loans are initially recognised net of associated transaction costs. Subsequent to initial recognition, they are stated at amortised cost.

r. Loans and Borrowings
Loans and borrowings are recorded at amortised cost using the effective interest method using the expected cash flows attached to the financial instrument, with interest-related charges recognised as an expense in finance cost in the statement of comprehensive income. In rare circumstances, where cash flows are not possible to be predicted the contractual cash flows over the contractual term of the financial instrument are used.

Where the loan includes a convertible feature, resulting in the possible settlement through issue of shares management consider if the conversion would result in a fixed loan amount being settled with a fixed number of shares. Where this is the case, the cash flows attached to the financial instrument are discounted at a market rate of interest and the difference between cash proceeds and the present value of cash flows being recorded in equity. If the conversion feature does not result in the settlement of a fixed loan amount with a fixed number of shares, the financial instrument is assessed as containing a host financial liability held at amortised cost and a financial liability held at fair value through profit and loss.

The fair value of the derivative component held at fair value through profit and loss is derived at draw down date and recognised separately from the host contract which is held at amortised cost. The derivative component is subsequently measured at fair value at each reporting date with the changes being recorded in profit and loss.

s. Equity instruments
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

t. Financial liability and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

30. Principal accounting policies – Group continued

u. Borrowing costs
All borrowing costs are recognised in profit or loss in the period in which they are incurred.

v. Segmental reporting
As the Group's business activities were not complex, being the development and building of the LIGHT system, and the management of a healthcare related property, management reviews information based on different locations and, accordingly, the operating segments are based on such a geographical split.

w. Impairment of non-current assets
The Group's main asset is it development costs which are not yet ready for use. As a result an annual impairment revenue review is performed which involves estimating the recoverable amount of the assets, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

x. Leases
The majority of the Group's accounting policies for leases are set out in Note 12.

Identifying Leases
The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:
(a) There is an identified asset;
(b) The Group obtains substantially all the economic benefits from use of the asset; and
(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.0%. The determination of applicable incremental borrowing rates at the commencement of new lease contracts also requires judgement. The Group determines its incremental borrowing rates by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease. The Group considers the relevant market interest rate, based on the weighted average of the timing of the lease payments under the lease obligation.

y. Changes in Accounting Policy
(i) New and amended standards adopted by the Group:
The accounting policies adopted are consistent with those of the previous financial year. New or amended financial standards or interpretations adopted during the year and that have a significant impact upon the financial statements are detailed below.

(ii) The following standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements, have not been adopted early:

Standard	Description	Effective date
IAS 1	Presentation of Financial Statements	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Disclosure Initiative - Definition of Material)	1 January 2020
IFRS 3	Business Combinations (Amendment - Definition of Business)	1 January 2020
	Conceptual Framework for Financial Reporting (Revised)	1 January 2020
	IBOR Reform and its Effects on Financial Reporting - Phase 1	1 January 2020
IFRS 16	Covid-19-Related Rent Concessions	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021

In reviewing the above standards, the Company does not believe that there will be a material impact on the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2020 - Financials in £

	Notes	2020	2019
Non-current assets			
Intangible assets	B	**19,768,925**	19,267,379
Property, plant and equipment	C	**5,964,648**	5,159,144
Right of use assets	D	**30,515,239**	30,982,270
Investment in subsidiaries	E	**8,052,458**	8,052,458
Trade and other receivables	F	**59,214,302**	45,108,723
		123,515,572	108,569,974
Current assets			
Inventories	H	**22,139,087**	15,048,228
Trade and other receivables	F	**1,765,183**	1,934,765
Corportion tax R&D refund	F	**-**	1,768,591
Cash and cash equivalents		**2,193,430**	2,979,668
		26,097,700	21,731,252
Total assets		**149,613,272**	130,301,226
Current liabilities			
Trade and other payables	G	**(4,015,017)**	(3,534,627)
Lease liabilities	D	**(1,968,945)**	(916,567)
Borrowings	I	**(10,039,316)**	-
		(16,023,278)	(4,451,194)
Non-current liabilities			
Licence Fee Received	G	**(16,500,000)**	(16,500,000)
Lease liabilities	D	**(29,475,974)**	(30,206,903)
Borrowings	I	**(8,258,435)**	(13,864,384)
Embedded Derivative	17	**(4,578,210)**	-
		(58,812,619)	(60,571,287)
Total liabilities		**(74,835,897)**	(65,022,481)
Net assets		**74,777,375**	65,278,745
Equity			
Share capital		**83,359,894**	61,105,852
Share premium reserve		**61,442,782**	60,452,065
Share option reserve		**7,675,332**	7,853,803
Accumulated losses		**(77,700,632)**	(64,132,975)
Total equity		**74,777,376**	65,278,745

The Company's loss for the financial year was £15,105,395 (2019: £14,153,072 loss).

These financial statements have been approved and were authorised for issue by the Board of Directors on 29 June 2021
Signed on behalf on the Board of Directors by

Dr Michael Sinclair
Executive Chairman

Nicolas Serandour
Chief Executive Officer

Registered number: 05564418
The accompanying Notes on pages 140 to 145 form part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020 - Financials in £

	Share capital	Share premium reserve	Share options reserve	Accumulated losses	Total
Balance as at 01 January 2019	42,391,523	50,724,177	7,198,580	(51,079,048)	49,235,232
Loss for the year	-	-	-	(14,153,072)	(14,153,072)
Total comprehensive income	-	-	-	(14,153,072)	(14,153,072)
Shares Issued in the period	18,714,329	10,975,557	-	-	29,689,885
Expenses deducted from share premium	-	(1,247,669)	81,414	-	(1,166,255)
Lapsed options	-	-	(1,014,117)	1,014,117	-
Lapsed warrants	-	-	(85,028)	85,028	-
Share based payments	-	-	-	-	-
- Share option charge	-	-	872,539	-	872,539
- Share warrants charge	-	-	800,415	-	800,415
Balance at 31 December 2019	**61,105,852**	**60,452,065**	**7,853,803**	**(64,132,975)**	**65,278,745**
Balance at 01 January 2020	**61,105,852**	**60,452,065**	**7,853,803**	**(64,132,975)**	**65,278,745**
Loss for the year	-	-	-	(15,105,395)	(15,105,395)
Total comprehensive income	-	-	-	(15,105,395)	(15,105,395)
Shares Issued in the period	22,254,042	2,003,103	-	-	24,257,145
Expenses deducted from share premium	-	(1,012,386)	-	-	(1,012,386)
Lapsed options	-	-	(510,950)	510,950	-
Lapsed warrants	-	-	(1,026,788)	1,026,788	-
Share based payments	-	-	-	-	-
- Share option charge	-	-	704,533	-	704,533
- Share warrants charge	-	-	654,734	-	654,734
Balance as at 31 December 2020	**83,359,894**	**61,442,782**	**7,675,332**	**(77,700,632)**	**74,777,376**

The accompanying Notes on pages 140 to 145 form part of the financial statements.

NOTES TO THE ACCOUNTS – COMPANY

As at 31 December 2020 - Financials in £

A. Principal accounting policies

(i) Company
The separate financial statements of the Company are presented as required by the Companies Act 2006 and in accordance with FRS 101 United Kingdom generally accepted accounting practice.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Disclosures regarding revenue;
- Disclosures regarding the cash flow statement;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel

(ii) Investment in subsidiaries
Investments in subsidiaries are carried in the Company's statement of financial position at cost less, where appropriate, accumulated impairment.

(iii) Amounts owed by subsidiaries
Amounts owed by subsidiaries are held at amount remitted less an allowance for expected credit losses.

B. Intangible assets

Development Costs

At 01 January 2019	15,017,243
Additions	4,250,136
At 31 December 2019	**19,267,379**

At 01 January 2020	**19,267,379**
Additions	**501,546**
At 31 December 2020	**19,768,925**

In accordance with IAS 38, £501,546 (2019: £4,250,136) of costs relating to the development of the LIGHT proton therapy machine were capitalised during the year.

C. Property, plant and equipment

	Leasehold property	Computer hardware and software	Fixtures, fittings and equipment	Total
2019				
Cost				
At 01 January 2019	3,062,125	183,567	122,324	3,368,016
Additions	2,115,756	23,872	194,459	2,334,087
At 31 December 2019	**5,177,881**	**207,439**	**316,783**	**5,702,103**
Depreciation				
At 01 January 2019	27,932	131,353	62,393	221,678
Charge for the year	264,805	18,345	38,131	321,281
At 31 December 2019	**292,737**	**149,698**	**100,524**	**542,959**
Net book value				
At 01 January 2019	3,034,193	52,214	59,931	3,146,338
At 31 December 2019	**4,885,144**	**57,741**	**216,259**	**5,159,144**

C. Property, plant and equipment continued

	Leasehold property	Computer hardware and software	Fixtures, fittings and equipment	Total
2020				
Cost				
At 01 January 2020	5,177,881	207,439	316,783	5,702,103
Additions	534,353	44,425	736,424	1,315,203
At 31 December 2020	**5,712,234**	**251,864**	**1,053,207**	**7,017,306**
Depreciation				
At 01 January 2020	292,737	149,698	100,524	542,959
Charge for the year	393,822	31,781	84,096	509,699
At 31 December 2020	**686,559**	**181,479**	**184,620**	**1,052,658**
Net book value				
At 01 January 2020	4,885,144	57,741	216,259	5,159,144
At 31 December 2020	**5,025,675**	**70,385**	**868,588**	**5,964,648**

D. Leases

	Land and buildings	
	2020	2019
Right-of-Use Assets		
At the start of the period	**30,982,270**	7,356,429
Additions	**144,664**	24,237,536
Amortisation	**(611,695)**	(611,695)
At the end of the period	**30,515,239**	30,982,270
Lease liabilities		
At the start of the period	**31,123,470**	7,180,737
Additions	**144,664**	24,030,211
Interest expense	**1,284,749**	563,248
Lease payments	**(1,107,964)**	(650,726)
At the end of the period	**31,444,919**	31,123,470
The maturity profile of discounted lease payments		
Repayable within one year	**1,968,945**	916,567
Current liabiities	**1,968,945**	916,567
Repayable in two to five years	**7,332,380**	6,662,547
Repayable in more than five years	**22,143,594**	23,544,356
Non-current liabilities	**29,475,974**	30,206,903
Total borrowings	**31,444,919**	31,123,470

Break clauses

The only lease that provides a break clause that has not already passed is for the property at STFC Daresbury. The earliest date at which the break clause could take effect is July 2023, management currently do not intend to exercise this break option.

NOTES TO THE ACCOUNTS – COMPANY

E. Investment in subsidiaries

	2019
At 01 January 2019	8,052,458
At 31 December 2019	**8,052,458**

	2020
At 01 January 2020	**8,052,458**
At 31 December 2020	**8,052,458**

The Company owned the following principal subsidiary companies as at 31 December 2020:

Subsidiary Company		Country of Incorporation	Share class	% Holding
ADAM S.A.		Switzerland	Ordinary	100%
Advanced Oncotherapy Resources Ltd	1	United Kingdom	Ordinary	100%
APTS Harley Street Ltd	1	United Kingdom	Ordinary	100%
Advanced Oncotherapy (China) Ltd	1	United Kingdom	Ordinary	100%
Advanced Oncotherapy Proton Therapy Services Ltd	1	United Kingdom	Ordinary	100%
CareCapital (Southampton) Ltd	1 2	United Kingdom	Ordinary	100%
CareCapital Ltd	1	United Kingdom	Ordinary	100%
Oncotherapy UK Ltd	1	United Kingdom	Ordinary	100%
The London Proton Therapy Centre Ltd	1	United Kingdom	Ordinary	100%
The Women's Cancer Centre Ltd	1 2	United Kingdom	Ordinary	100%
Advanced Oncotherapy Americas Inc		USA	Ordinary	100%
CareCapital Gesundheitsimmobilien GmbH	1 2	Germany	Ordinary	90%
CareCapital Gesundheitsimmobilien Vervaltungs GmbH	1 2	Germany	Ordinary	90%
Gesundheitszentrum Adlershof 2 Minderheitsbeteiligungs GmbH	1 2	Germany	Ordinary	100%
Gesundheitszentrum Königs Wusterhausen 2 GmbH and Co. KG	1 2	Germany	Ordinary	100%
Advanced Oncotherapy B.V.	3	The Netherlands	Ordinary	100%

Notes

[1] Dormant [2] Indirectly held [3] Registration completed in February 2019

F. Trade and other receivables

	2020	2019
Due greater than 1 year		
Property rent deposits	**258,461**	257,553
Property decommissioning deposits	**350,000**	350,000
Amounts owed by subsidiary undertakings	**58,605,841**	44,501,170
Total	**59,214,302**	45,108,723

In accordance with IFRS 9, the Company has considered the impairment of loans due from its primary subsidiary company and has made the following provisions in 2020:

	2020	2019
Increase in provision during the year	**-**	1,664,000

	2020	2019
Current		
VAT recoverable	**581,723**	221,768
Advance payments to suppliers	**238,848**	87,669
Property rent deposits	**2,819**	3,150
Other debtors	**103,910**	30,009
Prepayments	**837,883**	1,592,169
	1,765,183	1,934,765
Corporation Tax	**-**	1,768,591
Total	**1,765,183**	3,703,356

G. Trade and other payables

	2020	2019
Non current		
Licence Fee Received	**16,500,000**	16,500,000
Total	**16,500,000**	16,500,000
Current		
Trade payables	**1,339,126**	936,556
Social security and other taxes	**225,788**	91,769
Other creditors	**183,410**	58,611
Accruals and deferred income	**2,266,693**	2,447,691
Total	**4,015,017**	3,534,627

H. Inventories

	2020	2019
Inventories		
Work in progress - LIGHT	**22,139,087**	15,048,228
Total	**22,139,087**	15,048,228

All of the above items of Inventory have been valued at cost less an impairment provision of 1,908,925 (2019: £1,908,925) relating to the LIGHT work in progress. No increase in the impairment provision was considered necessary by the Directors.

Costs included in Inventory are for finished components of the LIGHT machine that will be sold as part of future LIGHT installations.

I. Borrowings

	2020	2019
Amounts falling due within one year		
Secured loans	**10,039,316**	-
Unsecured loans	**-**	-
Total	**10,039,316**	-

		2020	2019
Amounts falling due over one year			
Secured loans	See Note 17	**8,258,435**	13,864,384
Unsecured loans		**-**	-
Total		**8,258,435**	13,864,384

See Note 17 for details of liabilities and securities given.

NOTES TO THE ACCOUNTS – COMPANY

J. Related party transactions

The following related party transactions are required to be disclosed in accordance with IAS24.
There are no employees considered as key management other than the directors whose remuneration is detailed in Note 7.

	2020	2019
A family member of Dr Michael Sinclair, Executive Chairman, was employed by the Group. The remuneration and benefits payable under the contract, excluding Company statutory and other costs, were:	**198,440**	231,754
The Company received services from Berkshire Investment Management Limited, a company controlled by Hans von Celsing, a Group Director.	**54,955**	78,871
The balance due to Berkshire Investment Management Limited as at 31 December 2020 was:	**24,000**	7,244

		Price	Quantity
In October 2020, as disclosed in Note 7, the following options were issued:			
Michael Sinclair (Director)		50.00p	5,500,000
Nicolas Serandour (Director)		50.00p	6,500,000
Steve Myers (Director)		50.00p	1,500,000
In May 2020, the following shares were issued:			
Michael Sinclair (Director)	Subscription	25.00p	400,000
Michael Sinclair (Director)	In Lieu of Salary	25.00p	265,944
Dr Nick Plowman (Director)	NED Fees	25.00p	120,000
Enrico Vanni (Director)	Subscription	25.00p	300,000
Enrico Vanni (Director)	NED Fees	25.00p	120,000
Dr Nick Plowman (Director)	NED Fees	25.00p	120,000
Hans von Celsing (Director)	NED Fees	25.00p	120,000
Prof Steve Myers (Director)	Director Fees	25.00p	200,000
Gabriel Urwitz (Former Director)	NED Fees	25.00p	60,000
In October 2020, the following shares were issued:			
Dr Nick Plowman (Director)	NED Fees	30.00p	250,000
Enrico Vanni (Director)	NED Fees	30.00p	250,000
Dr Nick Plowman (Director)	NED Fees	30.00p	250,000
Hans von Celsing (Director)	NED Fees	30.00p	250,000
In February 2019, as disclosed in Note 7, the following options were issued:			
Michael Sinclair (Director)		100.0p	545,000
Nicolas Serandour (Director)		100.0p	1,400,000
Steve Myers (Director)		100.0p	215,000
In August 2019, the following shares were issued:			
Michael Sinclair (Director)	Subscription	40.0p	875,000
Enrico Vanni (Director)	Subscription	40.0p	87,500
Enrico Vanni (Director)	NED Fees	40.0p	112,500
Michael Bradfield (Director)	NED Fees	40.0p	112,500
Dr Nick Plowman (Director)	NED Fees	40.0p	112,500
Dr Euan Thomson (former Director)	NED Fees	40.0p	112,500
Gabriel Urwitz (Director)	NED Fees	40.0p	62,500
Prof Chris Nutting (former Director)	NED Fees	40.0p	37,500

The Group has taken advantage of the exemption available under IAS 24 'Related Party Disclosures' not to disclose details of transactions between Group undertakings which are eliminated on consolidation in the Group Financial Statements.

K. Financial instruments

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Management of risks
Credit risk is managed as follows:

Cash at bank is held only with reputable banks with high quality external credit ratings. The Company's financial assets and liabilities are classified as follows:

	Amortised cost	
	2020	2019
Trade and other payables	**(3,789,229)**	(3,534,627)
Trade and other receivables	**715,190**	862,480
Cash and cash equivalents	**2,193,430**	2,979,668
Borrowings	**(18,297,751)**	(13,864,384)
Total	**(19,178,360)**	(13,556,863)

	Fair value	
	2020	2019
Trade and other payables	**(3,789,229)**	(3,534,627)
Trade and other receivables	**715,190**	862,480
Cash and cash equivalents	**2,193,430**	2,979,668
Borrowings	**(18,297,751)**	(13,864,384)
Embedded derivative	**(4,578,210)**	-
Total	**(23,756,570)**	(13,556,863)

Regarding liquidity risk, the Company, in the future, need to raise further equity or debt funds to fulfil its objectives and.or finance working capital requirements through future stages of development.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Advanced Oncotherapy plc, registered in England and Wales with the registered number 05564418 (the 'Company'), will be held at the offices of Advanced Oncotherapy plc, Third Floor, 4 Tenterden Street, London W1S 1TE on Friday, 30 July 2021 at 2.00pm for the following purposes:

ORDINARY RESOLUTIONS
To consider, and if thought fit, to pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive the audited financial statements and the Auditor's and Directors' reports for the year ended 31st December 2020.
2. To re-appoint Michael Bradfield as a Director of the Company.
3. To re-appoint Hans von Celsing as a Director of the Company.
4. To re-appoint Lori Cross as a Director of the Company.
5. To re-appoint Prof. Steve Myers as a Director of the Company.
6. To re-appoint Dr Nick Plowman as a Director of the Company.
7. To re-appoint Nicolas Serandour as a Director of the Company.
8. To re-appoint Dr Michael Sinclair as a Director of the Company.
9. To re-appoint Dr Enrico Vanni as a Director of the Company.
10. To re-appoint Renhua Zhang as a Director of the Company.
11. To re-appoint RPG Crouch Chapman LLP as Auditors of the Company to hold office until the conclusion of the next AGM at which accounts are laid before the Company.
12. To authorise the Directors to determine the remuneration of the Auditors.
13. THAT the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 ("the Act"), to exercise all the powers of the Company to allot shares in the Company and/ or to grant rights to subscribe for, or to convert any securities into shares in the Company, and/or the grant of rights to subscribe for or to convert any securities into Ordinary Shares up to a maximum aggregate nominal amount of £26,237,604.75 (the equivalent of up to 104,950,419 Ordinary Shares), this authority to expire on the earlier of fifteen months from the date of the passing of this resolution or the conclusion of the next AGM of the Company to be held in 2022 unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or agreement which would or might require shares in the Company to be allotted and/or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the Directors may allot shares in the Company, or grant rights to subscribe for or to convert any securities into shares in the Company, in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION
14. THAT, subject to the passing of Resolution 13 above, in substitution for all previous powers to the extent unused, the Directors be and are hereby unconditionally empowered pursuant to sections 570 and 571 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority granted to the Directors pursuant to Resolution 13 above as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

    a) the allotment of equity securities in connection with a rights issue, open offer or equivalent offer in favour of the holders of Ordinary Shares and such other equity securities of the Company as the Directors may determine in which such holders are offered the right to participate in proportion (as nearly as may be) to their respective holdings of such equity securities or in accordance with the rights attached thereto but subject to such exclusions or other arrangements as the Directors may consider necessary or expedient in connection with shares representing fractional entitlements or on account of either legal or practical problems arising in connection with the laws of any territory, or of the requirements of any recognised regulatory body or stock exchange in any territory;

    b) other than pursuant to sub-paragraph 14(a) above, the allotment of equity securities up to an aggregate nominal amount of £26,237,604.75 (the equivalent of up to 104,950,419 Ordinary Shares). This power shall expire on the earlier of fifteen months from the date of passing of this Resolution and upon the conclusion of the next AGM of the Company to be held in 2022 unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Dr Michael Sinclair
Executive Chairman

Registered Office: Level 17, Dashwood House,
69 Old Broad Street, London EC2M 1QS
29 June 2021

NOTES
1. COVID-19
   The board takes its responsibility to safeguard the health of its shareholders, stakeholders and employees very seriously and so the following measures will be put in place for the AGM in response to the COVID-19 pandemic and the current measures being implemented by the Government in the United Kingdom, such measures being expected to continue until after the date of the AGM.

   The formal business of the General Meeting will only be to consider and vote upon the resolutions set out in the notice of meeting. The holding of the meeting will be kept under review in line with Public Health England guidance on or around Friday, 30 July 2021. For this reason, shareholders are actively discouraged from physically attending the AGM given the current measures being implemented by the Government in the United Kingdom. Shareholders seeking to attend the AGM, beyond those selected in advance to satisfy the quorum requirement, may be refused entry. The Company is taking these precautionary measures to safeguard its shareholders', stakeholders' and employees' health and make the General Meeting as safe and efficient as possible.

   Shareholders wishing to vote on any of the matters of business are urged to do so through completion of a proxy form online which can be completed and submitted in accordance with the instructions thereon. We strongly recommend voting electronically at www.signalshares.com as your vote will automatically be counted. To be effective, the proxy vote must be submitted at www.signalshares.com so as to have been received by the Company's registrars not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. By registering on the Signal shares portal at www.signalshares.com, you can manage your shareholding, including:

   - cast your vote
   - change your dividend payment instruction
   - update your address
   - select your communication preference.

It is strongly recommended that the Chairman of the meeting is appointed as proxy by shareholders as it is unlikely that any other persons will be admitted to the meeting other than the second participant in the quorum based on the current measures being implemented by the Government in the United Kingdom.

In normal conditions the completion and return of a proxy vote does not preclude a shareholder from attending a general meeting in person and voting should the shareholder wish to do so. However, whilst restrictions remain in place in the United Kingdom relating to the COVID-19 pandemic along with applicable Public Health Guidance, shareholders should not assume an ability to attend the AGM in person to vote. As mentioned above, shareholders are actively discouraged from attendance at the meeting as part of the Company's compliance with the current measures being implemented by the Government in the United Kingdom.

If you need help with voting online, or require a paper proxy form, please contact our Registrar, Link Group by email at enquiries@linkgroup.co.uk, or you may call Link on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Link Group are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. Submission of a Proxy vote shall not preclude a member from attending and voting in person at the meeting in respect of which the proxy is appointed or at any adjournment thereof.

2. The AGM is to be held at the Company's administrative head office at Level 3, 4 Tenterden Street, London W1S 1TE.

3. Please indicate on your proxy how you wish your votes to be cast in respect of the resolutions to be proposed at the said meeting. If you do not indicate how you wish your proxy to use your votes, the proxy will exercise his/her discretion both as to how he/she votes and as to whether or not he abstains from voting. Your proxy will have the authority to vote at his/her discretion on any amendment or other motion proposed at the meeting, including any motion to adjourn the meeting. Any power of attorney or other authority under which the proxy is submitted must be returned to the Company's Registrars, Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. If a paper form of proxy is requested from the registrar, it should be completed and returned to Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL to be received not less than 48 hours before the time of the meeting.

4. In the case of joint holders, the signature of the holder whose name stands first in the relevant register of members will suffice as the vote of such holder and shall be accepted to the exclusion of the votes of the other joint holders. The names of all joint holders should, however, be shown.

5. If a member is a corporation, the form must be executed either under its common seal or under the hand of an officer or agent duly authorised in writing. In the case of an individual the proxy must be signed by the appointor or his/her agent, duly authorised in writing. CREST members should use the CREST electronic proxy appointment service and refer to Note 6 below in relation to the submission of a proxy appointment via CREST.

   In each case the proxy appointment must be received with any authority (or a notarially certified copy of such authority) under which it is signed.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members who have appointed a voting service provider(s), will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications and must contain the information required for such instructions as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST applications host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or joint service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST proxy instruction in the circumstances set out in regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

   Pursuant to regulation 41 (1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755) the Company has specified that only those members registered on the register of members of the Company at close of business on 20 July 2021 shall be entitled to attend and vote at the AGM in respect of the number of Ordinary Shares registered in their name at the time. Changes to the register of members after close of business on 20 July 2021 shall be disregarded in determining the rights of any person to attend and vote at the AGM.

7. Under Section 319 of the Act, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

   a. answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

   b. the answer has already been given on a website in the form of an answer to a question; or

   c. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

8. The following documents will be available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and English public holidays excluded) from the date of this notice of the Annual General Meeting until the date of the Annual General Meeting and at the place of the meeting at least 15 minutes prior to the commencement of the Annual General Meeting until its conclusion:

   a. copies of the Directors' contracts of service;

   b. copies of the Non-Executive Directors' letters of appointment;

   c. a copy of the Articles of Association of the Company is available on the Investor Relations section of the Advanced Oncotherapy website (www.avoplc.com) on the Company Documents page.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

This year, Resolutions are proposed at the Annual General Meeting and the purpose of each of the Resolutions is as follows:

ORDINARY BUSINESS

Resolution 1: The Report and Accounts

The Directors will present their report and the audited financial statements to 31st December 2020, together with the auditors' report therein.

Resolutions 2-10: Re-appointment of retiring Directors

The Articles of Association of the Company stipulate that any Director shall only hold office until the conclusion of the next annual general meeting following the date of his/her appointment. Furthermore, the articles require that one third of the Directors retire at each Annual General Meeting. Corporate Governance guidance recommends that each of the Directors retire and offer themselves for re-appointment. Biographical details relating to each of the Directors can be found on the Group's website: www.avoplc.com

Resolution 11: Appointment of Auditors

The Company is required to appoint auditors at each Annual General Meeting at which accounts are laid before shareholders, to hold office until the next such meeting. This Resolution proposes RPG Crouch Chapman LLP be re-appointed as auditors for the current year.

Resolution 12: Auditors' remuneration

This Resolution authorises the Directors to determine the auditors' remuneration.

SPECIAL BUSINESS

Resolution 13: Authority to allot shares

Section 549 of the Companies Act 2006 stipulates that Directors cannot allot shares or rights to subscribe for shares in the Company (other than the shares allotted in accordance with an employee share scheme) unless they are authorised to do so by the shareholders in general meeting. The Directors' general authority to allot shares was granted at the General Meeting held on 29 July 2020 which will expire at the conclusion of this AGM. Resolution 13 seeks a new general authority from shareholders for the Directors to allot Ordinary Shares or to grant rights to subscribe for and/or to convert any securities into Ordinary Shares up to an aggregate nominal value of £26,237,604.75. The Directors consider it desirable that the specified number of Ordinary Shares and/or rights to subscribe for and/or to convert any securities into Ordinary Shares be increased by 30% so that they can satisfy existing warrants and options and allow headroom to more readily take advantage of possible equity raising opportunities. Unless renewed, revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company to be held in 2022 or fifteen months from the date of the passing of the resolution, whichever is the earlier.

SPECIAL RESOLUTION

Resolution 14: Disapplication of pre-emption rights

If the Directors wish to allot any Ordinary Shares for cash in accordance with the authority proposed in Resolution 13, the Companies Act 2006 requires that new Ordinary Shares must generally be offered first to shareholders in proportion to their existing holdings. These are the pre-emption rights of shareholders. In certain circumstances, it may be in the interest of the Company for the Directors to be able to allot some shares for cash without having to offer them first to existing shareholders. In line with common practice, Resolution 14 therefore seeks authority to empower the Directors to allot equity securities for cash other than in accordance with the statutory pre-emption rights, in connection with a rights issue and other pre-emptive offers and otherwise up to a maximum nominal amount of £26,237,604.75. In addition, there are legal, regulatory and practical reasons why it may not always be possible to issue new shares under a rights issue to some shareholders, particularly those resident overseas. To cater for this, this Resolution also permits the Directors to make appropriate exclusions or arrangements to deal with such difficulties. Unless renewed, revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company to be held in 2022 or fifteen months from the date of the passing of the resolution, whichever is the earlier.

COMPANY INFORMATION

DIRECTORS

Mr. Michael Bradfield * †	*Non-Executive Director*
Mr. Hans von Celsing * † ▪	*Non-Executive Director*
Mrs. Lori Cross ▪	*Non-Executive Director*
Prof. Steve Myers	*Executive Chairman of ADAM*
Dr. Nick Plowman	*Non-Executive Director*
Mr. Nicolas Serandour	*Chief Executive Officer*
Dr. Michael Sinclair	*Executive Chairman*
Dr. Enrico Vanni * †	*Non-Executive Director*
Mrs. Renhua Zhang ▪	*Non-Executive Director*

* Member of the Audit Committee
† Member of the Remuneration Committee
▪ Member of the ESG Committee

COMPANY SECRETARY
Henry Clarke

REGISTERED OFFICE
Level 17, Dashwood House
69 Old Broad Street
London, EC2M 1QS

TRADING AND CORRESPONDENCE ADDRESS
Third Floor, 4 Tenterden Street
London, W1S 1TE

REGISTERED NUMBER
05564418 (England and Wales)

WEBSITE
This annual report and other information about Advanced Oncotherapy plc, including share price information and details of results announcements, are available at www.avoplc.com

AUDITORS
RPG Crouch Chapman LLP
5th Floor, 14-16 Dowgate Hill
London, EC4R 2SU

NOMINATED ADVISER AND JOINT BROKER
Allenby Capital Limited
5th Floor, 5 St Helen's Place
London, EC3A 6AB

JOINT BROKER
SI Capital Limited
46 Bridge Street
Godalming, GU7 1HL

SOLICITORS TO THE COMPANY
Faegre Baker Daniels LLP
7 Pilgrim Street
London, EC4V 6LB

David Conway and Co
1 Great Cumberland Place
London, W1H 7AL

Dechert LLP
160 Queen Victoria St
London, EC4V 4QQ

PUBLIC RELATIONS
FTI Consulting
200 Aldersgate, Aldersgate Street
London, EC1A 4HD

REGISTRARS
Link Group
10th Floor Central Square
29 Wellington Street
Leeds, LS1 4DL

Annual report 2020

Powerful technology to treat cancer
with pinpoint precision

ADVANCED
ONCOTHERAPY