

RNS Number : 8723G
LungLife AI, INC
04 October 2024

LungLife AI, Inc.
(the "Company" or "LungLife")

Options Cancellation and Re-issuance

LungLife AI (AIM: LLAI), a developer of clinical diagnostic solutions for lung cancer, announces that the Remuneration Committee has decided to make amendments to the options issued to the Executive Directors at IPO in July 2021, and to those options issued to all current employees in 2021 or upon their appointment.

Background and Rationale

Under the terms of the current 2021 Omnibus Long Term Incentive Plan, the following options were issued to the Executive Directors at IPO in July 2021, and no further options have been issued to the Executive Directors since this date:

Director	No. share options	Exercise price	Option period
Paul Pagano	769,707	£1.76	8 July 2021 - 8 July 2031
David Anderson	386,703	£1.76	8 July 2021 - 8 July 2031

In addition, 41,750 options at an exercise price of £1.925, and 35,000 options at exercise prices of between £1.125 and £1.90 have been issued to all current employees (together the "Options").

The Remuneration Committee and independent Board members continue to believe that the Executive Directors are best aligned with shareholders via Executive long-term incentivisation goals. A key goal of the Company is to ensure it has long term incentivisation in place to meaningfully retain staff and which aligns with shareholder expectations.

Due to the current share price of the Company, the Options noted above are no longer considered to incentivise the Executive Directors. This, in addition to the salary and bonus reductions taken by the Executive Management at the time of the fundraising in March 2024, means that the Remuneration Committee consider that the executive directors are no longer appropriately incentivised.

The Chair of the Remuneration Committee, Andrew Boteler, has also engaged with certain shareholders and taken their input before arriving at this decision.

The Amendments

All of the Options noted above will be cancelled and then re-issued immediately at the current prevailing share price and then vest in accordance with the existing scheme rules and contracts of employment as set out to shareholders at the time of our IPO. For Paul Pagano vesting will be as follows: 384,924 on re-issue; 192,391 on the date that is 12 months following re-issue; and thereafter, 16,032 on the last day of each full subsequent calendar month. For all other participants 25% of the options will vest on the 12-month anniversary of the vesting commencement date and an additional 1/48th of the total number of shares after each subsequent calendar month for a further 3 years.

All other rules associated with the 2021 Omnibus Long Term Incentive Plan, including change of control clauses, would remain in place.

Following the re-issue of the Options, the Company will have 2,209,726 options outstanding over a total of 30,658,603 existing Ordinary Shares.

For further information please contact:

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About LungLife

LungLife AI is a developer of clinical diagnostic solutions designed to make a significant impact in the early detection of lung cancer, the deadliest cancer globally. Using a minimally invasive blood draw, the Company's LungLB® test is designed to deliver additional information to clinicians who are evaluating indeterminate lung nodules. For more information visit www.lunglifeai.com

Our Purpose is to be a driving force in the early detection to lung cancer. And our Vision is to invert the 20:80 ratio such that in years to come at least 80% of lung cancer is detected early.

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