



17 April 2025

LungLife AI, Inc.
(the “Company” or “LungLife”)

**Exclusive License and Distribution Agreement
Operational Update
Further on Proposed Cancellation of Admission to Trading on AIM**

LungLife AI (AIM: LLAI), a developer of clinical diagnostic solutions for lung cancer, announces that it has entered into a conditional exclusive license and distribution agreement (the “Agreement”) for the commercial distribution of its LungLB® test (the “LungLB® test”) in the US with Circulogene Theranostics, Inc. a US liquid biopsy diagnostics company (“Circulogene” or the “Strategic Partner”).

As set out in the Operational and Funding Update announced on 3 February 2025, whilst discussions had started with multiple parties in 2024, in January 2025 one particular party became the key focus of these engagements. As noted in the 3 February 2025 announcement, initial conversations regarding a letter of intent resulted in draft documentation being exchanged with draft terms being an upfront fee, along with ongoing royalty payments and an option to buy the relevant IP to operate the LungLB® test for a limited period of time. Since February 2025, Circulogene has continued to perform diligence relating to payor and payment processes and following that due diligence has re-engaged with LungLife in relation to the commercial licencing of the Company’s LungLB® test, which has led to the Company entering into the Agreement.

Licensing Terms

Under the Agreement, an advanced payment of \$375,000 will shortly be paid to LungLife by Circulogene following signature (the “Advanced Payment”). If LungLife fails to obtain the required consents to allow for completion of the Agreement (“Completion”), including but not limited to, obtaining shareholder approval and obtaining certain other consents under the Agreement (the “Required Consents”), then LungLife will be required to return the Advanced Payment within thirty days following termination of the Agreement. The Advanced Payment is made pursuant to a promissory note (the “Promissory Note”) provided by LungLife that is secured by certain of LungLife's physical assets.

Following Completion of the Agreement, a further payment of \$375,000 is to be received by LungLife and the liability under the Promissory Note, including the security interest in certain of LungLife's physical assets, falls away.

From Completion, Circulogene will have the exclusive right and license to improve, further develop, utilise, practice, market, distribute, offer for sale, sell and otherwise commercialise the LungLB® test along with all software and intellectual property which is licensed by the Company in the United States and its territories, along with, among other things, certain of the Company’s equipment which shall be transferred to Circulogene. The Company will work with Circulogene to allow for Circulogene to be able to provide the LungLB® test from its own laboratory as contemplated under the Agreement by 31 August 2025.

LungLife will receive royalty payments equivalent of twenty per cent of the net revenue collected by Circulogene in relation to the LungLB® test for the first year of the Agreement, but with guaranteed minimum royalty payments covering the first three quarters of this year of \$450,000, provided that, if the actual royalty payments earned in that period equate to less than \$450,000, the shortfall will be offset against future royalty payments due under the Agreement. Following the one year anniversary of the signing of the Agreement, the royalty percentage shall automatically be reduced from twenty per cent. to fifteen per cent.

The initial term of the Agreement is for a period of two years from Completion, after which there is the ability to renew in successive periods for one year, upon the mutual agreement of LungLife and Circulogene, for a maximum

of five renewal terms. The initial term is subject to a potential increase to 10 years from Completion in certain circumstances described below.

The Agreement may be terminated by either LungLife or Circulogene in various circumstances, including if the Required Consents, including but not limited to shareholder approval to approve the Agreement or to allow for the exercise of the Agreement's asset purchase option (the "Asset Purchase Option", as described below), are not met within certain specified timeframes.

Asset Purchase Option Terms

In addition to the terms above, from Completion, the Agreement also contains the Asset Purchase Option, whereby Circulogene has the option but not an obligation, by the later of 30 September 2025 or sixty (60) days after Completion (the "Option Window"), to acquire the licensed IP, the leased equipment and all other applicable licenses for a consideration of \$6,200,000, less all payments received by LungLife referred to above, but subject to and conditional on, among other things, shareholder approval of a purchase agreement at the time of exercise and potentially the consent of the Company's shareholders being given in a general meeting pursuant to Rule 15 of the AIM Rules for Companies (as this may be applicable).

Should the Asset Purchase Option be exercised, the Board currently expects that the Company would make a distribution to shareholders of a portion of the proceeds receivable by LungLife, with the remainder to be used fund the operations of the Company.

If Circulogene exercises the Asset Purchase Option but the transaction is unable to be consummated due to circumstances of LungLife or circumstances outside the reasonable control of Circulogene, such as LungLife's failure to obtain the required shareholder consent or its breach of the Agreement, then Circulogene has the option to either terminate the Agreement or extend the initial term of the Agreement for a period of ten (10) years from Completion. In that circumstance, the royalty payments would be reduced to ten percent of the net revenue collected by Circulogene in relation to the LungLB[®] test for the remainder of the term.

Right of First Refusal

If, during the term of the Agreement, LungLife receives an offer to purchase a controlling interest in the Company, to purchase the LungLB[®] test or related assets, or to exclusively license the LungLB[®] test outside of the United States and its territories, then, during a certain election period following such offer, Circulogene will have a right of first refusal to itself consummate the proposed transaction on the offered terms or, if LungLife receives the offer within the Option Window, to effectuate the Asset Purchase Option (i.e., purchase the licensed IP, the leased equipment and all other applicable licenses for a consideration of \$6,200,000, less all payments received by LungLife referred to above), but subject to and conditional on, among other things, shareholder approval of a purchase agreement at the time of exercise and potentially the consent of the Company's shareholders being given in a general meeting pursuant to Rule 15 of the AIM Rules for Companies (as this may be applicable).

The Company has not capitalised the research and development expenditure associated with the creation of the LungLB[®] test and the LungLB[®] test is therefore recorded as having nil carrying value in the Company's statement of financial position. The Company's unaudited statement of financial position as at 30 June 2024, announced in the Company's half-year report on 22 August 2024, carried an intangible asset value of \$5.8 million in relation to a license to access certain de-identified patient records at the Mount Sinai Hospital, which does not form part of the Agreement and will not be subject to the Asset Purchase Option. Approximately \$0.5 million of unaudited losses were attributable to the LungLB[®] test over the year ended 31 December 2024, being the research and development expenditure over that period.

Promissory Note

The Advanced Payment of \$375,000 is made pursuant to a Promissory Note under which interest of 7.5% is payable and the amount is secured against certain tangible assets of the Company. In the event Completion takes place the amount of \$375,000 is no longer repayable and the liability under the Promissory Note, including the security interest in certain of LungLife's physical assets, falls away.

Operational Update

On 31 March 2025 the Company had an unaudited cash balance of approximately \$850,000 and since the beginning of February 2025 has taken action to reduce expenditure, including the termination of six members of staff. The Agreement will require the re-hiring of a minority of these members of staff, and it is anticipated that the Company's existing cash balances combined with the minimum funding under the Agreement following Completion will satisfy the Company's funding needs into 2026.

Should the Agreement not be approved by shareholders, including if any of the other Required Consents are not satisfied or if the Agreement were to be terminated, then the Company would be obligated to repay the Advanced Payment secured against the Promissory Note, and under these circumstances the Board would likely revert to a strategy of winding up the Company's business. Accordingly, the Board considers, among other things, that it is important for shareholders to vote in favour of the resolution to be put to shareholders in due course in relation to shareholder approval to allow for the proposals under the Agreement to proceed.

Further to the Company's previous announcements, the Company submitted its application to the relevant Medicare contractor for the technical assessment of LungLB® in Q1 this year.

Proposed Cancellation

Following the Agreement, LungLife is expected to have a limited level of operating activity, with the Company's activities in the medium-term being expected to principally involve running the LungLB® test and the collection of royalties. Accordingly, the Board believes that LungLife will be best placed as a private company to pursue this and still considers that the most appropriate course of action is for the Company to propose to seek approval from the shareholders of the Company to cancel the admission of the Company's common shares to trading on AIM in accordance with Rule 41 of the AIM Rules for Companies (the "Proposed Cancellation").

A circular convening a general meeting of the Company to obtain shareholder approval for the Proposed Cancellation and also to obtain shareholder approval required to allow for Completion of the Agreement and providing further detail on the next steps will be published in due course and a further announcement will be made at that time.

Paul Pagano, CEO of LungLife, said:

"The search for a strategic partner was a key focus of 2024. We were greatly encouraged by the strong interest shown by a number of parties and we are delighted to have found a commercial partner that shares our vision for the test and are excited to be in a position to move towards accelerating getting LungLB® into the hands of clinicians. We look forward to working with Circulogene as we move towards our vision of enabling 80% of lung cancers to be identified early."

Mike Mullen, CEO of Circulogene, said:

"We are proud to partner with LungLife AI to bring the LungLB® test to clinicians across the U.S. This agreement aligns perfectly with Circulogene's mission to provide cutting-edge, non-invasive diagnostics that enable earlier detection and more personalized care for cancer patients. We believe LungLB® has the potential to transform lung cancer detection and we are committed to accelerating its adoption to improve outcomes for thousands of patients."

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.

About the Strategic Partner

Founded over a decade ago, Circulogene is a US-based liquid biopsy diagnostics company. With multiple clinical laboratories and an extensive testing menu, it supports precision medicine initiatives for patients at risk of cancer and those diagnosed with cancer using proprietary methodologies for tumour analysis, ensuring accurate and timely cancer treatment. As part of a conglomerate of healthcare entities, Circulogene benefits from comprehensive support across the healthcare continuum, including sales, marketing, and revenue cycle management (billing).