



## **Lumos Pharma, Inc. - INSIDER TRADING POLICY**

### **And Guidelines with Respect to Certain Transactions in Company Securities**

This Insider Trading Policy (the “**Policy**”) provides guidelines to employees, officers, and directors of **Lumos Pharma, Inc.** (the “**Company**”) with respect to transactions in the Company’s securities.

#### **A. Applicability of Policy**

This Policy applies to all transactions in the Company’s securities, including common stock, stock options and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures. It applies to the Company, all officers of the Company, all members of the Company’s board of directors, all members of the Company’s Clinical Scientific Advisory Board and all employees of, and consultants and contractors to the Company and its subsidiaries who receive or have access to Material Nonpublic Information (as defined below) regarding the Company. This group of people, members of their immediate families, and members of their households are sometimes referred to in this Policy as “**Insiders.**” This Policy also applies to any person who receives Material Nonpublic Information from any Insider.

Any person who possesses Material Nonpublic Information regarding the Company is an Insider for so long as the information is not publicly known. Any employee can be an Insider from time to time and would at such times be subject to this Policy.

#### **B. Definition of Material Nonpublic Information**

It is not possible to define all categories of material nonpublic information (“**Material Nonpublic Information**”). However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to a reasonable investor in making an investment decision regarding the purchase or sale of the Company’s securities.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information may include:

- financial results;
- projections of future earnings or losses;
- results of product development;
- news of a pending or proposed merger, acquisition or joint venture;
- news of the disposition of a subsidiary;
- impending bankruptcy or financial liquidity problems;
- gain or loss of a substantial customer or supplier;
- new product announcements of a significant nature;

- significant product defects or modifications;
- significant pricing changes;
- stock splits or consolidations;
- new equity or debt offerings;
- acquisitions;
- significant litigation exposure due to actual or threatened litigation; and
- major changes in senior management.

Either positive or negative information may be material.

Nonpublic information is information that has not been previously disclosed to the general public and is otherwise not available to the general public.

### **C. Applicability of Policy to Inside Information Regarding Other Companies**

This Policy and the guidelines described herein also apply to Material Nonpublic Information relating to other companies, including the Company's customers, vendors or suppliers ("**Business Partners**"), when that information is obtained in the course of employment with, or other services performed on behalf of, the Company.

Civil and criminal penalties, and termination of employment, may result from trading on inside information regarding the Company's Business Partners. All employees should treat Material Nonpublic Information about the Company's Business Partners with the same care required with respect to information related directly to the Company.

### **D. Statement of Policy General Policy**

It is the policy of the Company to oppose the unauthorized disclosure of any nonpublic information acquired in the workplace and the misuse of Material Nonpublic Information in securities trading.

1. **Trading on Material Nonpublic Information.** Insiders are prohibited from engaging in any transaction involving a purchase or sale of Company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending at the beginning of the third Trading Day (as defined below) following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material. As used herein, the term "**Trading Day**" shall mean a day on which the Nasdaq Stock Market or any other market on which the Company's shares are then listed or quoted, is open for trading.

2. **Tipping.** Insiders are prohibited from disclosing any Material Nonpublic Information to any other person (including family members). Insiders are also prohibited from making recommendations or expressing opinions on the basis of Material Nonpublic Information as to trading in the Company's securities.

3. **Confidentiality of Nonpublic Information.** Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden.

For purposes of this Policy, the Company's General Counsel serves as the Insider Trading Compliance Officer. The Insider Trading Compliance Officer may designate others, from time to time, to assist with the execution of his or her duties under this Policy.

## **E. Potential Criminal and Civil Liability and/or Disciplinary Action**

1. **Liability for Insider Trading.** In addition to any civil penalties, Insiders may be subject to criminal fines of up to \$5 million and prison terms of up to 20 years for engaging in transactions in the Company's securities at a time when they have knowledge of Material Nonpublic Information regarding the Company.
2. **Liability for Tipping.** Insiders may also be liable for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed Material Nonpublic Information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities. The Securities and Exchange Commission (the "SEC") has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the Financial Industry Regulatory Authority use sophisticated electronic surveillance techniques to uncover insider trading.
3. **Possible Disciplinary Actions.** Employees of the Company who violate this Policy are also subject to disciplinary action by the Company, which may include cancellation of outstanding stock options, ineligibility for future participation in the Company's equity incentive plans and/or other performance-based compensation, or termination of employment.
4. **Company Liability.** Although responsibility for compliance with this Policy and liability for non-compliance are primarily personal to the individuals involved, violations may result in civil and criminal liability for the Company. Corporations may be subject to criminal fines of up to \$25 million.

## **F. Guidelines**

1. **Blackout Periods.** Generally, except for the exceptions set forth below, the Company, employees, officers and directors may not buy or sell securities of the Company at any time when in the judgment of the Company's Chief Financial Officer or General Counsel, there exists undisclosed information that would make trades by the Company, the Company's officers, directors or employees inappropriate or inadvisable (a "**Black-out Period**"). In addition to the quarterly Black-out Period below, a Black-out Period may be announced at any time by the Chief Financial Officer or General Counsel and during such Black-out Period, even the existence of such Black-out Period may be considered Material Nonpublic Information. Normally trading will be permitted beginning on the third Trading Day after the release of the information that resulted in the Black-out Period.

From time to time, the Company may also recommend that directors, officers, selected employees and others suspend trading because of developments known to the Company and not yet disclosed to the public. In such event, such persons are prohibited from engaging in any transaction involving the purchase or sale of the Company's securities during such period and should not disclose to others the fact of such suspension of trading.

It should be noted, however, that even outside a Black-out Period, any person possessing Material Nonpublic Information concerning the Company should not engage in any transactions in the Company's securities until such information has been known publicly for at least two Trading Days, whether or not the Company has recommended a suspension of trading to that person. Assuming the absence of Material Nonpublic Information, trading in the Company's securities outside of the Black-out Period should not be considered a "safe harbor," and all directors, officers and other persons should use good judgement at all times.

This Policy continues to apply even if you leave the Company or are otherwise no longer affiliated with or providing services to the Company, for as long as you remain in possession of Material Nonpublic Information. In addition, if you are subject to a trading blackout under this Policy at the time you leave the Company, you must abide by the applicable trading restrictions until at least the end of the relevant blackout period.

2. Mandatory Black-out Period for Officers, Directors and Employees. The period beginning the 15<sup>th</sup> day of the last month of each fiscal quarter and ending at the beginning of the third Trading Day following the date of public disclosure of the financial results for each fiscal quarter, is a particularly sensitive period of time for transactions in the Company's securities from the perspective of compliance with applicable securities laws. This sensitivity is due to the fact that officers, directors and certain other employees will, during that period, often possess Material Nonpublic Information about the expected financial results for the quarter.

**Accordingly, to ensure compliance with this Policy and applicable federal and state securities laws, the Company, all officers, directors and employees shall refrain from conducting transactions involving the purchase or sale of the Company's securities during the period beginning the 15<sup>th</sup> day of the last month of each fiscal quarter and ending at the beginning of the third Trading Day following the date of public disclosure of the financial results for each fiscal quarter.** The purpose behind the quarterly Black-out Period is to establish a diligent effort to avoid any improper transactions.

3. Pre-clearance of Trades. **The Company has determined that all employees, directors and officers of the Company should refrain from trading in the Company's securities without first complying with the Company's "pre-clearance" process. Each employee, officer and director should obtain pre-clearance to trade from the Company's Chief Financial Officer or General Counsel prior to commencing any trade in the Company's securities. When seeking such pre-clearance, it is preferred that the request be sent via an e-mail addressed to both the Chief Financial Officer and General Counsel.**

**Pre-cleared transactions not completed within ten business days require new pre-clearance under the provisions of this paragraph. The Company may, at its discretion, shorten this period of time.** To the extent possible, advance notice of upcoming transactions effected pursuant to an established 10b5-1 automatic trading plan shall be given to the Company's Chief Financial Officer or General Counsel. Even if pre-clearance of a proposed transaction has been obtained, a person may not trade the Company's securities if they are otherwise subject to a Black-out Period, become subject to a Black-out Period or are aware of material nonpublic information prior to the trade being executed.

The Company may find it necessary, from time to time, to require compliance with the pre-clearance process from certain consultants and contractors other than and in addition to employees, officers and directors. Any employee, consultant or contractor with any questions regarding trading in the Company's securities is encouraged to contact the Chief Financial Officer or General Counsel.

3. Individual Responsibility. Every Insider has the individual responsibility to comply with this Policy against insider trading, regardless of whether the Insider trades even outside the Black-out Period.

An Insider may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

## **G. Prohibited Transactions**

1. Prohibition of Speculative Trading. No employee, officer or director may engage in short sales, transactions in put or call options, hedging transactions or other inherently speculative transactions with respect to the Company's stock at any time.
2. Prohibition of Pledging Shares. No director, officer or employee may hold Company securities in a margin account or pledge Company securities as collateral for a loan.

## **H. Certain Exceptions**

1. ESPP/Option Exercises. Officers and employees who are eligible to do so may purchase stock under the Company's Employee Stock Purchase Plan ("ESPP") on periodic designated dates in accordance with the ESPP without restriction to any particular period. Also, directors, officers and employees may exercise options granted under the Company's stock option plans without restriction to any particular period. These transactions are permitted because the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the stock option agreement, the stock option plan or the ESPP plan. However, the subsequent sale of the stock acquired upon the exercise of options or pursuant to the ESPP is subject to all provisions of this policy.
2. 10b5-1 Automatic Trading Programs. In addition, purchases or sales of the Company's securities made pursuant to, and in compliance with, a written plan established by a director, officer or employee that meets the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (a "Plan") may be made without restriction to any particular period provided that (i) the Plan was established in good faith, in compliance with the requirements of Rule 10b5-1, at the time when such individual was not in possession of Material Nonpublic Information about the Company and the Company had not imposed any Black-out Period, (ii) the Plan contains a "cooling-off" period of at least six months between the date the Plan is adopted and the initiation of trading under the Plan, (iii) the Plan is not a "single trade plan" and instead contemplates at least three transactions over a period of at least sixty days, (iv) the Plan was reviewed by the Company prior to establishment, solely to confirm compliance with this policy and the securities laws, and (v) the Plan allows for the cancellation of a transaction and/or suspension of such Plan upon notice and request by the Company to the individual if any proposed trade (a) fails to comply with applicable laws (i.e., exceeding the number of shares that may be sold under Rule 144) or (b) would create material adverse consequences for the Company. The Company must be notified of any amendments to the Plan or the termination of the Plan.

Purchases or sales of the Company's securities made pursuant to, and in compliance with, a Plan established by the Company may be made without restriction to any particular period. Such Plan must comply with the requirements set forth in the preceding paragraph except the "cooling-off" period set forth in subsection (ii) shall be shortened to thirty days. Any such Plan established by the Company (including any amendments or changes thereto) must be approved by the Chief Financial Officer and the General Counsel.

## **I. Short-Swing Trading and Section 16 Reports - Directors and Officers**

The Company and the Insiders must comply with the reporting obligations and limitations on short-swing transactions set forth in Section 16 of the *Securities Exchange Act of 1934*, as amended. The practical effect of these provisions is that officers and directors who purchase and sell, or sell and purchase, the Company's securities within a six-month period must disgorge all profits to the Company whether or not they had knowledge of any Material Nonpublic Information. Under these provisions, and so long as certain other

criteria are met, the receipt of a stock option under the Company's stock option plans, not the exercise of that option, is deemed a purchase under Section 16; however, the sale of any such shares is a sale under Section 16.

**J. Inquiries**

Please direct your questions as to any of the matters discussed in this Policy to the Chief Financial Officer or General Counsel.