



## Intellectual Property

Squarex has a strong intellectual property position. The company's founder and CEO is a patent attorney, as well as the inventor of most of the company's technology, and he has prosecuted the company's patent applications. We have several issued patents in the U.S. and other major nations, and have more pending patent applications. The key patents are discussed below.

In addition to the patents, we will have a very strong position of business exclusivity because the active ingredient of our drug, squaric acid dibutyl ester (SADBE), is not an approved drug anywhere in the world. Squarex will be the first company to get approval for this drug. Being the first company with approval for the drug gives us exclusivity and prevents anyone else from selling the drug for *any use* until they get a regulatory approval for a different medical indication, which takes many years and millions of dollars. And nobody would spend that much money if they do not have market exclusivity. So even if we did not have any patents we could anticipate many years of market exclusivity in the U.S. and elsewhere.

Warren Buffet says, look for a company to invest in that has barriers to competition. Squarex has that. We will have no generic manufacturers or other competitors for many years, probably until at least 2036. We will also have the only drug approved for the indication of preventing oral herpes outbreaks in people with frequent outbreaks, and no other drug is likely to be approved for that indication for at least a few years after our SQX770 drug gets FDA approval, if then.

Some of our patents are method of medical treatment patents. You may have heard that those are weaker than patents for a chemical compound or composition of matter. In our case, they really are not weaker. There is no other approved use for our drug other than the one we have patents on of preventing cold sores. So no one else could sell the compound until they spend tens of millions of dollars and many years getting approval for a different indication, and no one would do that because Squarex would immediately compete with them in that indication, so they would never have exclusivity.

Also, in addition to method of medical treatment patents, we have a composition of matter patent and pending applications for devices or kits that will be our commercial product.

Here are our key patents.

### U.S. Patent 10,245,314.

This patent has claims covering a method of medical treatment of using squaric acid dibutyl ester (SADBE) to prevent herpes labialis outbreaks (cold sores) by application *to the arm*, not to the lip or to a lesion. This covers the use of our SQX770 drug for our indication of preventing herpes labialis outbreaks (cold sores or oral herpes outbreaks).

It will expire in 2036, with extensions of time available for time spent in FDA review. So we have at least 15 years of patent term remaining.

U.S. Patent No. 10,940,197.

This patent has claims that covering a method of medical treatment of using SADBE *or compounds similar to SADBE* to prevent herpes labialis outbreaks (cold sores) by application *anyplace on the body other than a lesion*. This will prevent a competitor from using a similar compound that acts by the same mechanism of action as our SQX770 drug.

It will expire in 2036, with extensions of time available for time spent in FDA review. So we have at least 15 years of patent term remaining.

Foreign patents.

Foreign patents in the same patent family as the U.S. 10,245,314 and U.S. 10,940,197 patents with similar claims are issued in Japan, allowed for issue in Europe and Canada, and pending patent applications in India, China, South Korea, and Australia.

These will all expire in 2036.

U.S. Patent No. 9,205,065

This patent covers a method of medical treatment using SADBE and similar topical contact sensitizers to treat or prevent any type of HSV infection (both HSV-1 and HSV-2) in any location (both oral and genital herpes) to prevent or reduce the frequency of future outbreaks by application to a herpes lesion. The key limitation is that they require local application on a lesion, unlike the U.S. Patent Nos. 10,245,314 and 10,940,197 described above.

This patent will expire in 2028, with extensions of time possible for time in clinical trials.

U.S. Patent No. 10,744,084

This patent has claims directed to a pharmaceutical composition comprising SADBE dissolved in DMSO, which is our SQX770 formulation. So it is a composition of matter patent covering our SQX770 drug.

This patent will expire in 2028, with extension of time available for time in clinical trials.

Issued Korean patent No. 10-1352238

This issued patent has claims similar to the U.S. 9,205,065 and U.S. 10,744,084 patents. It will expire in 2028.

International Patent Application No. PCT/US18/50358. Publication No. WO2020055382

This international patent application has claims directed to methods of medical treatment to use SADBE and related topical contact sensitizers to treat molluscum contagiosum and fungal or yeast infections.

Molluscum contagiosum is a contagious viral disease of the skin that produces raised bumps or papules on the skin on any area of the body. The bumps are usually not painful but can itch. The symptoms usually last for 6 to 12 months and can last for years. It is a fairly common disease and there are no good treatments.

Fungal and yeast infections of the skin or mucous membranes, such as vaginal yeast infections, are extremely common. SADBE would act by improving immune response to the fungus or yeast.

A U.S. national patent application has been filed by Squarex. If it issues as a U.S. patent it would expire in 2038.

Pending U.S. and International Patent Application for Device and Kit

We have a pending U.S. and international patent application that has not published yet that has claims directed to a dermal patch delivery system and to a kit containing a dermal patch and a vial with liquid SQX770 solution, which will be our commercial approved product

If issued as a patent it would expire in 2040 or 2041.