

November 16, 2020



Titan Pharmaceuticals Reports Third Quarter 2020 Financial Results

SOUTH SAN FRANCISCO, Calif., Nov. 16, 2020 /PRNewswire/ -- Titan Pharmaceuticals, Inc. (NASDAQ: TTNP) ("Titan" or the "Company") today reported financial results for the third quarter ended September 30, 2020 and provided an update on its business.



Third Quarter 2020 and Recent Highlights

- In September 2020, the Company completed a registered direct offering, resulting in net cash proceeds of approximately \$2.4 million.
- In October 2020, Titan announced a strategic restructuring, where it will focus on ProNeura[®]-based product development; and discontinue its U.S. Probuphine implant sales and wind down Probuphine commercialization activities.
- In October 2020, Kate DeVarney, Ph.D., was promoted from the position of Executive Vice President and Chief Scientific Officer to President and Chief Operating Officer. In addition, Sunil Bhonsle stepped down from his executive role. Dr. Marc Rubin, Titan's Executive Chairman, together with Dr. DeVarney, will oversee the Company's product development activities.
- In October 2020, Titan completed a public offering resulting in net cash proceeds of approximately \$5.7 million.
- In October 2020, the Company settled all of its debt obligations with Molteni & C. dei F.lli Alitti Società di Esercizio S.p.A and Horizon Credit LLC II.
- In October 2020, Titan acquired JT Pharmaceuticals, Inc.'s kappa opioid agonist peptide, JT-09, for use in combination with Titan's ProNeura[®] long-term, continuous drug delivery technology, for the treatment of chronic pruritus.

"Subsequent to the end of the third quarter, Titan began an important, focused restructuring to position the Company for future growth," said Dr. DeVarney. "We believe that our ProNeura platform, which has the potential to provide continuous drug delivery over extended periods of up to six to 12 months, offers potential key value-generating opportunities. These include the platform's application to the recently-acquired JT-09, for which we plan to establish proof-of-concept as a treatment of chronic pruritus in the first half

of next year. In addition, we remain committed to helping individuals impacted by the opioid epidemic through our ongoing, National Institute on Drug Abuse-funded nalmefene implant development program, with plans to file an investigational New Drug Application with the U.S. Food and Drug Administration in the first half of 2021."

"In addition to refocusing our efforts on the ProNeura platform, our recent restructuring significantly reduced operating expenses, while our debt settlements restored our ability to fully capitalize on our IP," said Dr. Rubin. "These, combined with the recent completion of two financings, positions Titan to execute on our new strategy."

Third Quarter 2020 Financial Results

For the three months ended September 30, 2020, Titan reported approximately \$1.1 million in revenue, which reflects approximately \$0.1 million in product sales and approximately \$1.0 million related to the Company's National Institute on Drug Abuse ("NIDA") grant. This compared with revenues of approximately \$0.9 million in the same period in 2019, which was comprised of \$0.2 million in product sales and \$0.8 million related to the NIDA grant. Product revenue during the three month period ended September 30, 2020 declined from the comparable periods in 2019 due to a substantial decrease in unit sales volumes; increased utilization of patient assistance programs; and the effects of the COVID-19 pandemic and the related shelter-in-place restrictions and clinic closures.

Total operating expenses for the third quarter of 2020 were approximately \$5.8 million, compared with approximately \$4.8 million from the same quarter in 2019, and consisted primarily of research and development ("R&D") and selling, general and administrative ("SG&A") expenses and costs of goods sold, inclusive of distribution expenses. R&D expenses for the quarter ended September 30, 2020 were approximately \$1.6 million, consistent with the same three month period in 2019. SG&A expenses for the 2020 third quarter were approximately \$3.5 million, compared with approximately \$3.0 million in the same quarter a year ago. Costs of goods sold for the third quarter of 2020 were approximately \$0.7 million, compared with approximately \$0.2 million the 2019 third quarter.

Net other expense, consisting primarily of interest expense, was approximately \$0.3 million in the third quarter of 2020, compared with net other income of approximately \$1.1 million in the third quarter of 2019. The increase in other expense, net for the three months ended September 30, 2020 was primarily due to an approximately \$1.0 million non-cash gain on changes in the fair value of warrants issued in connection with Titan's August 2019 offering and an approximately \$0.3 million non-cash gain on debt extinguishment related to the modification of Titan's loan from Molteni.

Net loss applicable to common stockholders in the third quarter of 2020 was approximately \$4.9 million, or approximately \$0.05 per share, compared with a net loss applicable to common stockholders of approximately \$2.8 million, or approximately \$0.18 per share, in the same quarter in 2019.

As of September 30, 2020, Titan had cash and cash equivalents of approximately \$4.1 million, which the Company believes, along with the proceeds of public offering, is sufficient to fund planned operations into the third quarter of 2021.

Conference Call Details

Titan management will host a conference call today at 12:00 p.m. ET / 9:00 a.m. PT to discuss business developments in the period. The conference call will be hosted by Marc Rubin, M.D., Executive Chairman, and Kate DeVarney, Ph.D., President and Chief Operating Officer.

The live conference call may be accessed by dialing 1-888-317-6003 (U.S.) or 1-412-317-6061 (international) and providing passcode 9502574. The call will also be broadcast live at <https://www.webcaster4.com/Webcast/Page/1655/38848>, and archived on Titan's website at www.titanpharm.com/news/events.

About Titan Pharmaceuticals

Titan Pharmaceuticals, Inc. (NASDAQ:TTNP), based in South San Francisco, CA, is a development stage company developing proprietary therapeutics with its ProNeura[®] long-term, continuous drug delivery technology. The ProNeura technology has the potential to be used in developing products for treating a number of chronic conditions, where maintaining consistent, around-the-clock blood levels of medication may benefit the patient and improve medical outcomes. For more information about Titan, please visit www.titanpharm.com.

Forward-Looking Statements

This press release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements include, but are not limited to, any statements relating to our product development programs and any other statements that are not historical facts. Such statements involve risks and uncertainties that could negatively affect our business, operating results, financial condition and stock price. Factors that could cause actual results to differ materially from management's current expectations include those risks and uncertainties relating to our ability to raise capital, the winding down of U.S. commercial activities related to Probuphine, the regulatory approval process, the development, testing, production and marketing of our drug candidates, patent and intellectual property matters and strategic agreements and relationships. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations or any changes in events, conditions or circumstances on which any such statement is based, except as required by law.

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue:				
License revenue	\$ -	\$ -	\$ 6	\$ 313
Product revenue	102	190	427	811
Grant revenue	1,018	757	3,348	1,270
Total revenue	1,120	947	3,781	2,394
Operating expense:				
Cost of goods sold	683	188	1,081	738
Research and development	1,562	1,619	5,846	5,370
Selling, general and administrative	3,549	3,023	10,137	9,336
Total operating expense	5,794	4,830	17,064	15,444
Loss from operations	(4,674)	(3,883)	(13,283)	(13,050)
Other income (expense), net	(258)	1,080	(1,874)	533
Net loss and comprehensive loss	<u>\$ (4,932)</u>	<u>\$ (2,803)</u>	<u>\$ (15,157)</u>	<u>\$ (12,517)</u>
Basic and diluted net loss per common share	<u>\$ (0.05)</u>	<u>\$ (0.18)</u>	<u>\$ (0.17)</u>	<u>\$ (0.89)</u>
Weighted average shares used in computing basic and diluted net loss per share	<u>97,906</u>	<u>15,517</u>	<u>91,848</u>	<u>14,112</u>

CONDENSED BALANCE SHEETS
(in thousands)
(unaudited)

	September 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$ 4,073	\$ 5,223
Receivables	423	993
Inventory	1,073	998
Prepaid expenses and other current assets	1,080	1,094
Total current assets	6,649	8,308
Property and equipment, net	1,161	817
Operating lease right-of-use asset	208	397
Total assets	<u>\$ 8,018</u>	<u>\$ 9,522</u>
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities	\$ 5,877	\$ 3,600
Operating lease liability, non-current	-	150
Long-term debt, non-current	3,038	4,019

Warrant liability	-	320
Stockholders' equity (deficit)	(897)	1,433
Total liabilities and stockholders' equity (deficit)	<u>\$ 8,018</u>	<u>\$ 9,522</u>

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