Event Name: Titan Pharmaceuticals Fourth Quarter and Full Year 2018 Financial Results

Event Date: Tuesday, April 02, 2019, 8:30 AM Eastern Time

Officers and Speakers

- Sunil Bhonsle; Titan Pharmaceuticals, Inc.; President and Chief Executive Officer
- Jennifer Kiernan; Titan Pharmaceuticals, Inc.; Executive Assistant
- Marc Rubin; Titan Pharmaceuticals, Inc.; Executive Chairman
- Dane Hallberg; Titan Pharmaceuticals, Inc.; EVP and Chief Commercial Officer
- Kate DeVarney; Titan Pharmaceuticals, Inc.; EVP and Chief Scientific Officer
- Brian Crowley; Titan Pharmaceuticals, Inc.; Vice President, Finance and Administration

Analysts

- Ben Haynor, Alliance Global Partners
- John Vandermosten, Zacks Small Capital Research
- Jason McCarthy, Maxim Group

Presentation

Operator: Thank you for holding, and welcome to the Titan Pharmaceuticals Fourth Quarter and Full Year 2018 Financial Results Conference Call.

(Operator Instructions)

Please be advised that this call is being taped at the company's request and will be archived on the company's website starting later today.

At this time I would like to turn the call over to Sunil Bhonsle, President and CEO of Titan Pharmaceuticals. Please go ahead.

Sunil Bhonsle: Thank you, Anita, and thank you all for joining us. Welcome to the Titan Pharmaceuticals call to review financial and operational results for the fourth quarter and year ended December 31, 2018, and we'll provide an update on our business.

Before we begin, I wanted to inform you that we filed our 2018 annual report on Form 10-K yesterday with the SEC and amended it with a correction this morning, and the press release issued provides a summary of the results and can be found on our website at titanpharm.com.

Joining me on the call today from Titan are Dr. Marc Rubin, our Executive Chairman; Dr. Kate DeVarney, Executive Vice President and Chief Scientific Officer; Dane Hallberg, Executive Vice President and Chief Commercial Officer; and Brian Crowley, Vice President of Finance.

But before we get into the details of the financial results and provide an update on the company, Jennifer Kiernan will review the required cautions regarding forward-looking statements.

Jennifer Kiernan: Thank you, Sunil. I want to remind everyone that certain matters that will be discussed today, other than historical information, 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 commercialization and development programs and any other statements that are not historical fact. 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 the commercialization of 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.

And now back to you, Sunil.

Sunil Bhonsle: Thank you, Jennifer. Today, we will start the call with an overview from our Executive Chairman, Dr. Marc Rubin, followed by commercial updates from Dane Hallberg and regulatory updates from Dr. Kate DeVarney. Brian Crowley will then summarize the financial results and I will close with a brief recap before opening the call for your questions. So we can get started. Marc?

Marc Rubin: Thank you, Sunil, and hello, everyone. Thank you for joining us today. 2018 was truly a transformative year for Titan, so let me briefly summarize our key accomplishments, which I believe have laid the foundation for progress and growth in the coming months.

In March we concluded an important transaction with Molteni pharmaceuticals, whereby Molteni acquired the European intellectual property for Probuphine and became our partner for the commercialization of Probuphine in the European Union and certain other countries in the Middle East, Africa and Eastern Europe. We've been working very closely with Molteni to support the Probuphine Marketing Authorization Application review that is in process at the European Medicines Agency, and we expect it will be completed during this quarter. Kate will provide more information on that in just a few minutes.

In the process, we came to know and respect Federico Seghi Recli, and we were very pleased when he agreed to join our board as our lead independent director. As you probably know,

Federico is part of the family that owns Molteni, and he's been instrumental in making Molteni a leading specialty pharmaceutical company in Europe, one that is focused on pain and addiction treatment.

Following our reacquisition of the U.S. and Canadian rights for Probuphine in May of last year, we have made rapid and substantial progress in our transformation into a commercial-stage company. Since assuming full responsibility for the U.S. commercialization in June, we've been focused on building a strong foundation for commercial success, expanding our infrastructure to include sales, marketing, medical market access, medical affairs and drug safety compliance teams. Based on our analysis of the original launch of Probuphine in late 2016 and the performance in 2017, we identified key target market segments that we believe will benefit especially from treatment with Probuphine. So accordingly, we've begun to relaunch the product in a very strategic manner.

Following the financing in late September of 2018, we were, as you know, fortunate to be able to hire Dane Hallberg and bring him on board as our Chief Commercial Officer. During the fourth quarter, Dane built on our momentum by engaging the right professional groups to provide a range of key services, starting with establishing a promotional review committee, which, as you know, is a requirement to commencing commercial promotional activities, followed by bringing on board a small, focused and experienced sales and marketing team to implement the market segmentation strategy.

Similarly, Kate has been able to rapidly establish medical affairs and REMS program management capabilities that are of paramount importance in order to provide support of the Probuphine relaunch efforts. In addition, we identified the need to improve Probuphine's product supply chain and also to expand our specialty pharmacy network.

In sum, during the quarter, we've worked hard and, I think, successfully to lay the groundwork for increased utilization and commercial success of Probuphine and for growth of Titan in the coming months.

And with that, I will now turn the call over to Dane to elaborate on progress with commercial activity. Dane?

Dane Hallberg: Thank you very much, Marc. Expanding on Marc's comments, we achieved multiple accomplishments relating to establishing the foundation for Probuphine's commercialization, including re-engaging with previous Probuphine prescribers, making sure retraining was provided as needed and new healthcare providers were also trained, initiating product rebranding and engaging a well-known government relations firm to broaden awareness of Probuphine in government circles. We also retained highly qualified commercial and medical access personnel and assembled a small sales and marketing team whose responsibilities include regional sales oversight and strategic product and brand recognition development. All of these initiatives were undertaken without disrupting continuity of delivery of Probuphine to certified healthcare professionals and their patients.

During the fourth quarter, Titan focused on optimizing patient services, hub and Probuphine's product supply chain. The analysis of data from the prior launch indicated that the biggest bottleneck in the supply chain was the length of time it took between the healthcare provider placing an order with the hub and the delivery of Probuphine to the doctor's office. At times, this could be several weeks to months. Clearly, this is not acceptable, and digging into it further identified some weaknesses in the system. Obtaining preapproval from third-party payers was taking too long, and this was not acceptable. We expect the majority of Probuphine sales in the U.S. will be through the specialty pharmacy distribution model, and it was clear that we needed to engage the top-tier specialty pharmacies to manage the third-party-payer preapproval process and distribute Probuphine. We also identified the need for a better centralized logistics service, or hub, to more efficiently manage both product ordering and payer preapproval.

My team has been working on implementing the necessary changes, and as you have seen from the recent announcement, we have been successful in both areas. We are very pleased to engage AllianceRx Walgreens specialty pharmacy to support the supply chain process for Probuphine, where the pharmacy carries inventory, directly handles patients' insurance billing and payment processes, and ships product to the healthcare provider as prescribed. Following the execution of the agreement, they have rapidly commenced the process of adding Probuphine to their system. With the established relationships that Walgreens has with the third-party payers, we hope this will speed up the preapproval process as well. This facilitates patient access to treatment by streamlining the product ordering and fulfillment process. We are looking to expand the network with additional well-established specialty pharmacies as needed.

Just last week, we announced that we have selected AppianRx to be the new hub for Probuphine, and it will be integrated into the Probuphine ordering process during this quarter. AppianRx will enable more efficient interaction between physicians, payers and specialty pharmacies by managing elements such as benefits verification, prior authorization and appeals, and co-pay and patient assistance programs. We believe that the engagement of AppianRx will lead to significant improvements in the automation and streamlining of the product supply chain process, benefiting all those involved.

In summary, we have made good progress, establishing a strong foundation for our commercial activities, and hope to expand on this with a few additional large specialty pharmacies in the network. We have also continued efforts to re-engage the medical community to consider Probuphine as an option for the long-term maintenance treatment of opioid use disorder, which will support additional uptake throughout 2019. All of our efforts have led to the bolstered confidence in Titan, and recently, I am very proud to say, our first significant bulk order of Probuphine.

I will turn the call over to our Chief Scientific Officer, Dr. Kate DeVarney, who will discuss Titan's progress on our medical affairs, drug safety and compliance function, as well as our product development and regulatory activities. Kate?

Kate DeVarney: Thank you, Dane. As Marc mentioned, an important regulatory development during the fourth quarter was the establishment of both a promotional review committee, or PRC, and a medical legal review, or MLR, committee. Having these regulatory compliance functions

in place is required prior to commencing commercial, promotional and medical education activities, as the processes ensure that all materials are in compliance with FDA regulations. The PRC also supports submissions to the FDA's Office of Prescription Drug Promotion, which ensures that prescription drug information is truthful, balanced and accurately communicated.

And as part of becoming a commercial-stage company, we have also established pharmaceutical best practices in regulatory compliance training and certification, and that includes the drafting and implementation of company-wide standard operating procedures, federal and state licensing procedures, sales and promotional materials creation and review, and Sunshine Act reporting, which increases transparency of financial relationships between physicians and drug manufacturers.

The medical affairs and drug safety compliance teams continue to provide Probuphine training and certification to healthcare providers across the country. In fact, this week, we will be attending the upcoming American Society of Addiction Medicine, or ASAM, meeting at their annual conference held in Orlando, Florida, from April 4 to 7, where we will conduct meetings with key stakeholders, participate as an exhibitor, hold interviews with the news media and provide a REMS training and certification course on April 7.

In the fourth quarter, we received feedback from the FDA on the design of a second required Phase 4 Probuphine implant safety trial, which we are currently finalizing. This study will assess implant procedure safety in an observational cohort design. Another Phase 4 study will evaluate the safety and pharmacokinetics of reimplantation of Probuphine into a previously used site on a patient's inner upper arm, as well as implantation into an alternate location in the lower abdomen. We expect to initiate this Phase 4 study in the second quarter of 2019, followed by the Phase 4 study that I mentioned earlier, later this year.

During the fourth quarter, our commercialization partner, Knight Therapeutics, announced the Canadian launch of Probuphine in late October. In addition to targeting urban markets where opioid use disorder is most prevalent, Knight is marketing Probuphine in rural communities where access to a treatment clinic for frequent visits to fill prescriptions is difficult and often not possible. Knight's launch is still in its early stages; however, we understand Probuphine has so far been very well received by physicians in Canada.

The Probuphine Marketing Authorization Application, or MAA, is currently in the final stages of review with the European Medicines Authority. In March of 2019, we participated, together with our Molteni colleagues, in a hearing with the EMA to answer their remaining questions on the submission. We expect to receive the opinion from the EMA in the second quarter of this year.

And now I'd like to update you on some of our other development programs. In September of 2018, we were awarded a grant of approximately $6.7 million from the National Institute of Drug Abuse, or NIDA, in support of a comprehensive development program for a six-month Nalmefene implant treatment for the prevention of opioid relapse following detoxification. This grant is currently funded through year 2 of the five-year funding opportunity. The funding for years 3 to 5 is contingent on meeting certain milestones and on the availability of NIDA funding. Now we're nearing completion of the necessary formulation work, and we'll soon commence

testing the implant in the required IND-enabling nonclinical study. At this stage, we are on track to meet our milestones for the end of funding year 2 in September of 2020, and specifically, that would mean completing all of the IND-related nonclinical product development and preparing to file the IND.

And finally, we've completed enrollment and treatment of the first cohort of subjects in our Phase 1/2 ropinirole implant trial for Parkinson's disease. However, we are delaying enrollment of subsequent cohorts while we focus our attention and available resources on Probuphine.

That concludes my remarks for today, and I look forward to keeping you updated on our progress over the next several months. Now I'll turn the call to Brian to discuss Titan's financial results. Brian?

Brian Crowley: Thanks, Kate. A summary the company's results was provided in our press release, and the details are available in the amended Form 10-K filed with the SEC. At this time, I will just highlight a few items. Please note that all numbers I'm about to provide have been rounded and are therefore approximate, and have been adjusted to reflect the January 2019 reverse split of our common stock.

In the fourth quarter of 2018, we reported $1.2 million in revenue. This included $0.2 million from product sales, $0.3 million related to the amortization of deferred revenue from the sale to Molteni of the European intellectual property rights to Probuphine and $0.7 million related to our NIDA grant. This is compared to $58,000 related to royalties on net sales of Probuphine during the same period a year ago. Total revenues for the full year ended December 31, 2018, were $6.6 million, which includes $5.4 million in licensed revenues, $0.5 million from sales of Probuphine after reacquiring the product in late May of 2018, and $0.7 million related to our NIDA grant. This compares to $0.2 million related to royalties on net sales of Probuphine in 2017.

For the fourth quarter, total operating expenses, consisting primarily of R&D and SG&A expense and cost of goods sold, were $4.5 million, compared with $3.4 million in the same quarter of 2017. Total operating expenses for the full year were $14.9 million in 2018, compared with $14.7 million in 2017.

Net loss applicable to common shareholders in the fourth quarter of 2018 was $3.5 million, or $0.29 per share, compared with a net loss of $3.7 million, or $1.04 per share, in the same quarter of 2017. For the full year, the 2018 net loss was $9.3 million, or $1.64 per share, compared with a net loss of $14.3 million, or $4.05 per share, for 2017.

At December 31, 2018, we had cash and cash equivalents of $9.3 million, which we believe, along with the $0.6 million received from the subsequent exercise of warrants, is sufficient to fund our planned operations through the third quarter of 2019.

I will now pass the call back to Sunil. Sunil?

Sunil Bhonsle: Thanks, Brian. As you can see, 2018 was an eventful year, and I'm pleased with the team's significant accomplishments, including the partnership with Molteni in the first half of

the year and the successful start of the relaunch of Probuphine in the U.S. during the second half of the year. Our recent partnerships with Alliance Walgreens specialty pharmacy and AppianRx are key to our commercialization strategy and represent both significant milestones and opportunities for Titan. In 2019, we will pursue further expansion of our specialty pharmacy network as needed while we work with AppianRx to achieve a fully operational and more efficient new hub in the next couple of months.

From a regulatory and product development perspective, Titan and our partner, Molteni, are looking forward to receiving the EMA's final recommendation on Probuphine's Marketing Authorization Application during the second quarter of this year. And as Kate mentioned, we are on track to initiate two post-market Probuphine studies in 2019, the first of which we expect to start in the second quarter, while our early-stage programs like the Nalmefene implant are progressing on schedule.

While 2018 was the year of substantial change for Titan, I'm very proud of our team's accomplishments in transitioning to a commercial-stage company. Our focus for the remainder of 2019 will be on expanding patient access to Probuphine in the U.S., supporting our commercialization partners for the product in Canada and Europe, and initiating Probuphine post-market study.

This concludes our prepared remarks for today. Before I open the call to questions, I'd like to thank Titan's board, executive management and staff for their continued hard work and dedication. Anita, we're ready to take questions from the call participants.

Questions & Answers

Operator: *(Operator Instructions)*

The first question today comes from Ben Haynor with Alliance Global Partners.

Ben Haynor: Good morning, all. Congrats on all the progress you've made here over the last several quarters. First off from me, you mentioned, Dane, that it could take several weeks or even months for the patient and the facility to actually get the implant under the former scheme. Can you kind of walk us through the changes in the "patient journey," so to speak, on the supply chain and reimbursement, and how that's going to change with Walgreens specialty pharmacy and AppianRx? I mean, does that change it into a week, two weeks? Faster, slower? How does that look, ultimately?

Dane Hallberg: Well, thanks, Ben. Great question. Yes, so when we selected AppianRx, we were really impressed with their artificial intelligence capabilities, as well as their technology platform. We looked at the success they've had in the marketplace, and we look at how they actually have automated a great deal of the forms required in terms of the patient enrollment forms the doctors will populate, right on through to how they interact with the specialty pharmacies and the payers. So that process is no longer a manual process; it's fully automated. It checks for errors and omissions, which usually lead to a significant holdup with the specialty

pharmacy as well as the payers. Any mistakes will come back as a denied prescription with payers as well as with the specialty pharmacies.

Now, adding a specialty pharmacy like Walgreens to our network expands our reach, expands the contracts they have with payers throughout the country. We have two legacy specialty pharmacies that have limited capabilities or limited contracts with payers, and we feel this will expand our reach, expand the contracts with those payers, where we can facilitate the approvals at a greater level. So we expect that once we go live with Appian, and Appian's interaction with Walgreens and other specialty pharmacies in our network, we expect that the time frame from physician order to delivery of Probuphine kit to the physician's office, that time frame will be greatly reduced. So we expect great things from this quarter.

Ben Haynor: Okay. That's very helpful, thank you. And then looking at one of your competitors that has the one-month depot injections, it appears, based upon just some of the data that they've thrown out there, that maybe only a third or so of patients continue treatment through six months, it looks like. I mean, is that something that you would plan on marketing against, the patient compliance versus the statistics that they've thrown out there, or do the product characteristics of Probuphine on this front just kind of do the marketing themselves? People are able to figure it out, that the compliance is almost certainly several times better?

Dane Hallberg: Hey, Ben. Another great question. As you can imagine, compliance is of the utmost concern for a physician, and also with the patients. The patients need to be confident in the product they choose. They don't want to go through withdrawal. They want to be stabilized. So we really don't have to market against those types of, I guess you'd call it, dismal returns. When you put a patient on, and a third or greater don't come back for a second injection, and it continually spirals downward, we really don't have to market towards that. The physicians know. They want a patient stabilized, and they want a patient that feels confident in the product that they've chosen from their healthcare provider, that they're not going to go through withdrawal, they're not going to go out and seek out illicit drugs to feed their habit.

So this is something where we just market Probuphine. We market the benefit. We help the physicians find the right patient type to go on Probuphine. But really, this is something that just markets itself. And the healthcare providers that really want to treat patients and get them stabilized, they know that they have to reevaluate how they've been selecting their medications.

Ben Haynor: Okay, great. And then I know this isn't necessarily a major focus, but just in thinking about the pipeline, I noticed in the filing that Walter Reed and SwRI on malaria prophylaxis, it sounds like they, or at least Walter Reed, may have received some additional funding and may be seeking even more additional funding to look at other formulations in the same indication. Is there anything we should expect on that this year, on the program, and maybe a potential program?

Sunil Bhonsle: Hi, Ben. This is Sunil.

Ben Haynor: Hey, Sunil.

Sunil Bhonsle: The work that we're doing with SwRI and Walter Reed is looking to identify the right drug combination that Walter Reed would like to eventually test clinically using a six-month implant formulation. So Walter Reed has received additional funding to explore a couple of additional ways to treat, in the sense of different compounds that they have been working with, and there are another two applications for grants, in all of which we would work with these partners, Walter Reed and some of their other clinical-setting partners. And when I say clinical in this setting, it is more the nonclinical testing that they're doing. So we do expect to continue working with Walter Reed and receive additional funding based on what they've indicated so far. And I believe it's a very promising program, so we look forward to that.

Ben Haynor: Excellent. And then one last quick one for me, and then I'll jump back in queue. You mentioned earlier that there was the first significant bulk order of Probuphine. I guess, what constitutes significant there?

Dane Hallberg: Yes, actually -- yes. So in terms of the bulk order, this was a -- obviously we're not going to talk about the dollar amount, but the order was significant in terms of the meaningful order. This was a partner that ordered from us, and they were able to fully stock their pharmacies, and would be able to facilitate -- when a prescription comes in, it'll be able to be delivered to the physician. So we're talking about a fully stocked network. So it is significant.

Ben Haynor: Got it. That's very helpful. All right, thanks guys. I'll jump back in queue.

Sunil Bhonsle: Thanks, Ben.

Operator: The next question comes from John Vandermosten with Zacks SCR.

John Vandermosten: Good morning, everyone. Wanted to ask about the Veterans Administration to your list of targets, and was wondering if you'd had a chance to interact with anyone there, and how that has gone, and then what the potential opportunity might be in that area?

Dane Hallberg: Absolutely. We've actually had some fantastic discussions with the VA. We've talked with them in D.C., we've talked with them in multiple areas through the country. We have a meeting coming up; Kate and I will be meeting with the VA to talk about REMS training, to talk about the benefits of Probuphine, and also to get the VA physicians and clinicians trained, so that they'll be able to order Probuphine and start providing Probuphine to the veterans of this country that need it. So we're excited about our discussions with the VA, and we expect some traction this year with the VA.

John Vandermosten: Okay. And in looking at the Nevada correctional efforts, it seemed like in the last call, perhaps, that there might have been some other states in the works there, and I was wondering how progress had been advancing on that front.

Kate DeVarney: Hi, John. This is Kate. Yes, we are in discussions with other states. They are earlier on in terms of getting things set up and doing REMS training, but clearly there's a lot of interest now, and recognition that medication-assisted therapy is really needed within the prison

system, within the jails, throughout the criminal justice system. We are starting to get more traction with the Nevada pilot program and on the next call I hope to be able to update with some more data around that, but things are really progressing.

Just as a reminder, medication-assisted treatment within the criminal justice system is very spotty across the country. Most places do not provide it. So we are having to do a lot of education and outreach and training with the medical professionals who make the decisions about how their patients get treated. That's really part of the foundation that we are laying, together with Dane's team, to prepare for the future.

John Vandermosten: Okay. And then looking up north again, have you received any revenues at all from Knight as of yet?

Sunil Bhonsle: Knight, as you know, started launching the product back in October, John, of last year. And we have received very minimal revenues in terms of royalty. Of course, they acquired product from Titan, and so there has been revenues from Knight related to that.

John Vandermosten: Okay, very good. And also was wondering about gross margins and how we should think of those going forward. Obviously sales are at the low end of the anticipated future range right now, but how should those change as we move into 2019 and 2020?

Sunil Bhonsle: As we've indicated in the past, the cost of the product is in the 10%-or-lower range when you look at the gross -- the list price of $4,950. So it has a large margin potential. Now, of course, as we expand our outreach and get involved with, let's say, additional product sales into the Veterans Administration and the criminal justice system, those are at substantial discounts to the price, to the list price, as we would expect. And so it's likely to change the gross margins. However, I expect the gross margins to remain really substantial as we continue to increase our sales through this -- through any of these channels.

John Vandermosten: Okay, thank you very much.

Sunil Bhonsle: And it's something that, obviously, over the next two, three quarters, we'll give you a much clearer picture.

John Vandermosten: Certainly, certainly. That's all from me. Thank you.

Sunil Bhonsle: Thanks, John.

Operator: The next question comes from Jason McCarthy with Maxim Group.

Sunil Bhonsle: Hi, Jason.

Jason McCarthy: Hey, guys, thanks for taking the questions, and congratulations on the progress.

Sunil Bhonsle: Well thank you very much. Good to hear you.

Jason McCarthy: So first off, with the relaunch under way, just see if you could give us an idea of the market dynamics in opioid use disorder. Specifically, what competing products are out there, and just the size of the market for buprenorphine? And then also, do you expect more of your initial sales to come from established markets where you offer an improvement over current offerings, or from newer ones where patients don't currently have access, such as rural areas where we see significant rates of OUD in correctional facilities?

Sunil Bhonsle: Sure. Good questions, Jason. In terms of competition and other products out there, obviously you're familiar with the daily-dose products and the huge competition at that stage. We don't compete in that market. That's not how our product is used. Our product clearly is for patients who are stable and further along in their recovery process, and as a six-month implant, and obviously there is no other product available like that today, the closest that it comes to is the one-month depot injection that Dane talked about from Indivior, and as you know, the dropout rate is quite significant. Patients don't really continue treatment with that. Obviously with the six-month implant, compliance is guaranteed, and as a benefit, that is really recognized by the treating physicians as well, and the patient.

The experience of patients has been one which makes them truly get back into a more normal mode of life where they don't have to think about taking a pill each day or worry about how their medication will provide relief. They know what it will do, and they are very pleased with that. So it's a very unique product in that way, good product, but at the same time, the market for that is limited in the sense that it is not for every patient.

The last statistic I can give you sort of to get a sense of the market, kind of, there's about 600,000 patients who are treated with a buprenorphine product in the U.S., and about 25% of those are in what one would consider a stable treatment pattern, where they're getting 8 milligrams or less of buprenorphine daily, and that's the patient population that our product addresses. So it's 150,000 patients when you look at it that way, and it's a sizable market.

We are just starting to enter this, and the market itself is in multiple places. Obviously we are looking at what we believe to be our best shot at, say, the criminal justice system or the residential treatment facilities, VA facilities and doctors who, today, treat patients for maintenance therapy. So those segments are the markets that we're looking at, very substantial numbers of patients. And I certainly hope we will get to the 15%, 20% of that 150,000-patient market, and that is a substantial revenue-generating product in the -- getting close to $100 million or more. So that's sort of an overview on the market, how we see it and what we want to look at. Okay?

Jason McCarthy: Yes, thank you. And then just one more follow-up.

Sunil Bhonsle: Sure.

Jason McCarthy: I was wondering if -- do you guys view the familiarity with the active compound as a competitive advantage for prescribing physicians?

Sunil Bhonsle: You mean the familiarity with buprenorphine in the market in that setting? Is that what you were asking, Jason?

Jason McCarthy: Yes, exactly, does it benefit you guys?

Sunil Bhonsle: Yes. No, absolutely. Buprenorphine is considered the best medication today, especially in the U.S., and it's sort of the gold standard. So recognizing that people will be treated with buprenorphine in their earlier stages, and as they get to the maintenance stage, where our product fits in, having that same compound and showing that we can maintain a very steady level without any of the fluctuating blood levels that they see during their daily dose pattern, is a benefit for the patients. It's an advantage for us. We can show that to the physicians. They understand the value of that. And having sort of continuous 24-hour medication on board is, both from a medical standpoint as well as patient satisfaction standpoint, very important. And that's what we offer.

Jason McCarthy: All right. Thank you for taking the questions, and again, congratulations on all the progress.

Sunil Bhonsle: Thank you very much, Jason. Appreciate your questions.

Operator: This concludes our question-and-answer session. I would now like to turn the conference back over to Sunil Bhonsle for any closing remarks.

Sunil Bhonsle: Thank you, Anita, and thank you all for participating in this call. As always, we appreciate your ongoing support, and we look forward to reporting continued progress in our Probuphine and ProNeura-based product programs as we move forward. Thank you, and have a great day.

Operator: This conference has now concluded. Thank you for attending today's presentation. You may now disconnect.