

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 001-13341

**TITAN PHARMACEUTICALS, INC.**  
(Exact name of registrant as specified in its charter)

Delaware

94-3171940

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification Number)

400 Oyster Point Blvd., Suite 505,  
South San Francisco, California

94080

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: (650) 244-4990

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001	TTNP	Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant based on the closing price on June 30, 2022 was approximately \$8.1 million.

As of March 24, 2023, 15,016,295 shares of common stock, \$0.001 par value, of the registrant were issued and outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE:**

NONE

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**Titan Pharmaceuticals, Inc.**  
**Annual Report on Form 10-K**  
**For the Fiscal Year Ended December 31, 2022**

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## PART I

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K or in the documents incorporated by reference herein may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”) that involve substantial risks and uncertainties. We have attempted to identify forward-looking statements by terminology including “anticipates,” “believes,” “can,” “continue,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “should,” or “will” or the negative of these terms or other comparable terminology. Although we do not make forward looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Forward-looking statements included or incorporated by reference in this report or our other filings with the Securities and Exchange Commission, or the SEC, include, but are not necessarily limited to, those relating to uncertainties relating to:

- our ability to raise capital when needed;
- difficulties or delays in the product development process, including the results of preclinical studies or clinical trials;
- financing and strategic agreements and relationships;
- difficulties or delays in the regulatory approval process;
- adverse side effects or inadequate therapeutic efficacy of our drug candidates that could slow or prevent product development or commercialization;
- dependence on third party suppliers;
- manufacturing, sales, marketing and distribution of any of our drug candidates that may be successfully developed and approved for commercialization;
- protection for our patents and other intellectual property or trade secrets; and
- competition.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, that performance or those results will be achieved. Forward-looking statements are based on information available at the time they are made and/or management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties, including the risks outlined under “Risk Factors” or elsewhere in this report, that could cause actual performance or results to differ materially from what is expressed in or suggested by the forward-looking statements.

Forward-looking statements speak only as of the date they are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. We caution you not to give undue weight to such projections, assumptions and estimates.

References herein to “we,” “us,” “Titan,” and “our company” refer to Titan Pharmaceuticals, Inc. unless the context otherwise requires.

Probuphine<sup>®</sup> and ProNeura<sup>®</sup> are trademarks of our company. This Annual Report on Form 10-K also includes trade names and trademarks of companies other than Titan.

## Item 1. Business

### Overview

We are a pharmaceutical company developing therapeutics utilizing our proprietary long-term drug delivery platform, ProNeura<sup>®</sup>, for the treatment of select chronic diseases for which steady state delivery of a drug has the potential to provide an efficacy and/or safety benefit. ProNeura consists of a small, solid implant made from a mixture of ethylene-vinyl acetate, or EVA, and a drug substance. The resulting product is a solid matrix that is designed to be administered subdermally in a brief, outpatient procedure and is removed in a similar manner at the end of the treatment period.

Our first product based on our ProNeura technology was Probuphine<sup>®</sup> (buprenorphine implant), which is approved in the United States, Canada and the European Union, or EU, for the maintenance treatment of opioid use disorder in clinically stable patients taking 8 mg or less a day of oral buprenorphine. While Probuphine continues to be commercialized in Canada and in the EU (as Sixmo<sup>™</sup>) by other companies that have either licensed or acquired the rights from Titan, we discontinued commercialization of the product in the U.S. during the fourth quarter of 2020 to allow us to focus our limited resources on product development programs.

In December 2021, we announced our intention to work with our financial advisor to explore strategic alternatives to enhance stockholder value, potentially including an acquisition, merger, reverse merger, other business combination, sales of assets, licensing or other transaction. In June 2022, we implemented a plan to reduce expenses and conserve capital that included a company-wide reduction in salaries and a scale back of certain operating expenses to enable us to maintain sufficient resources as we pursued potential strategic alternatives. In July 2022, David Lazar and Activist Investing LLC (collectively, “Activist”) acquired an approximately 25% ownership interest in Titan, filed a proxy statement and nominated six additional directors, each of whom was elected to our board of directors (the “Board”) at a special meeting of stockholders held on August 15, 2022 (the “Special Meeting”). The exploration and evaluation of possible strategic alternatives by the Board has continued following the Special Meeting. Following the election of the new directors at the Special Meeting, Dr. Marc Rubin was replaced as our Executive Chairman, and David Lazar assumed the role of Chief Executive Officer. In connection with the termination of his employment as Executive Chairman, Dr. Rubin will receive aggregate severance payments of approximately \$0.4 million, of which, approximately \$165,000 have been paid as of December 31, 2022. In December 2022, we implemented additional cost reduction measures including a reduction in our workforce.

### ProNeura Continuous Drug Delivery Platform

Our ProNeura continuous drug delivery system consists of a small, solid rod-shaped implant made from a mixture of EVA and a given drug substance. The resulting product is a solid matrix that is placed subdermally, normally in the inside part of the upper arm in a brief procedure using a local anaesthetic and is removed in a similar manner at the end of the treatment period. The drug substance is released continuously through the process of dissolution-controlled diffusion. This results in a continuous, steady rate of release generally similar to intravenous administration. We believe that such long-term, near linear release characteristics are desirable as they avoid the fluctuating peak and trough drug levels seen with oral dosing that often poses treatment problems in a range of diseases.

The ProNeura platform was developed to address the need for a simple, practical method to achieve continuous long-term drug delivery, and, depending on the characteristics of the compound to be delivered, can potentially provide treatment on an outpatient basis over extended periods of up to 12 months. We believe that the benefits of this technology have been demonstrated by the clinical results seen to date with Probuphine, and, in addition, that the development and regulatory process have been affirmed by the U.S. Food and Drug Administration, or FDA, the European Medicines Agency, or EMA, and Health Canada approvals of this product. We have further demonstrated the feasibility of the ProNeura platform with small molecules, hormones, and bio-active peptides. The delivery system works with both hydrophobic and hydrophilic molecules. We have also shown the flexibility of the platform by experimenting with the release characteristics of the EVA implants, layering the implants with varying concentrations of drug, and generating implants of different sizes and porosity to achieve a desired delivery profile.

## Development Programs

We currently have the following development programs for which development activities have been substantially curtailed while we are exploring several financing and strategic alternatives.

### *TP-2021*

Several years ago, we began limited non-clinical laboratory experiments in collaboration with JT Pharmaceuticals, Inc., or JT Pharma, to assess the feasibility of delivering JT Pharma's kappa opioid agonist peptide, or TP-2021, utilizing our ProNeura system. Following our acquisition of TP-2021 in October 2020, we successfully manufactured a prototype implant containing TP-2021 (TP-2021 - ProNeura) to be used in appropriate small animal models. While our initial work focused on TP-2021's ability to activate peripheral kappa opioid receptors, potentially providing a non-addictive treatment for certain types of pain, in January 2021, our research pivoted to explore the feasibility of using TP-2021 in the treatment of chronic pruritus, a severe and debilitating condition defined as itching of the skin lasting longer than six weeks. According to a 2015 review by Mollanazar, N., et al., an estimated 23 – 44 million Americans suffer from chronic pruritus of both cutaneous and systemic etiologies. Current treatments include antihistamines, corticosteroids, and over-the-counter lotions, all of which are relatively ineffective and/or have undesirable side-effect profiles. The antipruritic effect of kappa opioid agonists is thought to be related to their binding to kappa opioid receptors on keratinocytes, immune cells, and peripheral itch neurons.

In February 2021, we announced that early non-clinical studies of TP-2021 showed very high affinity and specificity for the human kappa opioid receptor and demonstrated potent antipruritic activity when injected subcutaneously in a mouse model for moderate to severe pruritus. TP-2021 - ProNeura implants were then formulated and tested in this model. In November 2021, data presented at the annual meeting of the Society for Neuroscience demonstrated that significant reduction in scratching behavior in this proven animal model for pruritus was maintained in mice who received the TP-2021 - ProNeura implant through Day 56 post-implantation, when compared with control untreated mice, with no safety issues observed for the implanted animals over the three-month duration of treatment. Subsequently, efficacy in this pruritus model has been extended through Day 84 post-implantation. In addition, the TP-2021 - ProNeura implant provided sustained supra-therapeutic plasma levels of the peptide through Day 84 post-implantation in a separate pharmacokinetic study in mice. We believe that subdermal implantation of TP-2021 - ProNeura could potentially deliver therapeutic concentrations of TP-2021 in human subjects for up to six months or longer following a single in-office procedure. Investigational New Drug, or IND, enabling non-clinical safety and pharmacology studies will need to be conducted in preparation for regulatory approval to enter human clinical studies. Additional funding from external sources for progression of the non-clinical program is required but will be dependent on finding a suitable partner.

### *Nalmefene Development Program*

A subdermal ProNeura implant containing nalmefene for the prevention of opioid relapse following detoxification of patients suffering opioid use disorder. The FDA cleared the IND for this program in July 2022. To date, this program has been partially supported by a September 2019 grant from the National Institute for Drug Addiction, or NIDA, which provided approximately \$8.7 million of Federal money for the completion of implant formulation development, cGMP manufacturing and non-clinical studies required for filing an IND. Following the clearance of the IND, we may be eligible for additional grant funding of approximately \$6.3 million from NIDA. However, this funding availability is dependent on a progress review at NIDA. Additional funding from external sources for progression of the clinical program will be separately sought but will be dependent on finding a suitable partner.

In early 2020, following a meeting with the FDA to review our non-clinical development plans and obtain guidance regarding filing an IND, the FDA provided clear guidance on the type of development plan that we should follow. Specifically, the FDA advised that this product development should follow the more expansive 505(b)(1) regulatory pathway rather than the shorter, more streamlined 505(b)(2) regulatory pathway we had been pursuing. In September 2021, the FDA advised that it was reconsidering the regulatory pathway for the nalmefene implant and could ultimately determine that the 505(b)(2) process is potentially appropriate.

### *Gates Foundation*

In October 2021, we received an approximately \$500,000 grant from the Bill and Melinda Gates Foundation to demonstrate the ability to deliver a combination HIV preventative therapeutic and a contraceptive from a single ProNeura implant for women and adolescent girls in low- and middle-income countries.

## **Agreements**

### **JT Pharmaceuticals**

In October 2020, we entered into an Asset Purchase Agreement, or the JT Agreement, with JT Pharmaceuticals, Inc., or JT Pharma, to acquire JT Pharma's kappa opioid agonist peptide, TP-2021, for use in combination with our ProNeura long-term, continuous drug delivery technology for the treatment of chronic pruritus and other potential medical applications. Under the terms of the JT Agreement, JT Pharma received a \$15,000 closing payment and is entitled to receive future milestone payments, payable in cash or in stock, based on the achievement of regulatory milestones, and single-digit percentage earn-out payments on net sales of the product if successfully developed and approved for commercialization. In January 2022, in connection with our entry into a clarification agreement with JT Pharma, we made the first milestone payment under the JT Agreement of \$100,000 and issued 51,021 shares of our common stock related to the successful completion of a proof-of-concept study in an animal model.

### **Knight**

Pursuant to an agreement (as amended, the Knight Agreement), we granted Knight Therapeutics Inc., or Knight, an exclusive license to commercialize Probuphine in Canada as well as a right of first negotiation in the event we intend to license commercialization rights to any other products in Canada. We are entitled to receive royalty payments from Knight on net sales of Probuphine in Canada ranging in percentage from the low-teens to the mid-thirties. In addition, we agreed to be the exclusive supplier of Probuphine to Knight subject to a supply agreement between us and Knight. During the term of the Knight Agreement, we may not commercialize any product in Canada containing buprenorphine that is intended for a treatment duration of six months or more.

Unless earlier terminated, the initial term of the Knight Agreement will expire on the 15th anniversary of the date of the first commercial sale of Probuphine for opioid addiction in Canada, which occurred during the fourth quarter of 2018. If Probuphine is approved for another indication in Canada after the fifth anniversary of the first commercial sale of Probuphine for opioid addiction in Canada, we must negotiate in good faith whether to extend the initial term. After the initial term, the Knight Agreement will automatically renew for two-year periods until either party provides the other party with written notice of its intent not to renew at least 180 days prior to the expiration of the initial term or then-current term. We or Knight may terminate the Knight Agreement in the event that (i) either party determines in good faith that it is not advisable for Knight to continue to commercialize Probuphine in Canada as a result of a bona fide safety issue, (ii) the other party has filed for bankruptcy, reorganization, liquidation or receivership proceedings, or (iii) the other party materially breached the agreement and has not cured such breach within a specified time period. In addition, subject to certain exceptions and requirements, we may terminate the Knight Agreement (i) if Knight discontinues the commercial sale of Probuphine for a period of at least three months and fails to resume sales within the specified cure period, or (ii) in the event that Knight commences any legal proceedings seeking to challenge the validity or ownership of any of our patents related to Probuphine.

In the event of termination, among other things, Knight shall (i) cease commercialization of Probuphine in Canada, (ii) transfer title to all current and pending regulatory submissions and regulatory approvals for Probuphine to us and (iii) pay any royalty payments generated by Knight's sales of Probuphine in Canada due to us.

### **Intellectual Property**

Our goal is to obtain, maintain and enforce patent protection for our product candidates, formulations, processes, methods and any other proprietary technologies, preserve our trade secrets, and operate without infringing on the proprietary rights of other parties, both in the United States and in other countries. Our policy is to actively seek to obtain, where appropriate, the broadest intellectual property protection possible for our current product candidates and any future product candidates, proprietary information and proprietary technology through a combination of contractual arrangements and patents, both in the United States and abroad. However, patent protection may not afford us with complete protection against competitors who seek to circumvent our patents.

We also depend upon the skills, knowledge, experience and know-how of our management and research and development personnel, as well as that of our advisors, consultants and other contractors. To help protect our proprietary know-how, which may not be patentable, and for inventions for which patents may be difficult to enforce, we currently rely and will in the future rely on trade secret protection and confidentiality agreements to protect our interests. To this end, we require all of our employees, consultants, advisors and other contractors to enter into confidentiality agreements that prohibit the disclosure of confidential information and, where applicable, require disclosure and assignment to us of the ideas, developments, discoveries and inventions important to our business.

In June 2010, the United States Patent and Trademark Office, or USPTO, issued a patent covering methods of using Probuphine for the treatment of opiate addiction. Titan is the owner of this patent which claims a method for treating opiate addiction with a subcutaneously implanted device comprising buprenorphine and EVA, a biocompatible copolymer that releases buprenorphine continuously for extended periods of time. This patent will expire in April 2024. We have filed a Patent Cooperation Treaty patent application to the use of a kappa-opioid receptor agonist implant for the treatment of pruritus.

We also have pending patent applications in the U.S., Australia, Canada, China, Europe, Hong Kong, India, Japan and Mexico for implants for release of lipophilic or amphiphilic pharmaceutical substances, and for loadable porous structures for use as implants. We also have pending patent applications in the U.S., Australia, Canada, China, Europe, Hong Kong, India, Japan, South Korea, Mexico, Singapore, and South Africa for implants with reduced initial burst.

We have additional patents for a heterogeneous implant designed with some unique properties that may provide benefits to the structural integrity of the implants and potentially enhance drug delivery. Patents for this heterogeneous implant have been granted in the U.S., Australia, Canada, Europe, Hong Kong, India, Japan, South Korea, Mexico, Singapore, and South Africa.

Future court decisions or changes in patent law might materially affect the patents or patent applications, including, but not limited to, their expiration dates.

### **Competition**

The pharmaceutical and biotechnology industries are characterized by rapidly evolving technology and intense competition. Our product development programs are currently in non-clinical stages of development and once these commence clinical development we can assess and provide details on specific competitive environment.

### **Manufacturing**

Ongoing formulation development is conducted at a dedicated facility established at Southwest Research Institute, or SwRI<sup>®</sup>, in San Antonio, Texas that includes cGMP manufacturing and testing capabilities. We also receive support services from the vast array of SwRI groups with expertise in manufacturing and material sciences. The facilities are compliant with both FDA and Drug Enforcement Agency, or DEA, requirements enabling us to work with controlled substances, and the manufacturing scale is ideal for product development during non-clinical and clinical testing stages.

Manufacturing of Probuphine was primarily conducted at DPT Laboratories, Inc., or DPT, pursuant to a commercial manufacturing agreement with DPT that governed the terms of the production and supply of Probuphine for the U.S., Canada and EU. In October 2020, we entered into Debt Settlement and Release Agreement, or DSRA, which transferred the manufacturing facility at DPT to L. Molteni & C. Dei Frattelli Alitti Societa Di Esercizio S.P.A., or Molteni. Under the agreement, we retain access to the facility, through Molteni, for the manufacture and supply of Probuphine to Knight for Canada.

## Government Regulation

Government authorities in the United States at the federal, state and local level and in other countries extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labelling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of drug products. Generally, before a new drug can be marketed, considerable data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific to each regulatory authority, submitted for review and approved by the regulatory authority.

In the United States, the FDA regulates drugs and devices under the Food, Drug and Cosmetics Act, or FDCA. Drugs and devices are also subject to other federal, state and local statutes and regulations. Products composed of both a drug product and device product are deemed combination products. If marketed individually, each component would be subject to different regulatory pathways and reviewed by different centers within the FDA. A combination product, however, is assigned to a center that will have primary jurisdiction over its regulation based on a determination of the combination product's primary mode of action, which is the single mode of action that provides the most important therapeutic action. In the case of some of our product candidates, we expect the primary mode of action to be attributable to the drug component of the product, which means that the FDA's Center for Drug Evaluation and Research would have primary jurisdiction over the premarket development, review and approval. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources and includes the following:

- Our product candidates must be approved by the FDA through the New Drug Application, or NDA, process before they may be legally marketed in the United States. The process required by the FDA before a drug may be marketed in the United States generally involves the following:
  - Completion of extensive nonclinical laboratory tests, animal studies and formulation studies in accordance with applicable regulations, including the FDA's Good Laboratory Practice, or GLP, regulations;
  - Submission to the FDA of an IND application, which must become effective before human clinical trials may begin;
  - Approval by an independent institutional review board, or IRB, or ethics committee at each clinical trial site before each trial may be initiated;
  - Performance of adequate and well-controlled human clinical trials in accordance with applicable IND and other clinical trial-related regulations, referred to as good clinical practices, or GCPs, to establish the safety and efficacy of the proposed drug for each proposed indication;
  - Submission to the FDA of an NDA for a new drug;
  - A determination by the FDA within 60 days of its receipt of an NDA to file the NDA for review;
  - Satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities where the drug is produced to assess compliance with cGMP requirements to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity;
  - Potential FDA audit of the nonclinical study and/or clinical trial sites that generated the data in support of the NDA; and
  - FDA review and approval of the NDA, including consideration of the views of any FDA advisory committee, prior to any commercial marketing or sale of the drug in the United States.

The nonclinical and clinical testing and approval process requires substantial time, effort and financial resources, and we cannot be certain that any approvals for our product candidates will be granted on a timely basis, if at all.

The data required to support an NDA is generated in two distinct development stages: nonclinical and clinical. For new chemical entities, the nonclinical development stage generally involves synthesizing the active component, developing the formulation and determining the manufacturing process, as well as carrying out non-human toxicology, pharmacology and drug metabolism studies in the laboratory, which support subsequent clinical testing. These nonclinical tests include laboratory evaluation of product chemistry, formulation, stability and toxicity, as well as animal studies to assess the characteristics and potential safety and efficacy of the product. The conduct of the nonclinical tests must comply with federal regulations, including GLPs. The sponsor must submit the results of the nonclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational drug product to humans. Some nonclinical testing may continue even after the IND is submitted, but an IND must become effective before human clinical trials may begin. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human trials. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions regarding the proposed clinical trials, including concerns that human research subjects will be exposed to unreasonable health risks, and places the IND on clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. The FDA may also impose clinical holds on a drug candidate at any time before or during clinical trials due to safety concerns or non-compliance. Accordingly, we cannot be sure that submission of an IND will result in the FDA allowing clinical trials to begin, or that, once begun, issues will not arise that could cause the trial to be suspended or terminated.

The clinical stage of development involves the administration of the drug candidate to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria and the parameters to be used to monitor subject safety and assess efficacy. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Further, each clinical trial must be reviewed and approved by an independent institutional review board, or IRB, at or servicing each institution at which the clinical trial will be conducted. An IRB is charged with protecting the welfare and rights of trial participants and considers such items as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completion. There are also requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries.

Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, untitled or warning letters, product seizures, total or partial suspension of production or distribution injunctions, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties. Additionally, a manufacturer may need to recall a product from the market. Any agency or judicial enforcement action could have a material adverse effect on us.

## **Employees**

As of March 24, 2023, we had four full-time employees.

## **Corporate Information**

We were incorporated under the laws of the State of Delaware in February 1992. Our principal executive offices are located at 400 Oyster Point Blvd., Suite 505, South San Francisco, CA 94080. Our telephone number is (650) 244-4990. We make our SEC filings available on the Investor Relations page of our website, <http://titanpharm.com>. Information contained on our website is not part of this Annual Report on Form 10-K.

## Item 1A. Risk Factors

### Risks Related to Our Financial Condition and Need for Additional Capital

*We have incurred net losses in almost every year since our inception, which losses will continue for the foreseeable future and raise substantial doubt about our ability to continue as a going concern.*

We have incurred net losses in almost every year since our inception. Our financial statements have been prepared assuming that we will continue as a going concern. For the years ended December 31, 2022 and 2021, we had net losses of approximately \$10.2 million and \$8.8 million, respectively, and had net cash used in operating activities of approximately \$8.2 million and \$7.9 million, respectively. These net losses and negative cash flows have had, and will continue to have, an adverse effect on our stockholders' equity and working capital, which have declined in the past year. At December 31, 2022, we had working capital of approximately \$1.0 million compared to working capital of approximately \$4.6 million at December 31, 2021. At December 31, 2022, we had cash and cash equivalents of approximately \$2.9 million. We expect to continue to incur net losses and negative operating cash flow for the foreseeable future as we focus on development of ProNeura based products. The amount of future net losses will depend, in part, on the rate of future growth of our expenses and our ability to obtain government or third-party funding for our development programs. Our history of losses raises substantial doubt about our ability to continue as a going concern.

*We will require additional proceeds to fund our product development programs and working capital requirements.*

We currently estimate that our available cash and cash equivalents will be sufficient to fund our working capital needs and product development efforts into the second quarter of 2023. We will require substantial additional funds to advance our kappa opioid agonist program beyond the proof-of-concept stage, and to fund any of our ProNeura development programs, including nalmefene, into the clinic and to complete the regulatory approval process necessary to commercialize any products we might develop. Investment in pharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that a product candidate will fail to gain regulatory approval or become commercially viable. While we are currently evaluating the alternatives available to us, including the possible sale of our Probuphine assets, government grants, third-party collaborations for one or more of our ProNeura programs and potential merger opportunities, our efforts to address our liquidity requirements may not be successful. Furthermore, there can be no assurance that any source of capital will be available to us on acceptable terms or will not involve substantial dilution to our stockholders. Our failure to obtain substantial funds in the next several months would likely result in the cessation of one or more of our development programs or the wind-down of our business.

*Our net operating losses and research and development tax credits may not be available to reduce future federal and state income tax payments.*

At December 31, 2022, we had federal net operating loss and tax credit carryforwards of approximately \$237.4 million and approximately \$6.8 million, respectively, and state net operating loss and tax credit carryforwards of approximately \$115.2 million and approximately \$9.2 million, respectively, available to offset future taxable income, if any. Current federal and state tax laws include substantial restrictions on the utilization of net operating loss and tax credits in the event of an ownership change and we cannot assure you that our net operating loss and tax carryforwards will continue to be available.

## Risks Related to Our Business and Industry

*Our ProNeura development programs are at very early stages and will require substantial additional resources that may not be available to us.*

To date, other than our work on Probuphine in OUD and our work on nalmefene, we have conducted only limited research and development activities assessing our ProNeura delivery system's applicability in other potential indications. While the nalmefene program has been funded in large part by NIDA, there is no assurance that NIDA will continue to provide the necessary funding to complete the regulatory approval process for this product candidate. We will also require substantial additional funds to advance our kappa opioid agonist program beyond the proof-of-concept stage and to support further research and development activities, including the anticipated costs of nonclinical studies and clinical trials, regulatory approvals, and eventual commercialization of any therapeutic based on our ProNeura platform technology. If we are unable to obtain substantial government grants or enter into third party collaborations to fund our ProNeura programs, we will need to seek additional sources of financing, which may not be available on favorable terms, if at all. If we are unsuccessful in obtaining the requisite funding for our ProNeura programs, we could be forced to discontinue product development. Furthermore, funding arrangements with collaborative partners or others may require us to relinquish rights to technologies, product candidates or products that we would otherwise seek to develop or commercialize ourselves or license rights to technologies, product candidates or products on terms that are less favorable to us than might otherwise be available.

Our ability to successfully develop any future product candidates based on our ProNeura drug delivery technology is subject to the risks of failure and delay inherent in the development of new pharmaceutical products, including: delays in product development, clinical testing, or manufacturing; unplanned expenditures in product development, clinical testing, or manufacturing; failure to receive regulatory approvals; emergence of superior or equivalent products; inability to manufacture on our own, or through any others, product candidates on a commercial scale; and failure to achieve market acceptance. Because of these risks, our research and development efforts may not result in any commercially viable products and our business, financial condition, and results of operations could be materially harmed.

*Clinical trials required for new product candidates are expensive and time-consuming, and their outcome is uncertain.*

Conducting clinical trials is a lengthy, time-consuming, and expensive process. The length of time may vary substantially according to the type, complexity, novelty, and intended use of the product candidate, and often can be several years or more per trial. Delays associated with products for which we are directly conducting clinical trials may cause us to incur additional operating expenses. The commencement and rate of completion of clinical trials may be delayed by many factors, including, for example:

- inability to manufacture sufficient quantities of qualified materials under cGMP for use in clinical trials;
- slower than expected rates of patient recruitment;
- failure to recruit a sufficient number of patients; modification of clinical trial protocols;
- changes in regulatory requirements for clinical trials;
- the lack of effectiveness during clinical trials;
- the emergence of unforeseen safety issues;
- delays, suspension, or termination of the clinical trials due to the institutional review board responsible for overseeing the study at a particular study site; and
- government or regulatory delays or "clinical holds" requiring suspension or termination of the trials.

The results from early clinical trials are not necessarily predictive of results obtained in later clinical trials. Accordingly, even if we obtain positive results from early clinical trials, we may not achieve the same success in future clinical trials. Clinical trials may not demonstrate statistically significant safety and effectiveness to obtain the requisite regulatory approvals for product candidates. The failure of clinical trials to demonstrate safety and effectiveness for the desired indications could cause us to abandon a product candidate and could delay development of other product candidates. Any delay in, or termination of, our clinical trials could materially harm our business, financial condition, and results of operations.

***We face risks associated with third parties conducting preclinical studies and clinical trials of our products.***

We depend on third-party laboratories and medical institutions to conduct preclinical studies and clinical trials for our products and other third-party organizations to perform data collection and analysis, all of which must maintain both good laboratory and good clinical practices. We also depend upon third party manufacturers for the production of any products we may successfully develop to comply with cGMP of the FDA, which are similarly outside our direct control. If third party laboratories and medical institutions conducting studies of our products fail to maintain both good laboratory and clinical practices, the studies could be delayed or have to be repeated.

***We face risks associated with product liability lawsuits that could be brought against us.***

The testing, manufacturing, marketing and sale of human therapeutic products entail an inherent risk of product liability claims. We currently have a limited amount of product liability insurance, which may not be sufficient to cover claims that may be made against us in the event that the use or misuse of our product candidates causes, or merely appears to have caused, personal injury or death. In the event we are forced to expend significant funds on defending product liability actions, and in the event those funds come from operating capital, we will be required to reduce our business activities, which could lead to significant losses. Adequate insurance coverage may not be available in the future on acceptable terms, if at all. If available, we may not be able to maintain any such insurance at sufficient levels of coverage and any such insurance may not provide adequate protection against potential liabilities. Whether or not a product liability insurance policy is obtained or maintained in the future, any claims against us, regardless of their merit, could severely harm our financial condition, strain our management and other resources or destroy the prospects for commercialization of the product which is the subject of any such claim.

***We may be unable to protect our patents and proprietary rights.***

Our future success will depend to a significant extent on our ability to:

- obtain and keep patent protection for our products, methods and technologies on a domestic and international basis;
- enforce our patents to prevent others from using our inventions;
- maintain and prevent others from using our trade secrets; and
- operate and commercialize products without infringing on the patents or proprietary rights of others.

We cannot assure you that our patent rights will afford any competitive advantages, and these rights may be challenged or circumvented by third parties. Further, patents may not be issued on any of our pending patent applications in the U.S. or abroad. Because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that before a potential product can be commercialized, any related patent may expire or remain in existence for only a short period following commercialization, reducing or eliminating any advantage of the patent. If we sue others for infringing our patents, a court may determine that such patents are invalid or unenforceable. Even if the validity of our patent rights is upheld by a court, a court may not prevent the alleged infringement of our patent rights on the grounds that such activity is not covered by our patent claims.

In addition, third parties may sue us for infringing their patents. In the event of a successful claim of infringement against us, we may be required to:

- pay substantial damages;
- stop using our technologies and methods;
- stop certain research and development efforts;
- develop non-infringing products or methods; and
- obtain one or more licenses from third parties.

If required, we cannot assure you that we will be able to obtain such licenses on acceptable terms, or at all. If we are sued for infringement, we could encounter substantial delays in development, manufacture and commercialization of our product candidates. Any litigation, whether to enforce our patent rights or to defend against allegations that we infringe third party rights, will be costly, time consuming, and may distract management from other important tasks.

We also rely in our business on trade secrets, know-how and other proprietary information. We seek to protect this information, in part, through the use of confidentiality agreements with employees, consultants, advisors and others. Nonetheless, we cannot assure you that those agreements will provide adequate protection for our trade secrets, know-how or other proprietary information and prevent their unauthorized use or disclosure. To the extent that consultants, key employees or other third parties apply technological information independently developed by them or by others to our proposed products, disputes may arise as to the proprietary rights to such information, which may not be resolved in our favor.

***We must comply with extensive government regulations.***

The research, development, manufacture, labelling, storage, record-keeping, advertising, promotion, import, export, marketing and distribution of pharmaceutical products are subject to an extensive regulatory approval process by the FDA in the U.S. and comparable health authorities in foreign markets. The process of obtaining required regulatory approvals for drugs is lengthy, expensive and uncertain. Approval policies or regulations may change, and the FDA and foreign authorities have substantial discretion in the pharmaceutical approval process, including the ability to delay, limit or deny approval of a product candidate for many reasons. Despite the time and expense invested in clinical development of product candidates, regulatory approval is never guaranteed. Regulatory approval may entail limitations on the indicated usage of a drug, which may reduce the drug's market potential. Even if regulatory clearance is obtained, post-market evaluation of the products, if required, could result in restrictions on a product's marketing or withdrawal of the product from the market, as well as possible civil and criminal sanctions. Of the large number of drugs in development, only a small percentage successfully complete the regulatory approval process and are commercialized.

***We face intense competition.***

With respect to our product development programs, we face competition from numerous companies that currently market, or are developing, products for the treatment of the diseases and disorders we have targeted, many of which have significantly greater research and development capabilities, experience in obtaining regulatory approvals and manufacturing, marketing, financial and managerial resources than we have. We also compete with universities and other research institutions in the development of products, technologies and processes, as well as the recruitment of highly qualified personnel. Our competitors may succeed in developing technologies or products that are more effective than the ones we have under development or that render our proposed products or technologies non-competitive or obsolete. In addition, our competitors may achieve product commercialization or patent protection earlier than we will.

***We depend on a small number of employees and consultants.***

We are highly dependent on the services of a limited number of personnel and the loss of one or more of such individuals could substantially impair our ongoing commercialization efforts. We compete in our hiring efforts with other pharmaceutical and biotechnology companies, and it may be difficult and could take an extended period of time because of the limited number of individuals in our industry with the range of skills and experience required and because of our limited resources.

In addition, we retain scientific and clinical advisors and consultants to assist us in all aspects of our business. Competition to hire and retain consultants from a limited pool is intense. Further, because these advisors are not our employees, they may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us, and typically they will not enter into non-compete agreements with us. If a conflict of interest arises between their work for us and their work for another entity, we may lose their services. In addition, our advisors may have arrangements with other companies to assist those companies in developing products or technologies that may compete with ours.

***We face potential liability related to the privacy of health information we obtain from clinical trials sponsored by us or our collaborators, from research institutions and our collaborators, and directly from individuals.***

Numerous federal and state laws, including state security breach notification laws, state health information privacy laws, and federal and state consumer protection laws, govern the collection, use, and disclosure of personal information. In addition, most health care providers, including research institutions from which we or our collaborators obtain patient health information, are subject to privacy and security regulations promulgated under the Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act. Although we are not directly subject to HIPAA, we could potentially be subject to criminal penalties if we, our affiliates, or our agents knowingly obtain or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA.

***Rising inflation and interest rates could negatively impact our revenues, profitability and borrowing costs. In addition, if our costs increase and we are not able to correspondingly adjust our commercial relationships to account for this increase, our net income would be adversely affected, and the adverse impact may be material.***

Inflation rates, particularly in the U.S., have increased recently to levels not seen in years. Increased inflation may result in decreased demand for our products, increased operating costs (including our labor costs), reduced liquidity, and limitations on our ability to access credit or otherwise raise debt and equity capital. In addition, the United States Federal Reserve has raised, and may again raise, interest rates in response to concerns about inflation. Increases in interest rates have had, and could continue to have, a material impact on our borrowing costs. In an inflationary environment, we may be unable to raise the sales prices of our products at or above the rate at which our costs increase, which could reduce our profit margins and have a material adverse effect on our financial results and net income. We also may experience lower than expected sales if there is a decrease in spending on products in our industry in general or a negative reaction to our pricing. A reduction in our revenue would be detrimental to our profitability and financial condition and could also have an adverse impact on our future growth.

***We face risks related to health epidemics, such as the COVID-19 global pandemic, that could adversely affect our operations or financial results.***

The ongoing COVID-19 pandemic has had and may continue to have a material adverse effect on our business. While the duration of the pandemic and its potential economic impact are difficult to predict, it already has caused significant disruption in the healthcare industry and is likely to have continuing impacts as it continues. Although we expect that the primary impacts of the COVID-19 pandemic are behind us, as we have seen with the spread of the Delta and Omicron variants, the extent to which COVID-19 continues to impact our business, healthcare systems in general or the global economy as a whole will depend on future developments that are highly uncertain and cannot be predicted and may result in a sustained economic downturn that could affect our ability to access capital on reasonable terms, or at all.

*We are increasingly dependent on information technology systems, infrastructure and data. Cybersecurity breaches could expose us to liability, damage our reputation, compromise our confidential information or otherwise adversely affect our business.*

We are increasingly dependent upon information technology systems, infrastructure and data. Our computer systems may be vulnerable to service interruption or destruction, malicious intrusion and random attack. Security breaches pose a risk that sensitive data, including intellectual property, trade secrets or personal information may be exposed to unauthorized persons or to the public. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. Cyber-attacks could include the deployment of harmful malware, denial-of service, social engineering and other means to affect service reliability and threaten data confidentiality, integrity and availability. Our key business partners face similar risks, and a security breach of their systems could adversely affect our security posture. While we continue to invest in data protection and information technology, there can be no assurance that our efforts will prevent service interruptions, or identify breaches in our systems, that could adversely affect our business and operations and/or result in the loss of critical or sensitive information, which could result in financial, legal, business or reputational harm.

#### **Risks Related to our Common Stock**

*Our share price may be volatile, which could prevent you from being able to sell your shares at or above your purchase price.*

The market price of shares of our common stock has been and may continue to be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- results of our product development efforts;
- regulatory actions with respect to our products under development or our competitors' products;
- actual or anticipated fluctuations in our financial condition and operating results;
- actual or anticipated fluctuations in our competitors' operating results or growth rate;
- announcements by us, our potential future collaborators or our competitors of significant acquisitions, strategic collaborations, joint ventures, or capital commitments;
- issuance of new or updated research or reports by securities analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- inconsistent trading volume levels of our shares;
- additions or departures of key personnel;
- disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders or our other stockholders;
- market conditions for biopharmaceutical stocks in general; and
- general economic and market conditions.

The stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of shares of our common stock and could subject us to securities class action litigation.

*If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.*

The trading market for our common stock will depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. There can be no assurance that analysts will cover us or provide favorable coverage. If one or more of the analysts who cover us downgrade our stock or change their opinion of our stock, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

*Provisions in our corporate charter documents and under Delaware law could make an acquisition of our company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.*

Provisions in our certificate of incorporation and our bylaws may discourage, delay or prevent a merger, acquisition or other change in control of our company that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions provide that:

- the authorized number of directors can be changed only by resolution of our board of directors;
- our bylaws may be amended or repealed by our board of directors or our stockholders;
- stockholders may not call special meetings of the stockholders or fill vacancies on the board of directors;
- our board of directors is authorized to issue, without stockholder approval, preferred stock, the rights of which will be determined at the discretion of the board of directors and that, if issued, could operate as a “poison pill” to dilute the stock ownership of a potential hostile acquirer to prevent an acquisition that our board of directors does not approve;
- our stockholders do not have cumulative voting rights, and therefore our stockholders holding a majority of the shares of common stock outstanding will be able to elect all of our directors; and
- our stockholders must comply with advance notice provisions to bring business before or nominate directors for election at a stockholder meeting.

**If we cannot continue to satisfy the Nasdaq Capital Market continued listing standards and other Nasdaq rules, our common stock could be delisted, which would harm our business, the trading price of our common stock, our ability to raise additional capital and the liquidity of the market for our common stock.**

Our Common Stock is currently listed on the Nasdaq Capital Market (“Nasdaq”). The listing standards of Nasdaq require that a company maintain stockholders’ equity of at least \$2.5 million and a minimum bid price subject to specific requirements of \$1.00 per share. There is no assurance that we will be able to maintain compliance with the minimum closing price requirement or the minimum stockholders’ equity requirement. Should we fail to comply with the minimum listing standards applicable to issuers listed on Nasdaq, our common stock may be delisted from Nasdaq. If our common stock is delisted, it could reduce the price of our common stock and the levels of liquidity available to our stockholders.

If our common stock were to be delisted from Nasdaq and was not eligible for quotation or listing on another market or exchange, trading of our common stock could be conducted only in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our common stock, and there would likely also be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further.

**Our failure to meet the continued listing requirements of Nasdaq could result in a de-listing of our common stock.**

At December 31, 2022, our stockholders' equity was below the \$2,500,000 minimum stockholders' equity requirement for continued listing. We have previously received notices of noncompliance due to our failure to maintain the \$2,500,000 minimum stockholders' equity requirement for continued listing. In the past, we were able to regain compliance with that requirement through capital raises and our discontinuation of the expenses associated with Probuphine commercial operations. There can be no assurance that we will continue to meet all of the criteria necessary for Nasdaq to allow us to remain listed.

In March 2023, we received a letter from the Listing Qualifications staff of The Nasdaq Stock Market, or Nasdaq, notifying us that we were no longer in compliance with the minimum bid price requirement for continued listing on the Nasdaq Capital Market. Nasdaq Listing Rule 5550(a)(2) requires listed companies to maintain a minimum bid price of \$1.00 per share. The letter noted that the bid price of our common stock was below \$1.00 for the 30-day period ending March 15, 2023. The notification letter had no immediate effect on our listing on the Nasdaq Capital Market. Nasdaq has provided us with 180 days, or until September 12, 2023, to regain compliance with the minimum bid price requirement by having a closing bid price of at least \$1.00 per share for a minimum of 10 consecutive business days.

In January 2023, we received a notice from Nasdaq, regarding the fact that we had not yet held an annual meeting of shareholders within twelve months of the end of our fiscal year ended December 31, 2021 and we no longer comply with Listing Rules for continued listing. In February 2023, we provided Nasdaq with a plan to regain compliance. If the plan is accepted by Nasdaq, we will have until June 29, 2023 to regain compliance.

In May 2022, we received a notice from Nasdaq regarding the fact that the market price of our common stock was below the \$1.00 minimum bid price requirement for continued listing. In July 2022, we were able to regain compliance with the minimum bid requirement and remain listed on Nasdaq.

If our common stock is delisted from Nasdaq, our common stock would likely then trade only in the over-the-counter market. If our common stock were to trade on the over-the-counter market, selling our common stock could be more difficult because smaller quantities of shares would likely be bought and sold, transactions could be delayed, and we could face significant material adverse consequences, including: a limited availability of market quotations for our securities; reduced liquidity with respect to our securities; a determination that our shares are a "penny stock," which will require brokers trading in our securities to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our securities; a reduced amount of news and analyst coverage for our company; and a decreased ability to issue additional securities or obtain additional financing in the future. These factors could result in lower prices and larger spreads in the bid and ask prices for our common stock and would substantially impair our ability to raise additional funds and could result in a loss of institutional investor interest and fewer development opportunities for us.

In addition to the foregoing, if our common stock is delisted from Nasdaq and it trades on the over-the-counter market, the application of the "penny stock" rules could adversely affect the market price of our common stock and increase the transaction costs to sell those shares. The Securities and Exchange Commission, or SEC, has adopted regulations which generally define a "penny stock" as an equity security that has a market price of less than \$5.00 per share, subject to specific exemptions. If our common stock is delisted from Nasdaq and it trades on the over-the-counter market at a price of less than \$5.00 per share, our common stock would be considered a penny stock. The SEC's penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer must also provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and the salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules generally require that before a transaction in a penny stock occurs, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's agreement to the transaction. If applicable in the future, these rules may restrict the ability of brokers-dealers to sell our common stock and may affect the ability of investors to sell their shares, until our common stock no longer is considered a penny stock.

**Future sales of our common stock, or the perception that future sales may occur, may cause the market price of our common stock to decline, even if our business is doing well.**

Sales by our stockholders of a substantial number of shares of our common stock in the public market could occur in the future. These sales, or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, could reduce the market price of our common stock.

We will seek to raise additional funds and may finance acquisitions or develop strategic relationships by issuing securities that would dilute your ownership. Depending on the terms available to us, if these activities result in significant dilution, it may negatively impact the trading price of our shares of common stock.

We have financed our operations, and we expect to continue seeking to finance our operations, acquisitions, if any, and the development of strategic relationships by issuing equity and/or convertible securities, which could significantly reduce the percentage ownership of our existing stockholders. Further, any additional financing that we secure, including any debt financing, may require the granting of rights, preferences or privileges senior to, or pari passu with, those of our common stock. Any issuances by us of equity securities may be at or below the prevailing market price of our common stock and in any event may have a dilutive impact on your ownership interest, which could cause the market price of our common stock to decline. We may also raise additional funds through the incurrence of debt or the issuance or sale of other securities or instruments senior to our shares of common stock. The holders of any securities or instruments we may issue may have rights superior to the rights of our common stockholders. If we experience dilution from the issuance of additional securities and we grant superior rights to new securities over common stockholders, it may negatively impact the trading price of our shares of common stock and you may lose all or part of your investment.

**One of our stockholders, David E. Lazar, has significant voting power over our common stock and may vote his shares in a manner that is not in the best interest of other stockholders.**

One of our stockholders, David E. Lazar, controls approximately 24.96% of the voting power represented by our outstanding shares of common stock. He may be able to exert significant control over our management and affairs requiring stockholder approval, including approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control and might adversely affect the market price of our common stock. This concentration of ownership may not be in the best interests of all of our stockholders.

**We have never paid any cash dividends and have no plans to pay any cash dividends in the future.**

Holders of shares of our common stock are entitled to receive such dividends as may be declared by our board of directors. To date, we have paid no cash dividends on our shares of our preferred or common stock and we do not expect to pay cash dividends in the foreseeable future. In addition, the declaration and payment of cash dividends is restricted under the terms of our existing Loan Agreement. We intend to retain future earnings, if any, to provide funds for operations of our business. Therefore, any return investors in our preferred or common stock may have will be in the form of appreciation, if any, in the market value of their shares of common stock.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 2. Properties**

Our executive offices are located in approximately 3,295 square feet of office space in South San Francisco, California that we occupy under a three-year operating lease expiring in June 2024. It is our intention to continue to be based in South San Francisco.

**Item 3. Legal Proceedings**

A legal proceeding has been initiated by a former employee alleging wrongful termination, retaliation, infliction of emotional distress, negligent supervision, hiring and retention and slander. An independent investigation into this individual's allegations of whistleblower retaliation, while still an employee, was conducted utilizing an outside investigator and concluded that such allegations were not substantiated. We intend to vigorously defend the lawsuit (which we have compelled into arbitration); however, in light of our cash position, there can be no assurance that the defense and/or settlement of this matter will not have a material adverse impact on our business.

**Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the Nasdaq Capital Market (“Nasdaq”) under the symbol “TTNP”.

#### Approximate Number of Equity Security Holders

At March 24, 2023, there were 15,016,295 shares of our common stock outstanding held by 94 holders of record. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of common stock whose shares are held in the names of various security brokers, dealers, and registered clearing agencies.

#### Dividends

We have never declared or paid any cash dividends on our common stock, and we do not anticipate paying any cash dividends to stockholders in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our Board and will be dependent upon our financial condition, results of operations, capital requirements, and such other factors as the Board deems relevant.

#### Equity Compensation Plan Information

The following table sets forth aggregate information regarding our equity compensation plans in effect as of December 31, 2022:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrant and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (c)
Equity compensation plans approved by security holders(1)	925,738	\$ 7.29	74,262
Equity compensation plans not approved by security holders(2)	1,189	\$ 541.80	-
Total	926,927	\$ 7.97	74,262

(1) In January 2021, our stockholders approved an amendment to the 2015 Omnibus Equity Incentive plan to increase the number of authorized shares to 1,000,000 shares.

(2) Includes 1,189 non-qualified stock options and restricted share awards granted to employees, directors and consultants under our 2014 Incentive Plan. For a description of the 2014 Plan, see Note 8 to the financial statements.

### Item 6. [Reserved]

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### *Overview*

We are a pharmaceutical company developing therapeutics utilizing our proprietary long-term drug delivery platform, ProNeura<sup>®</sup>, for the treatment of select chronic diseases for which steady state delivery of a drug has the potential to provide an efficacy and/or safety benefit. ProNeura consists of a small, solid implant made from a mixture of ethylene-vinyl acetate, or EVA, and a drug substance. The resulting product is a solid matrix that is designed to be administered subdermally in a brief, outpatient procedure and is removed in a similar manner at the end of the treatment period.

Our first product based on our ProNeura technology was Probuphine<sup>®</sup> (buprenorphine implant), which is approved in the United States, Canada and the European Union, or EU, for the maintenance treatment of opioid use disorder in clinically stable patients taking 8 mg or less a day of oral buprenorphine. While Probuphine continues to be commercialized in Canada and in the EU (as Sixmo<sup>™</sup>) by other companies that have either licensed or acquired the rights from Titan, we discontinued commercialization of the product in the U.S. during the fourth quarter of 2020 to allow us to focus our limited resources on product development programs.

In December 2021, we announced our intention to work with our financial advisor to explore strategic alternatives to enhance stockholder value, potentially including an acquisition, merger, reverse merger, other business combination, sales of assets, licensing or other transaction. In June 2022, we implemented a plan to reduce expenses and conserve capital that included a company-wide reduction in salaries and a scale back of certain operating expenses to enable us to maintain sufficient resources as we pursued potential strategic alternatives. In July 2022, David Lazar and Activist Investing LLC (collectively, "Activist") acquired an approximately 25% ownership interest in Titan, filed a proxy statement and nominated six additional directors, each of whom was elected to our board of directors (the "Board") at a special meeting of stockholders held on August 15, 2022 (the "Special Meeting"). The exploration and evaluation of possible strategic alternatives by the Board has continued following the Special Meeting.

### **Critical Accounting Policies and the Use of Estimates**

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Actual results could differ materially from those estimates. We believe the following accounting policies for the years ended December 31, 2022 and 2021 to be applicable:

#### *Revenue Recognition*

We generate revenue principally from collaborative research and development arrangements, sales or licenses of technology, government grants, sales of Probuphine materials to Molteni and Knight, and prior to the discontinued operations, the sale of Probuphine in the U.S. Consideration received for revenue arrangements with multiple components is allocated among the separate performance obligations based upon their relative estimated standalone selling price.

In determining the appropriate amount of revenue to be recognized as we fulfill our obligations under our agreements, we perform the following steps for our revenue recognition: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) we satisfy each performance obligation.

### *Grant Revenue*

We have contracts with NIDA, the Bill & Melinda Gates Foundation, and other government-sponsored organizations for research and development related activities that provide for payments for reimbursed costs, which may include overhead and general and administrative costs. We recognize revenue from these contracts as we perform services under these arrangements when the funding is committed. Associated expenses are recognized when incurred as research and development expense. Revenues and related expenses are presented gross in the statements of operations.

### *Net Product Revenue*

Prior to the discontinuation of our commercialization activities relating to Probuphine in the U.S., we recognized revenue from product sales when control of the product transferred, generally upon shipment or delivery, to our customers, including distributors. As customary in the pharmaceutical industry, our gross product revenue was subject to a variety of deductions in the forms of variable consideration, such as rebates, chargebacks, returns and discounts, in arriving at reported net product revenue. This variable consideration was estimated using the most-likely amount method, which is the single most-likely outcome under a contract and was typically at stated contractual rates. The actual outcome of this variable consideration could materially differ from our estimates. From time to time, we would adjust our estimates of this variable consideration when trends or significant events indicated that a change in estimate is appropriate to reflect the actual experience. Additionally, we continued to assess the estimates of our variable consideration as we continued to accumulate additional historical data.

Returns – Consistent with the provisions of ASC 606, we estimated returns at the inception of each transaction, based on multiple considerations, including historical sales, historical experience of actual customer returns, levels of inventory in our distribution channel, expiration dates of purchased products and significant market changes which could impact future expected returns to the extent that we would not reverse any receivables, revenues, or contract assets already recognized under the agreement. During the year ended December 31, 2019, we entered into agreements with large national specialty pharmacies with a distribution channel different from that of our existing customers and, therefore, the related reserves had unique considerations. We continued to evaluate the activities with these specialty pharmacies and updated the related reserves accordingly.

Rebates – Our provision for rebates was estimated based on our customers' contracted rebate programs and our historical experience of rebates paid.

Discounts – The provision was estimated based upon invoice billings, utilizing historical customer payment experience.

### *Performance Obligations*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. Our performance obligations include commercialization license rights, development services and services associated with the regulatory approval process.

We have optional additional items in contracts, which are accounted for as separate contracts when the customer elects such options. Arrangements that include a promise for future commercial product supply and optional research and development services at the customer's discretion are generally considered as options. We assess if these options provide a material right to the customer and, if so, such material rights are accounted for as separate performance obligations. If we are entitled to additional payments when the customer exercises these options, any additional payments are recorded in revenue when the customer obtains control of the goods or services.

### *Transaction Price*

We have both fixed and variable consideration. Non-refundable upfront payments are considered fixed, while milestone payments are identified as variable consideration when determining the transaction price. Funding of research and development activities is considered variable until such costs are reimbursed at which point they are considered fixed. We allocate the total transaction price to each performance obligation based on the relative estimated standalone selling prices of the promised goods or services for each performance obligation.

At the inception of each arrangement that includes milestone payments, we evaluate whether the milestones are considered probable of being achieved and estimate the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the value of the associated milestone is included in the transaction price. Milestone payments that are not within our control, such as approvals from regulators, are not considered probable of being achieved until those approvals are received.

For arrangements that include sales-based royalties or earn-out payments, including milestone payments based on the level of sales, and the license or purchase agreement is deemed to be the predominant item to which the royalties or earn-out payments relate, we recognize revenue at the later of (a) when the related sales occur, or (b) when the performance obligation to which some or all of the royalty or earn-out payment has been allocated has been satisfied (or partially satisfied).

#### *Allocation of Consideration*

As part of the accounting for these arrangements, we must develop assumptions that require judgment to determine the stand-alone selling price of each performance obligation identified in the contract. Estimated selling prices for license rights are calculated using the residual approach. For all other performance obligations, we use a cost-plus margin approach.

#### *Timing of Recognition*

Significant management judgment is required to determine the level of effort required under an arrangement and the period over which we expect to complete our performance obligations under an arrangement. We estimate the performance period or measure of progress at the inception of the arrangement and re-evaluate it each reporting period. This re-evaluation may shorten or lengthen the period over which revenue is recognized. Changes to these estimates are recorded on a cumulative catch-up basis. If we cannot reasonably estimate when our performance obligations either are completed or become inconsequential, then revenue recognition is deferred until we can reasonably make such estimates. Revenue is then recognized over the remaining estimated period of performance using the cumulative catch-up method. Revenue is recognized for licenses or sales of functional intellectual property at the point in time the customer can use and benefit from the license. For performance obligations that are services, revenue is recognized over time proportionate to the costs that we have incurred to perform the services using the cost-to-cost input method.

#### *Inventories*

Inventories are recorded at the lower of cost or net realizable value. Cost is based on the first in, first out method. We regularly review inventory quantities on hand and write down to its net realizable value any inventory that we believe to be impaired. The determination of net realizable value requires judgment including consideration of many factors, such as estimates of future product demand, product net selling prices, current and future market conditions and potential product obsolescence, among others.

#### *Share-Based Payments*

We recognize compensation expense for all share-based awards made to employees, directors and consultants. The fair value of share-based awards is estimated at the grant date based on the fair value of the award and is recognized as expense, net of estimated pre-vesting forfeitures, ratably over the vesting period of the award.

We use the Black-Scholes option pricing model to estimate the fair value method of our awards. Calculating stock-based compensation expense requires the input of highly subjective assumptions, including the expected term of the share-based awards, stock price volatility, and pre-vesting forfeitures. We estimate the expected term of stock options granted for the years ended December 31, 2022 and 2021 based on the historical experience of similar awards, giving consideration to the contractual terms of the share-based awards, vesting schedules and the expectations of future employee behavior. We estimate the volatility of our common stock at the date of grant based on the historical volatility of our common stock. The assumptions used in calculating the fair value of stock-based awards represent our best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our stock-based compensation expense could be materially different in the future. In addition, we are required to estimate the expected pre-vesting forfeiture rate and only recognize expense for those shares expected to vest. We estimate the pre-vesting forfeiture rate based on historical experience. If our actual forfeiture rate is materially different from our estimate, our stock-based compensation expense could be significantly different from what we have recorded in the current period.

### *Income Taxes*

We make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes.

As part of the process of preparing our financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves us estimating our current tax exposure under the most recent tax laws and assessing temporary differences resulting from differing treatment of items for tax and accounting purposes.

We assess the likelihood that we will be able to recover our deferred tax assets. We consider all available evidence, both positive and negative, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance. If it is not more likely than not that we will recover our deferred tax assets, we will increase our provision for taxes by recording a valuation allowance against the deferred tax assets that we estimate will not ultimately be recoverable.

### *Clinical Trial Accruals*

We also record accruals for estimated ongoing clinical trial costs. Clinical trial costs represent costs incurred by CROs and clinical sites. These costs are recorded as a component of research and development expenses. Under our agreements, progress payments are typically made to investigators, clinical sites and CROs. We analyze the progress of the clinical trials, including levels of patient enrollment, invoices received and contracted costs when evaluating the adequacy of accrued liabilities. Significant judgments and estimates must be made and used in determining the accrued balance in any accounting period. Actual results could differ from those estimates under different assumptions. Revisions are charged to expense in the period in which the facts that give rise to the revision become known. The actual clinical trial costs for studies conducted in the past two years have not differed materially from the estimated projection of expenses.

### *Warrants Issued in Connection with Equity Financing*

We generally account for warrants issued in connection with equity financings as a component of equity, unless there is a deemed possibility that we may have to settle warrants in cash. For warrants issued with deemed possibility of cash settlement, we record the fair value of the issued warrants as a liability at each reporting period and record changes in the estimated fair value as a non-cash gain or loss in the statements of operations.

### *Leases*

We determine whether the arrangement is or contains a lease at inception. Operating lease right-of-use assets and lease liabilities are recognized at the present value of the future lease payments at commencement date. The interest rate implicit in lease contracts is typically not readily determinable, and therefore, we utilize our incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Certain adjustments to the right-of-use asset may be required for items such as initial direct costs paid or incentives received.

Lease expense is recognized over the expected term on a straight-line basis. Operating leases are recognized on our balance sheet as right-of-use assets, operating lease liabilities, current and operating lease liabilities, non-current.

### **Liquidity and Capital Resources**

We have funded our operations since inception primarily through the sale of our securities and the issuance of debt, as well as with proceeds from warrant and option exercises, corporate licensing and collaborative agreements, the sale of royalty rights, sales of Probuphine and government-sponsored research grants. At December 31, 2022, we had working capital of approximately \$1.0 million compared to working capital of approximately \$4.6 million at December 31, 2021.

	2022	2021
<b>As of December 31:</b>		
Cash and cash equivalents	\$ 2,937	\$ 6,037
Working capital	\$ 973	\$ 4,560
Current ratio	1.37:1	2.7:1
<b>For the Years Ended December 31:</b>		
Cash used in operating activities	\$ (8,183)	\$ (7,899)
Cash used in investing activities	\$ -	\$ (23)
Cash provided by financing activities	\$ 4,984	\$ 8,841

Net cash used in operating activities for the year ended December 31, 2022 consisted primarily of the net loss for the period of approximately \$10.2 million. This was partially offset by an approximately \$0.9 million of non-cash stock-based compensation, \$0.5 million of stock based payments, approximately \$0.2 million of depreciation and amortization expense and approximately \$0.4 million related to net changes in other operating assets and liabilities. Uses of cash in operating activities were primarily to fund our product development programs and administrative expenses.

No net cash was used or provided by in investing activities during the year ended December 31, 2022.

Net cash provided by financing activities for the year ended December 31, 2022 consisted primarily of approximately \$5.0 million in proceeds from our equity offerings.

In February 2022, we completed a registered direct offering with an accredited investor pursuant to which we issued an aggregate of 1,100,000 shares of our common stock and 2,274,242 pre-funded warrants to purchase shares of our common stock, with an exercise price of \$0.001 per share. In a concurrent private placement, we sold unregistered pre-funded warrants to purchase an aggregate of 1,289,796 shares of common stock with an exercise price of \$0.001 per share and issued unregistered five year and six month warrants to purchase an aggregate of 4,664,038 shares of common stock with an exercise price of \$1.14. The net cash proceeds from these offerings were approximately \$5.0 million after deduction of underwriting fees and other offering expenses.

In January 2021, we completed a registered direct offering pursuant to which we issued 2,725,000 shares of our common stock at an offering price of \$3.55 per share and private placement warrants to purchase 2,725,000 shares of our common stock with an exercise price of \$3.55 per share. We received net cash proceeds of approximately \$8.8 million after the deduction of underwriting fees and other offering expenses.

At December 31, 2022, we had cash and cash equivalents of approximately \$2.9 million, which we believe is sufficient to fund our planned operations into the second quarter of 2023. There is substantial doubt about our ability to continue as a going concern. We will require additional funds to finance our operations. We are exploring several financing alternatives; however, there can be no assurance that our efforts to obtain the funding required to continue our operations will be successful.

## Results of Operations

### *Year Ended December 31, 2022 Compared to Year Ended December 31, 2021*

#### *Revenues*

	For the Years ended December 31,		
	2022	2021	Change
	(in thousands)		
Revenue:			
License revenue	\$ 60	\$ 13	\$ 47
Product revenue	-	236	(236)
Grant revenue	497	1,277	(780)
Total revenue	<u>\$ 557</u>	<u>\$ 1,526</u>	<u>\$ (969)</u>

License revenues for the years ended December 31, 2022 consists of an upfront license payment of approximately \$50,000 related to the use of our ProNeura technology for ophthalmic use and royalties received on sales of Probuphine by Knight in Canada. License revenues for the years ended December 31, 2021 reflect royalties received on sales of Probuphine by Knight in Canada.

Product revenues for the year ended December 31, 2021 consisted of sales of our Probuphine product materials to Molteni and Knight for the EU and Canada, respectively.

The decrease in grant revenue was primarily due to decreased activities related to the NIDA grant for the development of a nalmefene implant.

#### *Operating Expenses*

	<b>For the Years ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>Change</b>
	<b>(in thousands)</b>		
Operating expenses:			
Cost of goods sold	\$ -	\$ 199	\$ (199)
Research and development	4,758	5,692	(934)
General and administrative	6,034	4,989	1,045
Total operating expenses	<u>\$ 10,792</u>	<u>\$ 10,880</u>	<u>\$ (88)</u>

Cost of goods sold reflects costs and expenses associated with sales of Probuphine product materials to Molteni and Knight for the EU and Canada, respectively.

The decrease in research and development costs was primarily associated with reduced activities related to non-clinical studies required for the IND submission as part of our NIDA grant for the development of a nalmefene implant, decreases in expenses related to initial non-clinical proof of concept studies related to our TP-2021 implant program and decreases in research and development personnel-related costs and other expenses. Other research and development expenses include internal operating costs such as research and development personnel-related expenses, non-clinical and clinical product development related travel expenses, and allocation of facility and corporate costs. As a result of the risks and uncertainties inherently associated with pharmaceutical research and development activities described elsewhere in this document, we are unable to estimate the specific timing and future costs of our clinical development programs or the timing of material cash inflows, if any, from our product candidates. However, we anticipate that our research and development expenses will increase as we continue our current or any future ProNeura development programs to the extent these costs are not supported through grants or partners.

The increase in general and administrative expenses was primarily related to increases in non-cash stock-based compensation, employee related expenses and legal and other professional fees.

#### *Other Expenses, Net*

	<b>For the Years ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>Change</b>
	<b>(in thousands)</b>		
Other income (expense):			
Interest income, net	\$ 53	\$ 1	\$ 52
Other expense, net	(24)	(84)	60
Non-cash gain on debt extinguishment	-	661	(661)
Other income, net	<u>\$ 29</u>	<u>\$ 578</u>	<u>\$ (549)</u>

The decrease in other income, net was primarily due to a gain on debt extinguishment resulting from the May 2021 forgiveness of our outstanding PPP Loan.

### *Net Loss and Net Loss per Share*

Our net loss applicable to common stockholders for the year ended December 31, 2022 was approximately \$10.2 million, or approximately \$0.76 per share, compared to our net loss continuing operations applicable to common stockholders of approximately \$8.8 million, or approximately \$0.90 per share, for the comparable period in 2021.

### **Off-Balance Sheet Arrangements**

We have never entered into any off-balance sheet financing arrangements and we have never established any special purpose entities. We have not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

### **Item 8. Financial Statements and Supplementary Data.**

The response to this item is included in a separate section of this Report. See “Index to Financial Statements” on Page F-1.

### **Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

### **Item 9A. Controls and Procedures.**

(a) *Evaluation of Disclosure Controls and Procedures:* Our principal executive and financial officers reviewed and evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation, our principal executive and financial officers concluded that our disclosure controls and procedures are effective in timely providing them with material information relating to Titan, as required to be disclosed in the reports we file under the Exchange Act.

(b) *Management’s Annual Report on Internal Control Over Financial Reporting:*

Internal control over financial reporting refers to the process designed by, or under the supervision of, our principal executive officer and principal financial officer, and effected by our Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- (1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of our assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management overrides. Due to such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Management is responsible for establishing and maintaining adequate internal control over financial reporting for Titan.

Management has used the framework set forth in the report entitled *Internal Control—Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), known as COSO, to evaluate the effectiveness of Titan's internal control over financial reporting. Based on this assessment, management has concluded that our internal control over financial reporting was effective as of December 31, 2022.

(c) *Changes in Internal Control Over Financial Reporting*: There were no changes in our internal control over financial reporting (as defined in Rules 13(a)-15(f) and 15(d)-15(f) under the Securities Act) during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information.**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections.**

Not applicable.

## PART III

### Item 10. Directors, Executive Officers and Corporate Governance

Set forth below are the name, age and position and a brief account of the business experience of each of our executive officers and directors:

Name	Age	Office	Director Since
David E. Lazar	32	Chief Executive Officer, Chairman of the Board	August 2022
Katherine Beebe DeVarney, Ph.D.	62	President, Chief Operating Officer and Director	December 2019
Joseph A. Akers (1)(2)(3)	77	Director	November 2014
Avraham Ben-Tzvi, Adv. (1)(2)(3)	52	Director	August 2022
Peter L. Chasey, Esq. (2)(3)	49	Director	August 2022
Eric Greenberg (2)(3)	58	Director	August 2022
M. David MacFarlane, Ph.D. (1)(2)(3)	82	Director	May 2002
Matthew C. McMurdo, Esq. (1)	50	Director	August 2022
James R. McNab, Jr. (1)(2)(3)	79	Director	November 2014
David Natan (1)(2)	69	Director	August 2022
Marc Rubin, M.D.	68	Director	November 2007

- 
- (1) Member of the audit committee
  - (2) Member of the compensation committee
  - (3) Member of the nominating and governance committee

**David E. Lazar** has served as the Chief Executive Officer of Custodian Ventures LLC, a company which specializes in assisting distressed public companies through custodianship, since February 2018, and Activist Investing LLC, an actively managed investment fund, since March 2018. Previously, Mr. Lazar served as Managing Partner at Zenith Partners International Inc., a boutique consulting firm, from July 2012 to April 2018. In his role as Chief Executive Officer of Custodian Ventures LLC, Mr. Lazar has successfully served as a custodian to numerous public companies across a wide range of industries, including without limitation, C2E Energy, Inc. (OTCMKTS: OOGI), China Botanic Pharmaceutical Inc. (OTCMKTS: CBPI), One 4 Art Ltd., Romulus Corp., Moveix, Inc., Arax Holdings Corp. (OTCMKTS: ARAT), ESP Resources, Inc. (OTCMKTS: ESPIQ), Adorbs, Inc., Exobox Technologies Corp. (OTCMKTS: EXBX), Petrone Worldwide, Inc. (OTCMKTS: PFWIQ), Superbox, Inc. (OTCMKTS: SBOX), Sino Green Land Corp. (OTCMKTS: SGLA), SIPP International Industries, Inc. (OTCMKTS: SIPN), Cereplast, Inc. (OTCMKTS: CERPQ), Energy 1 Corp. (OTCMKTS: EGOC), ForU Holdings, Inc. (OTCMKTS: FORU), China Yanyuan Yuhui National Education Group, Inc. (OTCMKTS: YYYH), Pan Global Corp. (OTCMKTS: PGLO), Shengtang International, Inc. (OTCMKTS: SHNL), Alternaturals, Inc. (OTCMKTS: ANAS), USA Recycling Industries, Inc. (OTCMKTS: USRI), Tele Group Corp., Xeniois Holdings, Inc. (OTCMKTS: XNNHQ), Richland Resources International Group, Inc. (OTCMKTS: RIGG), AI Technology Group, Inc., Reliance Global Group, Inc. (NASDAQ: RELI), Melt, Inc., Keddarina Corp., 3D MarkerJet, Inc. (OTCMKTS: MRJT), Lvpai Group Ltd., Gushen, Inc., FHT Future Technology Ltd., Inspired Builders, Inc., Houmu Holdings Ltd. (OTCMKTS: HOMU), Born, Inc. (OTCMKTS: BRRN), Changsheng International Group Ltd., Sollensys Corp. (OTCMKTS: SOLS), Guozi Zhongyu Capital Holdings Co. (OTCMKTS: GZCC) and Cang Bao Tian Xia International Art Trade Center, Inc. Mr. Lazar currently serves as an Advisor to PROMAX Investments LLC, a position he has held since July 2022, and as an Ambassador at Large for the Arab African Council for Integration and Development, since March 2022. Based on Mr. Lazar's diverse knowledge of financial, legal and operations management, public company management, accounting, audit preparation, due diligence reviews and SEC regulations, our Board believes that Mr. Lazar has the appropriate set of skills to serve as a member of the Board.

**Katherine Beebe DeVarney, Ph.D.** joined Titan in February 2007 and currently serves as our President and Chief Operating Officer. She has been a member of the Board since December 2019. During her 15 years with us, she has served in various scientific and medical research and development capacities, with primary responsibility for oversight of our product research and development, Regulatory Affairs, and Medical Affairs. Dr. Beebe DeVarney has 26 years of experience as a Neuroscientist in the pharmaceutical industry, including positions of increasing responsibility with SmithKline Beecham, GlaxoSmithKline, Merck, and Corcept Therapeutics. Prior to her pharmaceutical career, Dr. Beebe DeVarney was a hospital-based clinician and worked in academic medicine for 10 years. She received her Ph.D. in Clinical Neuropsychology from George Mason University and completed a two-year post-doctoral fellowship at Graduate Hospital and the University of Pennsylvania. Based on Dr. Beebe DeVarney's extensive knowledge of the medical, research, and regulatory requirements of product development programs, our Board believes that Dr. Beebe DeVarney has the appropriate set of skills to serve as member of the Board.

**Joseph A. Akers** was employed in various capacities by Bayer Corporation, Bayer Healthcare and certain related entities, including as president of the Hematology/Cardiology Business Unit from 2004 to 2007, president and chief executive officer of Bayer Business and Corporate Services from July 2002 through 2003 and executive vice president and chief administrative and financial officer from 1999 to July 2002. Mr. Akers received a B.S. in marketing and an M.B.A. in finance from the University of California at Berkeley. Based on Mr. Akers' extensive management experience in the pharmaceutical industry, particularly in the areas of administration and finance, our Board believes that Mr. Akers has the appropriate set of skills to serve as a member of the Board.

**Abraham Ben-Tzvi, Adv.** is the Founder of ABZ Law Office, a boutique Israeli law firm specializing in outsourced general counsel services for publicly traded as well as private companies and corporations, Investments & Securities Laws, Commercial Law & Contracts and various civil law matters, which he established in January 2017. Mr. Ben-Tzvi served as Chief Legal Officer and General Counsel of Purple Biotech Ltd. (formerly Kitov Pharma Ltd.) (NASDAQ/TASE: PPBT), a clinical-stage company advancing first-in-class therapies to overcome tumor immune evasion and drug resistance, from November 2015 until April 2020. Prior to that, Mr. Ben-Tzvi served as General Counsel and Company Secretary at Medigus Ltd. (NASDAQ/TASE: MDGS), a minimally invasive endosurgical tools medical device and miniaturized imaging equipment company, from April 2014 until November 2015. Mr. Ben-Tzvi is a member of the Israel Bar Association, and is also licensed as a Notary by the Israeli Ministry of Justice. Prior to that he served as an attorney at one of Israel's leading international law firms where, amongst other corporate and commercial work, he advised companies and underwriters on various offerings by Israeli companies listing in the U.S. and on various SEC related filings. Prior to becoming a lawyer, Mr. Ben-Tzvi worked in a number of business development, corporate finance and banking roles at companies in the financial services, lithium battery manufacturing and software development industries. Mr. Ben-Tzvi holds a B.A., *magna cum laude*, in Economics from Yeshiva University in New York and an LL.B., *magna cum laude* with Honors from Sha'arei Mishpat College of Law in Hod HaSharon, Israel. Based on Mr. Ben-Tzvi's extensive legal experience and knowledge in the fields of civil-commercial law and corporate and securities law, and his previous public company and commercial business experience, our Board believes that Mr. Ben-Tzvi has the appropriate set of skills to serve as a member of the Board.

**Peter L. Chasey, Esq.** currently serves as the Owner of Chasey Law Offices, a law practice specializing in personal litigation, business litigation and commercial law, since founding the practice in 2005. Earlier in his career, Mr. Chasey served as staff counsel for one of the largest insurance companies in the world defending general claims against insured businesses and also served as a land surveyor. Mr. Chasey holds a B.S. in Political Science and Government from the University of San Diego and a J.D. from the University of San Diego School of Law. Based on Mr. Chasey's commercial law expertise, coupled with his experience leading his own law firm, our Board believes that Mr. Chasey has the appropriate set of skills to serve as a member of the Board.

**Eric Greenberg** has over 40 years of capital markets experience. As a trader and portfolio manager at hedge funds, his areas of expertise included the development of trading strategies, portfolio management and deal structuring. Mr. Greenberg was Co-Founder of Blink Charging Co. (NASDAQ: BLNK), a leader in the EV charging infrastructure industry. In addition, Mr. Greenberg provides investor relation and digital marketing services for companies across a variety of industries, such as life sciences, fintech, internet platforms and others. Mr. Greenberg holds a B.B.A in Finance from Baruch College and an M.B.A. in Finance from Baruch College Zicklin School of Business. Based on Mr. Greenberg's more than 40 years' experience in trading, developing strategies, and portfolio management and public markets experience in the microcap sector, our Board believes that Mr. Greenberg has the appropriate set of skills to serve as a member of the Board.

**M. David MacFarlane, Ph.D.** served as Vice President and Responsible Head of Regulatory Affairs of Genentech, Inc. from 1989 until his retirement in August 1999. Prior to joining Genentech, Inc., he served in various positions with Glaxo Inc., last as Vice President of Regulatory Affairs. Based on Dr. MacFarlane's management experience in the pharmaceutical industry, particularly in the area of clinical and regulatory affairs, our Board believes that Dr. MacFarlane has the appropriate set of skills to serve as a member of the Board.

**Matthew C. McMurdo, Esq.** currently serves as Managing Member of McMurdo Law Group, LLC, a corporate and securities law practice, since 2010. Previously, Mr. McMurdo was a Partner at Nannarone & McMurdo, LLP, a boutique law firm, from 2008 to 2010. In addition, Mr. McMurdo served as General Counsel of Berkley Asset Management LLC, the general partner of a real estate fund focused on opportunistic and distressed real estate assets, from 2011 to 2013. Mr. McMurdo holds a B.S. in Finance from Lehigh University and a J.D., *cum laude*, from Benjamin N. Cardozo School of Law. Based on Mr. McMurdo's extensive experience in corporate and securities law and advising many public companies on federal securities law, our Board believes that Mr. McMurdo has the appropriate set of skills to serve as a member of the Board.

**James R. McNab, Jr.** has served since June 2014 as chief executive officer of JT Pharmaceuticals, Inc., a privately-held drug discovery company he founded. Mr. McNab served as executive chairman of FirstString Research, Inc., a privately-held biopharmaceutical company from 2009 to 2019. Mr. McNab has co-founded several privately-held companies, including Sontra Medical Corporation, a drug delivery company, and Parker Medical Associates, a manufacturer and worldwide supplier of orthopedic and sports-related products. He received a B.A. in economics from Davidson College and an M.B.A. from the University of North Carolina at Chapel Hill. Based on Mr. McNab's extensive management experience in the pharmaceutical industry, our Board believes that Mr. McNab has the appropriate set of skills to serve as a member of the Board.

**David Natan** currently serves as President and Chief Executive Officer of Natan & Associates, LLC, a consulting firm offering chief financial officer services to public and private companies in a variety of industries, since 2007. From February 2010 to May 2020, Mr. Natan served as Chief Executive Officer of ForceField Energy, Inc. (OTCMKTS: FNRG), a company focused on the solar industry and LED lighting products. From February 2002 to November 2007, Mr. Natan served as Executive Vice President of Reporting and Chief Financial Officer of PharmaNet Development Group, Inc., a drug development services company, and, from June 1995 to February 2002, as Chief Financial Officer and Vice President of Global Technovations, Inc., a manufacturer and marketer of oil analysis instruments and speakers and speaker components. Prior to that, Mr. Natan served in various roles of increasing responsibility with Deloitte & Touche LLP, a global consulting firm. Mr. Natan currently serves as a member of the Board of Directors and Chair of the Audit Committee of Global Diversified Marketing Group, Inc. (OTCMKTS: GDMK), a manufacturer, marketer and distributor of food and snack products, since February 2021 and serves as a member of the Board of Directors and Chair of the Audit Committee of Sunshine Biopharma, Inc. (NASDAQ: SBFM), a pharmaceutical and nutritional supplement company, since February 2022. Additionally in December 2022, Mr. Natan was appointed to the board of Directors and Audit Committee Chair of Vivakor Inc. (NASDAQ: VIVK). Previously, Mr. Natan served as Chairman of the Board of Directors of ForceField Energy, Inc., from April 2015 to May 2020, and as a member of the Board of Directors of Global Technovations, Inc., from December 1999 to December 2001. Mr. Natan holds a B.A. in Economics from Boston University. Based on Mr. Natan's extensive experience, our Board believes that Mr. Natan has the appropriate set of skills to serve as a member of the Board.

**Marc Rubin, M.D.** served as our President and Chief Executive from October 2007 until December 2008 and was re-engaged as our Executive Chairman from May 2009 until August 2022. Until February 2007, Dr. Rubin served as Head of Global Research and Development for Bayer Schering Pharma, as well as a member of the Executive Committee of Bayer Healthcare and the Board of Management of Bayer Schering Pharma. Prior to the merger of Bayer Pharmaceuticals and Schering AG in June 2006, Dr. Rubin was a member of the Executive Board of Schering AG since joining us in October 2003, as well as Chairman of Schering Berlin Inc. and President of Berlex Pharmaceuticals, a division of Schering AG. From 1990 until August 2003, Dr. Rubin was employed by GlaxoSmithKline where he held positions of increasing responsibility in global clinical and commercial development overseeing programs in the United States, Europe, Asia and Latin America. From 2001 through 2003, he was Senior Vice President of Global Clinical Pharmacology & Discovery Medicine. Dr. Rubin holds an M.D. from Cornell University Medical College. Dr. Rubin currently serves on the board of directors of Curis Inc. and Galectin Therapeutics. Based on Dr. Rubin's previous position as our Executive Chairman, his extensive senior management experience and service on boards of directors in the biotechnology and pharmaceutical industries and his medical background, our Board believed that Dr. Rubin had the appropriate set of skills to serve as a member of the Board.

As indicated above, each of our directors has extensive management and operational experience in one or more facets of the pharmaceutical industry, including research, product development, clinical and regulatory affairs, manufacturing and sales and marketing, providing our company with the leadership needed by a biotechnology company in all stages of its development.

Directors serve until the next annual meeting or until their successors are elected and qualified. Officers serve at the discretion of the Board, subject to rights, if any, under contracts of employment. See “Item 11. Executive Compensation—Employment Agreements.”

#### **Board Leadership Structure**

Currently, our principal executive officer and chairman of the Board positions are held by David E. Lazar.

#### **Code of Ethics**

We adopted a Code of Business Conduct and Ethics (the “Code”) in February 2013 that applies to all directors, officers and employees. The Code is filed as an exhibit to this Annual Report on Form 10-K and is available on our website at [www.titanpharm.com](http://www.titanpharm.com). A copy of our code of ethics will also be provided to any person without charge, upon written request sent to us at our offices located at 400 Oyster Point Blvd, Suite 505, South San Francisco, California 94080.

#### **Changes in Director Nomination Process for Stockholders**

None.

**Item 11. Executive Compensation****SUMMARY COMPENSATION TABLE**

The following table provides information regarding the compensation paid during the years ended December 31, 2022 and 2021 to each of the executive officers named below, who are collectively referred to as “named executive officers” elsewhere in this report.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Options Awards (\$)<sup>(1)</sup></b>	<b>Stock Awards (\$)<sup>(1)</sup></b>	<b>All Other Compensation (\$)</b>	<b>Total Compensation (\$)</b>
Marc Rubin, MD <sup>(2)</sup>	2022	\$ 204,083 <sup>(3)</sup>	\$ -	\$ 57,582	\$ -	\$ 164,583	\$ 426,248
Executive Chairman	2021	\$ 390,244	\$ -	\$ 490,003	\$ -	\$ -	\$ 884,247
David Lazar	2022	\$ 152,250	\$ -	\$ -	\$ -	\$ -	\$ 152,250
Chief Executive Officer <sup>(4)</sup>							
Katherine Beebe DeVarney, Ph.D.	2022	\$ 308,000 <sup>(3)</sup>	\$ -	\$ 54,340	\$ -	\$ -	\$ 362,340
President and Chief Operating Officer	2021	\$ 383,641	\$ -	\$ 490,003	\$ -	\$ -	\$ 877,644

(1) Amounts shown represent the grant date fair value computed in accordance with FASB ASC 718. The assumptions used by us with respect to the valuation of option grants and stock awards are set forth in Note 8 to the financial statements.

(2) Dr. Rubin’s employment was terminated in August 2022. He was due to receive severance payments through July 2023. However, the Board has agreed to suspend the severance payments until such time as we are able to pay all officer and director compensation. He received approximately \$165,000 related to severance payments during 2022.

(3) On June 15, 2022, we implemented a plan to reduce expenses and conserve capital that included a company-wide reduction in salaries and a scale back of certain operating expenses. The cost-savings measures are being undertaken to enable us to maintain sufficient resources as we work with our advisors on potential strategic alternatives for maximizing shareholder value. As part of the aforementioned plan, Dr. Rubin and Dr. Beebe DeVarney each agreed to waive 40% of their base salaries for six months.

(4) On December 14, 2022, we entered into an employment agreement with Mr. Lazar pursuant to which Mr. Lazar was hired to serve as our Chief Executive Officer, effective August 16, 2022.

**Employee Benefits Plans**

The principal purpose of our stock incentive plans is to attract, motivate, reward and retain selected employees, consultants and directors through the granting of stock-based compensation awards. The stock option plans provide for a variety of awards, including non-qualified stock options, incentive stock options (within the meaning of Section 422 of the Code), stock appreciation rights, restricted stock awards, performance-based awards and other stock-based awards.

**2002 Stock Incentive Plan**

In July 2002, we adopted the 2002 Stock Incentive Plan, or the 2002 Plan. Under the 2002 Plan, as amended, a total of approximately 7,234 shares of our common stock were authorized for issuance to employees, officers, directors, consultants, and advisors. The 2002 Plan expired by its terms in July 2012. On December 31, 2022, no options to purchase shares of our common stock were outstanding under the 2002 Plan.

**2014 Incentive Plan**

In February 2014, our Board adopted the 2014 Incentive Plan, or the 2014 Plan, pursuant to which 2,526 shares of our common stock were authorized for issuance to employees, directors, officers, consultants and advisors. On December 31, 2022, options to purchase 1,189 shares of our common stock were outstanding under the 2014 Plan.

### 2015 Omnibus Equity Incentive Plan

In August 2015, our stockholders approved the 2015 Omnibus Equity Incentive Plan, or the 2015 Plan. The 2015 Plan, as amended, authorized a total of 1,000,000 shares of our common stock for issuance to employees, directors, officers, consultants and advisors. On December 31, 2022, options to purchase 925,738 shares of our common stock were outstanding under the 2015 Plan.

#### Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of securities underlying outstanding plan awards for each named executive officer as of December 31, 2022.

Name	Option Awards		Exercise Price (\$)	Expiration Date
	Number of Securities Underlying Unexercised Awards (#) Exercisable	Number of Securities Underlying Unexercised Awards (#) Unexercisable		
Marc Rubin, M.D.	203	-	594.00	3/16/2025
	506	-	918.00	12/14/2025
	440	-	918.00	02/02/2026
	390	-	702.00	02/13/2027
	946	-	174.60	03/07/2028
	2,779	-	52.50	4/2/2029
	150,000	-	4.02	2/10/2031
Katherine Beebe DeVarney, Ph.D.	65,000	-	1.18	01/05/2032
	142	-	594.00	3/16/2025
	223	-	46.58	12/14/2025
	223	-	46.58	2/13/2027
	945	-	174.60	3/7/2028
	150,000	-	4.02	2/10/2031
	55,000	-	1.18	01/05/2032

In January 2022, Dr. Rubin and Dr. Beebe DeVarney were granted options to purchase 65,000 and 55,000 shares of common stock, respectively. The options were to vest over 24 months with 50% of the awarded options vesting on the six-month anniversary of the grant date with the remaining balance vesting over the remaining eighteen months.

On August 15, 2022, a Special Meeting of Stockholders was held at the request of Activist Investing, LLC, or Activist, to increase the size of our Board from five members to eleven members and to elect Activist's slate of six nominees to serve as directors in addition to the existing five Board members. As a result of the change of control, all unvested options granted under the 2015 Plan prior to August 15, 2022, immediately became vested.

On September 15, 2022, the Board granted Dr. Beebe DeVarney, subject to the receipt of stockholder approval, options to purchase 100,000 shares of common stock at an exercise price of \$1.31 per share, such price being the closing price of our common stock and the fair market value as defined under the 2015 Plan on the September 15, 2022 grant date. The options vest in twelve equal monthly allotments through the first anniversary of the grant date. In the event of a change of control (as defined under the 2015 Plan), any outstanding unvested options will automatically vest and become exercisable on the date of such change of control in accordance with the terms of the 2015 Plan.

There were no options exercised by our named executive officers during 2022.

## Pension Benefits

We do not sponsor any qualified or non-qualified defined benefit plans.

## Nonqualified Deferred Compensation

We do not maintain any non-qualified defined contribution or deferred compensation plans. The Compensation Committee, which is comprised solely of “outside directors” as defined for purposes of Section 162(m) of the Code, may elect to provide our officers and other employees with non-qualified defined contribution or deferred compensation benefits if the Compensation Committee determines that doing so is in our best interests. We sponsor a tax qualified defined contribution 401(k) plan in which Dr. Rubin, Dr. Beebe DeVarney and Mr. Bhonsle participated.

## Employment Agreements

In April 2019, we entered into an employment agreement with Dr. Rubin providing for base annual salaries of \$325,000. The employment agreements contain the following terms:

- **Bonuses.** The executive may, at the sole discretion of the board of directors or the compensation committee, be considered for an annual bonus of up to 50% of his then base salary, payable in cash or awards under our equity incentive plan.
- **Term; Termination.** The Employment Agreements have a 24-month term expiring on April 1, 2021 but may be terminated by us for any reason at any time. In the event of termination by us without cause or by the executive for good reason not in connection with a change of control, as those terms are defined in such agreements, the executive is entitled to (i) severance for the greater of 12 months or the balance of the term, (ii) a pro rata portion of any annual bonus, (iii) 12 months of COBRA payments, and (iv) the immediate accelerated vesting of any unvested restricted shares and stock options. In the event such a termination is within 30 days prior to or six months following a change of control, the executive is entitled to an additional six months of COBRA payments.
- **Restrictive Covenants.** The Employment Agreements contain one-year post-termination noncompetition and non-solicitation provisions.
- **Clawback.** The Employment Agreements contain a two-year post-termination clawback of benefits provision in the event of a restatement of financial results upon which such benefits were based.

In November 2018, we entered into an employment agreement with Dr. Beebe DeVarney providing for a base annual salary of \$365,000. The employment agreement contains the following terms:

- **Bonuses.** The executive may, at the sole discretion of the board of directors or the compensation committee, be considered for an annual bonus of up to 50% of her then base salary, payable in cash or awards under our equity incentive plan.
- **Term; Termination.** The Employment Agreement may be terminated by us for any reason at any time. In the event of termination by us without cause or by the executive for good reason or in connection with a change of control, as those terms are defined in such agreements, the executive is entitled to (i) severance for 12 months following the termination date, (ii) a pro rata portion of any annual bonus, (iii) 12 months of COBRA payments, and (iv) the immediate accelerated vesting of any unvested restricted shares and stock options.
- **Restrictive Covenants.** The Employment Agreement contains six-month post-termination noncompetition and non-solicitation provisions.

In February 2021, Dr. Rubin's and Dr. Beebe DeVarney's employment agreements were amended to provide for annual salaries of \$395,000 and \$385,000, respectively, and the term of Dr. Rubin's agreement was extended to September 30, 2021. In October 2021, Dr. Rubin's agreement was further extended to December 31, 2022. Dr. Rubin's employment was terminated in August 2022. All other agreement terms remain substantially the same.

On August 2, 2022, the compensation committee of the Board implemented a retention plan (the "Retention Plan") in recognition of the change in the composition of the Board following the special meeting of our stockholders (the "Special Meeting") on August 15, 2022. The purpose of the Retention Plan is to help ensure a smooth transition, including the continuation of service by our current employees and directors following the Special Meeting, while the newly reconstituted Board explores and evaluates strategic alternatives to maximize the value of our assets and enhance stockholder value.

As part of the Retention Plan, the employment agreements with Dr. Rubin and Dr. Beebe DeVarney were amended to (i) accelerate the vesting of their options following the reconstitution of the Board; and (ii) remove from the definition of "Good Reason" the current proviso that a change in the executive's title would not necessarily constitute Good Reason. The agreement with Dr. Rubin was also amended to state that the term of his employment shall continue until it is terminated in accordance with the existing provisions of such agreement. All other agreement terms remained substantially the same. Following the Special Meeting, Mr. Lazar replaced Dr. Rubin as our Chief Executive Officer.

On December 14, 2022, we entered into an employment agreement with Mr. Lazar providing for a base annual salary of \$406,000. The employment agreement contains the following terms:

- **Bonuses.** Mr. Lazar will be eligible to receive an annual bonus, with a target of fifty percent (50%) of his base salary. In addition, Mr. Lazar will be eligible for three performance bonuses on an annual basis, payable in (i) cash and/or (ii) restricted stock under the Plan, each equal to fifty percent (50%) of his base salary, which shall be dependent on our achievement of certain milestones. Furthermore, in the event of a Change of Control (as defined in the Mr. Lazar's employment agreement), we shall pay Mr. Lazar a bonus equal to three percent (3%) of the increased valuation of the surviving corporation resulting from such Change of Control.
- **Term; Termination.** The employment agreement has a three-year term but may be terminated by us for any reason at any time. In the event of termination by us without Cause or his resignation for Good Reason, not in connection with a Change of Control (as those terms are defined in such agreements), the executive is entitled to (i) severance in the form of continuation of his base salary for the greater of a period of 12 months or the remaining term, (ii) payment of executive's annual medical and dental reimbursement for a period of 12 months, (iii) a pro rata portion of any annual or performance bonus, and (iv) the immediate accelerated vesting of any unvested restricted shares and stock options.
- **Restrictive Covenants.** The employment agreement contains 12-month post-termination noncompetition and non-solicitation provisions.

## DIRECTOR COMPENSATION

### Summary of Director Compensation

The following table summarizes compensation that our non-employee directors earned during the years ended December 31, 2022 and 2021 for services as members of our Board.

Name	Year	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Options Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Joseph A. Akers (2)	2022	\$ 62,500 <sup>(3)</sup>	-	\$ 8,859	-	-	-	\$ 71,359
	2021	62,500	-	82,334	-	-	-	144,834
Avraham Ben-Tzvi	2022	24,375	-	-	-	-	-	24,375
	2021	-	-	-	-	-	-	-
Peter L. Chasey	2022	20,625 <sup>(3)</sup>	-	-	-	-	-	20,625
	2021	-	-	-	-	-	-	-
Eric Greenberg	2022	22,500 <sup>(3)</sup>	-	-	-	-	-	22,500
	2021	-	-	-	-	-	-	-
M. David MacFarlane (4)	2022	61,250 <sup>(3)</sup>	-	8,859	-	-	-	70,109
	2021	62,500	-	82,334	-	-	-	144,832
Matthew C. McMurdo	2022	18,750 <sup>(3)</sup>	-	-	-	-	-	18,750
	2021	-	-	-	-	-	-	-
James R. McNab, Jr. (5)	2022	62,500 <sup>(3)</sup>	-	8,859	-	-	-	71,359
	2021	62,500	-	82,334	-	-	-	144,832
David Natan	2022	23,438 <sup>(3)</sup>	-	-	-	-	-	23,438
	2021	-	-	-	-	-	-	-

(1) Amounts shown represent the grant date fair value computed in accordance with FASB ASC 718. The assumptions used by us with respect to the valuation of option grants and stock awards are set forth in Note 8 to the financial statements.

(2) The aggregate number of option awards held at December 31, 2022 was 35,207.

(3) The amounts reported in the "Fees Earned or Paid in Cash" column includes directors fees earned for 2022 that have been deferred to 2023 at the director's election.

(4) The aggregate number of option awards held at December 31, 2022 was 35,220.

(5) The aggregate number of option awards held at December 31, 2022 was 35,207.

The above table does not include options granted to certain directors on August 15, 2022 and September 15, 2022, as these options are conditioned on the approval by our stockholders of an increase in the authorized number of shares available for issuance under the 2015 Plan.

There were no options exercised by members of our Board during 2022.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The following table sets forth as of March 24, 2023, the number of shares of our common stock beneficially owned by (i) each person who is known by us to be the beneficial owner of more than five percent of our common stock; (ii) each director and director nominee; (iii) each of the named executive officers in the Summary Compensation Table; and (iv) all directors and executive officers as a group. As of March 24, 2023, we had 15,016,295 shares of common stock issued and outstanding. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the “SEC”) and generally includes voting or investment power with respect to securities. Unless otherwise indicated, the stockholders listed in the table have sole voting and investment power with respect to the shares indicated.

Name and Address of Beneficial Owner <sup>(1)</sup>	Shares Beneficially Owned <sup>(2)</sup>	Percent of Shares Beneficially Owned
Joseph A. Akers <sup>(3)</sup>	37,504	*
Avraham Ben-Tzvi	-	-
Peter L. Chasey	-	-
Kate Beebe DeVarney, Ph.D. <sup>(4)</sup>	206,613	1.4%
Eric Greenberg	-	-
David E. Lazar <sup>(5)</sup>	3,747,968	24.96%
M. David MacFarlane, Ph.D. <sup>(6)</sup>	36,237	*
James R. McNab, Jr. <sup>(7)</sup>	89,009	*
Matthew C. McMurdo	-	-
David Natan	-	-
Marc Rubin, M.D. <sup>(8)</sup>	225,590	1.5%
All executive officers and directors as a group (11) persons <sup>(9)</sup>	4,342,921	27.9%

\* Less than 1%.

(1) Unless otherwise indicated, the address of such individual is c/o Titan Pharmaceuticals, Inc., 400 Oyster Point Boulevard, Suite 505, South San Francisco, California 94080.

(2) In computing the number of shares beneficially owned by a person and the percentage ownership of a person, shares of our common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of March 24, 2024 are deemed outstanding. Such shares, however, are not deemed outstanding for purposes of computing the percentage ownership of each other person. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.

(3) Includes (i) 35,207 shares issuable upon exercise of outstanding options and (ii) 1,112 shares issuable upon exercise of outstanding warrants.

(4) Includes 206,533 shares issuable upon exercise of outstanding options.

(5) Includes 359,066 shares of Common Stock directly beneficially owned by Activist Investing, LLC. By virtue of his position as the sole member and Chief Executive Officer of Activist Investing, LLC, Mr. Lazar may be deemed to be the beneficial owner of these shares.

(6) Includes (i) 35,220 shares issuable upon exercise of outstanding options and (ii) 445 shares issuable upon exercise of outstanding warrants.

(7) Includes (i) 35,207 shares issuable upon exercise of outstanding options, (ii) 1,112 shares issuable upon exercise of outstanding warrants and (iii) 51,021 shares owned by JT Pharma. Mr. McNab is a principal of JT Pharma and has voting and dispositive power with respect to these shares.

(8) Includes (i) 220,264 shares issuable upon exercise of outstanding options and (ii) 2,223 shares issuable upon exercise of outstanding warrants.

(9) Includes (i) 532,431 shares issuable upon exercise of outstanding options and (ii) 4,892 shares issuable upon exercise of outstanding warrants held by our executive officers and directors listed above.

## **Item 13. Certain Relationships and Related Transactions, and Director Independence**

### **Certain Relationships and Related Transactions.**

In January 2022, we entered into an agreement with JT Pharma, a company for which James R. McNab, Jr., a member of our Board, serves as chief executive officer, to clarify certain provisions of the JT Agreement, pursuant to which we agreed that the proof-of-concept milestone provided for in the JT Agreement was achieved, made a payment of \$100,000 and issued 51,021 shares of our common stock to JT Pharma.

During the year ended December 31, 2022, we made payments related to legal fees of approximately \$75,000 to a law firm operated by one of our Board members.

### **Independence of Directors**

The following members of our Board meet the independence requirements and standards currently established by the Nasdaq: Joseph A. Akers, Avraham Ben-Tzvi, Peter L. Chasey, Eric Greenberg, M. David MacFarlane, Matthew C. McMurdo, and James R. McNab, Jr. and David Natan.

### **Board Committees**

Our Board has established the following three standing committees: audit committee; compensation committee; and nominating and governance committee, or governance committee.

The audit committee was formed in compliance with Section 3(a)(58)(A) of the Exchange Act and consists of Joseph A. Akers, Avraham Ben-Tzvi, M. David MacFarlane, Matthew C. McMurdo, James R. McNab, Jr. and David Natan (chair), each of whom meets the independence requirements and standards currently established by Nasdaq and the SEC. In addition, the Board has determined that Mr. Akers and Mr. Natan are “audit committee financial expert” and “independent” as defined under the relevant rules of the SEC and Nasdaq. The audit committee assists the Board by overseeing the performance of the independent auditors and the quality and integrity of Titan’s internal accounting, auditing and financial reporting practices. The audit committee is responsible for retaining (subject to stockholder ratification) and, as necessary, terminating, the independent auditors, annually reviews the qualifications, performance and independence of the independent auditors and the audit plan, fees and audit results, and pre-approves audit and non-audit services to be performed by the auditors and related fees. The audit committee met four times during the fiscal year ended December 31, 2022.

The compensation committee makes recommendations to the Board concerning salaries and incentive compensation for our officers, including our Principal Executive Officer, and employees and administers our stock option plans. The compensation committee consists of Joseph A. Akers, Avraham Ben-Tzvi, Peter L. Chasey, Eric Greenberg, M. David MacFarlane, Ph.D., James R. McNab, Jr. and David Natan (chair), each of whom meets the independence requirements and standards currently established by Nasdaq. The compensation committee met four times during the fiscal year ended December 31, 2022.

The purpose of the nominating and governance committee is to assist the Board in identifying qualified individuals to become Board members, in determining the composition of the Board and in monitoring the process to assess Board effectiveness. The nominating and governance committee first considers a candidate’s management experience and then considers issues of judgment, background, stature, conflicts of interest, integrity, ethics, and commitment to the goal of maximizing stockholder value when considering director candidates. The nominating and governance committee also focuses on issues of diversity, such as diversity of gender, race and national origin, education, professional experience, and differences in viewpoints and skills. The nominating and governance committee does not have a formal policy with respect to diversity; however, our Board and the nominating and governance committee believe that it is essential that the directors represent diverse viewpoints. In considering candidates for our Board, the nominating and governance committee considers the entirety of each candidate’s credentials in the context of these standards. The nominating and governance committee consists of Joseph A. Akers, Avraham Ben-Tzvi, Peter L. Chasey, Eric Greenberg, M. David MacFarlane, Ph.D., and James R. McNab, Jr. (chair), each of whom meets the independence requirements and standards currently established by Nasdaq. The nominating and governance committee did not meet during the fiscal year ended December 31, 2022.

The charters for the audit, compensation and nominating and governance committees, which have been adopted by our Board, contain detailed descriptions of the committees’ duties and responsibilities and are available in the “About Titan” section of our website at [www.titanpharm.com](http://www.titanpharm.com).

## Role of the Board in Risk Oversight

Our audit committee is primarily responsible for overseeing our risk management processes on behalf of the full Board. The audit committee receives reports from management at least quarterly regarding our assessment of risks. In addition, the audit committee reports regularly to the full Board, which also considers our risk profile. The audit committee and the full Board focus on the most significant risks we face and our general risk management strategies. While the Board oversees our risk management, our management team is responsible for day-to-day risk management processes. Our Board expects management to consider risk and risk management in each business decision, to proactively develop and monitor risk management strategies and processes for day-to-day activities and to effectively implement risk management strategies adopted by the audit committee and the Board. We believe this division of responsibilities is the most effective approach for addressing the risks we face and that our Board leadership structure, which also emphasizes the independence of the Board in its oversight of its business and affairs, supports this approach.

## Board Meetings

Our business affairs are managed under the direction of our Board, which is currently comprised of eleven (11) members. The primary responsibilities of the Board are to provide oversight, strategic guidance, counseling and direction to our management. During the fiscal year ended December 31, 2022, the Board met 32 times and took action by written consent one time. With the exception of Dr. Rubin, who is not standing for re-election at our upcoming annual stockholder meeting, no director attended fewer than 75% of the meetings of the Board and Board committees of which the director was a member.

## Item 14. Principal Accounting Fees and Services.

Aggregate fees billed by WithumSmith+Brown, formerly OUM & Co. LLP, or Withum, an independent registered public accounting firm, during the fiscal years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Audit Fees	\$ 301,079	\$ 297,850
Audit-Related Fees	-	-
Tax Fees	45,720	48,850
Total	<u>\$ 346,799</u>	<u>\$ 346,700</u>

**Audit Fees** — This category includes aggregate fees billed by our independent auditors for the audit of our annual financial statements, audit of management's assessment and effectiveness of internal controls over financial reporting, review of financial statements included in our quarterly reports on Form 10-Q and services that are normally provided by the auditor in connection with statutory and regulatory filings for those fiscal years, including consents and comfort letters.

**Audit-Related Fees** — This category consists of services by our independent auditors that, including accounting consultations on transaction related matters, are reasonably related to the performance of the audit or review of our financial statements and are not reported above under Audit Fees.

**Tax Fees** — This category consists of professional services rendered for tax compliance and preparation of our corporate tax returns and other tax advice.

**All Other Fees** — During the years ended December 31, 2022 and 2021, Withum did not incur any fees for other professional services.

The audit committee reviewed and approved all audit and non-audit services provided by Withum and concluded that these services were compatible with maintaining its independence. The audit committee approved the provision of all non-audit services by Withum.

### ***Pre-Approval Policies and Procedures***

In accordance with the SEC's auditor independence rules, the audit committee has established the following policies and procedures by which it approves in advance any audit or permissible non-audit services to be provided to us by our independent auditor.

Prior to the engagement of the independent auditors for any fiscal year's audit, management submits to the audit committee for approval lists of recurring audits, audit-related, tax and other services expected to be provided by the independent auditors during that fiscal year. The audit committee adopts pre-approval schedules describing the recurring services that it has pre-approved, and is informed on a timely basis, and in any event by the next scheduled meeting, of any such services rendered by the independent auditor and the related fees.

The fees for any services listed in a pre-approval schedule are budgeted, and the audit committee requires the independent auditor and management to report actual fees versus the budget periodically throughout the year. The audit committee will require additional pre-approval if circumstances arise where it becomes necessary to engage the independent auditor for additional services above the amount of fees originally pre-approved. Any audit or non-audit service not listed in a pre-approval schedule must be separately pre-approved by the audit committee on a case-by-case basis.

Every request to adopt or amend a pre-approval schedule or to provide services that are not listed in a pre-approval schedule must include a statement by the independent auditors as to whether, in their view, the request is consistent with the SEC's rules on auditor independence.

The audit committee will not grant approval for:

- any services prohibited by applicable law or by any rule or regulation of the SEC or other regulatory body applicable to us;
- provision by the independent auditors to us of strategic consulting services of the type typically provided by management consulting firms; or
- the retention of the independent auditors in connection with a transaction initially recommended by the independent auditors, the tax treatment of which may not be clear under the Internal Revenue Code and related regulations and which it is reasonable to conclude will be subject to audit procedures during an audit of our financial statements.

Tax services proposed to be provided by the auditor to any director, officer or employee of Titan who is in an accounting role or financial reporting oversight role must be approved by the audit committee on a case-by-case basis where such services are to be paid for by us, and the audit committee will be informed of any services to be provided to such individuals that are not to be paid for by us.

In determining whether to grant pre-approval of any non-audit services in the "all other" category, the audit committee will consider all relevant facts and circumstances, including the following four basic guidelines:

- whether the service creates a mutual or conflicting interest between the auditor and us;
- whether the service places the auditor in the position of auditing his or her own work;
- whether the service results in the auditor acting as management or an employee of our company; and
- whether the service places the auditor in a position of being an advocate for our company.

**PART IV**

**Item 15. Exhibits and Financial Statements Schedules.**

**(a) 1. Financial Statements**

An index to Financial Statements appears on page F-1.

**2. Schedules**

All financial statement schedules are omitted because they are not applicable, not required under the instructions or all the information required is set forth in the financial statements or notes thereto.

**Item 16. Form 10-K Summary**

None

**TITAN PHARMACEUTICALS, INC.  
INDEX TO FINANCIAL STATEMENTS**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors  
Titan Pharmaceuticals, Inc.

### Opinion on the Financial Statements

We have audited the accompanying balance sheets of Titan Pharmaceuticals, Inc. (the “Company”) as of December 31, 2022 and 2021, the related statements of operations, stockholders’ equity, and cash flows for each of the two years in the period ended December 31, 2022, and the related notes to the financial statements (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

### Going Concern Uncertainty

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1, the Company has had recurring losses from operations, an accumulated deficit at December 31, 2022, and insufficient cash at December 31, 2022 to fund operations for twelve months from the date of issuance. All of these matters raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

## **Critical Audit Matters**

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the Audit Committee and that: (1) relate to accounts or disclosures that are material to the financial statements; and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### **Accounting for Warrants**

#### *Description of the Matter*

As discussed in Note 1 and Note 7 to the financial statements, the Company completed a registered directed offering and issued pre-funded warrants to purchase shares of common stock. In a concurrent private placement, the Company sold pre-funded warrants to purchase an aggregate share of common stock.

Auditing the accounting conclusions for the issuance of the warrants was challenging because of the complex provisions affecting classification and required extensive audit effort. The accounting for the issuance of the warrants involved an assessment of the particular features of the warrant, and the impact of those features on the accounting and classification of the warrants.

#### *How We Addressed the Matter in Our Audit*

To test the accounting and determine proper classification of the warrants, our audit procedures included, among others, inspecting the agreements and evaluating the completeness and accuracy of the Company's technical accounting analyses and application of the relevant accounting guidance. Our audit procedures also included the involvement of subject matter resources to assist in evaluating management's conclusion on the interpretation and application of the relevant accounting literature.

/s/ WithumSmith+Brown, PC

We have served as the Company's auditor since 2004.

San Francisco, California  
March 31, 2023

PCAOB ID Number 100

**TITAN PHARMACEUTICALS, INC.**  
**BALANCE SHEETS**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(In thousands, except share and per share data)</b>	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,937	\$ 6,037
Restricted cash	196	295
Receivables	36	112
Inventory	106	293
Prepaid expenses and other current assets	314	480
Discontinued operations - current assets	14	12
<b>Total current assets</b>	<b>3,603</b>	<b>7,229</b>
Property and equipment, net	224	420
Other assets	48	48
Operating lease right-of-use asset	183	297
<b>Total assets</b>	<b>\$ 4,058</b>	<b>\$ 7,994</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 695	\$ 795
Accrued clinical trials expenses	5	9
Other accrued liabilities	1,483	314
Operating lease liability, current	122	112
Deferred grant revenue	196	295
Discontinued operations - current liabilities	129	1,144
<b>Total current liabilities</b>	<b>2,630</b>	<b>2,669</b>
Operating lease liability, non-current	65	187
<b>Total liabilities</b>	<b>2,695</b>	<b>2,856</b>
<b>Commitments and contingencies (Note 5)</b>		
<b>Stockholders' equity:</b>		
Preferred stock, \$0.001 par value per share; 5,000,000 shares authorized, none issued or outstanding at December 31, 2022 and 2021.	-	-
Common stock, at amounts paid-in, \$0.001 par value per share; 225,000,000 shares authorized 15,016,295 and 9,914,158 shares issued and outstanding at December 31, 2022 and 2021, respectively.	15	10
Additional paid-in capital	387,609	381,183
Accumulated deficit	(386,261)	(376,055)
<b>Total stockholders' equity</b>	<b>1,363</b>	<b>5,138</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,058</b>	<b>\$ 7,994</b>

See accompanying notes to financial statements.

**TITAN PHARMACEUTICALS, INC.**  
**STATEMENTS OF OPERATIONS**

	<b>For the Years ended December 31,</b>	
	<u>2022</u>	<u>2021</u>
	<b>(In thousands, except per share data)</b>	
<b>Revenue:</b>		
License revenue	\$ 60	\$ 13
Product revenue	-	236
Grant revenue	497	1,277
Total revenue	<u>557</u>	<u>1,526</u>
<b>Operating expenses:</b>		
Cost of goods sold	-	199
Research and development	4,758	5,692
General and administrative	6,034	4,989
Total operating expenses	<u>10,792</u>	<u>10,880</u>
Loss from operations	(10,235)	(9,354)
<b>Other income (expense):</b>		
Interest income, net	53	1
Other expense, net	(24)	(84)
Non-cash gain on debt extinguishment	-	661
Other income, net	<u>29</u>	<u>578</u>
Net loss	<u>\$ (10,206)</u>	<u>\$ (8,776)</u>
Basic and diluted net loss per common share	<u>\$ (0.76)</u>	<u>\$ (0.90)</u>
Weighted average shares used in computing basic and diluted net loss per common share	<u>13,434</u>	<u>9,730</u>

See accompanying notes to financial statements.

**TITAN PHARMACEUTICALS, INC.**  
**STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balances at December 31, 2020	-	\$ -	7,139	\$ 7	\$ 370,804	\$ (367,279)	\$ 3,532
Net loss	-	-	-	-	-	(8,776)	(8,776)
Issuance of common stock, net	-	-	2,775	3	8,838	-	8,841
Amortization of restricted stock	-	-	-	-	36	-	36
Stock-based compensation	-	-	-	-	1,505	-	1,505
Balances at December 31, 2021	-	\$ -	9,914	\$ 10	\$ 381,183	\$ (376,055)	\$ 5,138
Net loss	-	-	-	-	-	(10,206)	(10,206)
Issuance of common stock, net	-	-	1,151	1	5,029	-	5,030
Issuance of common stock upon exercise of warrants	-	-	3,564	4	-	-	4
Amortization of restricted stock	-	-	387	-	450	-	450
Stock-based compensation	-	-	-	-	947	-	947
Balances at December 31, 2022	-	\$ -	15,016	\$ 15	\$ 387,609	\$ (386,261)	\$ 1,363

See accompanying notes to financial statements.

**TITAN PHARMACEUTICALS, INC.**  
**STATEMENTS OF CASH FLOWS**

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(In thousands)</b>	
<b>Cash flows from operating activities:</b>		
Net loss	\$ (10,206)	\$ (8,776)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation and amortization	196	221
Non-cash interest expense	-	2
Non-cash gain on debt extinguishment	-	(661)
Stock-based milestone payment	50	-
Stock-based compensation	947	1,505
Amortization of restricted stock	450	36
Other	2	(7)
<b>Changes in operating assets and liabilities:</b>		
Receivables	76	772
Inventory	187	35
Prepaid expenses and other assets	164	163
Accounts payable	(751)	(1,191)
Other accrued liabilities	801	(293)
Deferred revenue	(99)	295
Net cash used in operating activities	<u>(8,183)</u>	<u>(7,899)</u>
<b>Cash flows from investing activities:</b>		
Purchases of furniture and equipment	-	(23)
Net cash used in investing activities	<u>-</u>	<u>(23)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from equity offerings	4,980	8,841
Proceeds from the exercise of warrants	4	-
Net cash provided by financing activities	<u>4,984</u>	<u>8,841</u>
Net change in cash, cash equivalents and restricted cash	(3,199)	919
Cash, cash equivalents and restricted cash at beginning of year	6,332	5,413
Cash, cash equivalents and restricted cash at end of year	<u>\$ 3,133</u>	<u>\$ 6,332</u>
<b>Supplemental disclosure of cash flow information</b>		
Right of use asset obtained in exchange for lease liability, net of amortization	\$ -	\$ 149
Retirement of property and equipment	\$ -	\$ 1,372
Accumulated depreciation on retired property and equipment	\$ -	\$ (1,372)

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the balance sheets that sum to the total of the same such amounts shown in the statements of cash flows (in thousands):

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 2,937	\$ 6,037
Restricted cash	196	295
Cash, cash equivalents and restricted cash as shown in the statements of cash flows	<u>\$ 3,133</u>	<u>\$ 6,332</u>

See accompanying notes to financial statements.

**TITAN PHARMACEUTICALS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Organization and Summary of Significant Accounting Policies**

*The Company*

We are a pharmaceutical company developing therapeutics utilizing our proprietary long-term drug delivery platform, ProNeura<sup>®</sup>, for the treatment of select chronic diseases for which steady state delivery of a drug has the potential to provide an efficacy and/or safety benefit. ProNeura consists of a small, solid implant made from a mixture of ethylene-vinyl acetate, or EVA, and a drug substance. The resulting product is a solid matrix that is designed to be administered subdermally in a brief, outpatient procedure and is removed in a similar manner at the end of the treatment period. These procedures may be performed by trained health care providers, or HCPs, including licensed and surgically qualified physicians, nurse practitioners, and physician's assistants in a HCP's office or other clinical setting.

Our first product based on our ProNeura technology was Probuphine<sup>®</sup> (buprenorphine implant), which is approved in the United States, Canada and the European Union, or EU, for the maintenance treatment of opioid use disorder in clinically stable patients taking 8 mg or less a day of oral buprenorphine. While Probuphine continues to be commercialized in Canada and in the EU (as Sixmo<sup>™</sup>) by other companies that have either licensed or acquired the rights from Titan, we discontinued commercialization of the product in the U.S. during the fourth quarter of 2020. Discontinuation of our commercial operations has allowed us to focus our limited resources on important product development programs and transition back to a product development company.

In December 2021, we announced our intention to work with our financial advisor to explore strategic alternatives to enhance stockholder value, potentially including an acquisition, merger, reverse merger, other business combination, sales of assets, licensing or other transaction. In June 2022, we implemented a plan to reduce expenses and conserve capital that included a company-wide reduction in salaries and a scale back of certain operating expenses to enable us to maintain sufficient resources as we pursued potential strategic alternatives. In July 2022, David Lazar and Activist Investing LLC, or, collectively, Activist acquired an approximately 25% ownership interest in Titan, filed a proxy statement and nominated six additional directors, each of whom was elected to our board of directors or the Board, at a special meeting of stockholders held on August 15, 2022, or Special Meeting. The exploration and evaluation of possible strategic alternatives by the Board has continued following the Special Meeting. Following the election of the new directors at the Special Meeting, Dr. Marc Rubin was replaced as our Executive Chairman, and David Lazar assumed the role of Chief Executive Officer. In connection with the termination of his employment as Executive Chairman, Dr. Rubin will receive aggregate severance payments of approximately \$0.4 million, of which, approximately \$165,000 had been paid to Dr. Rubin as of December 31, 2022. In December 2022, we implemented additional cost reduction measures including a reduction in our workforce. As a result of the salary reductions, replacement of Dr. Rubin and the workforce reduction we have accrued approximately \$0.3 million and approximately \$0.6 million related to deferred compensation and employee severance, respectively, as of December 31, 2022.

The accompanying financial statements have been prepared assuming we will continue as a going concern.

At December 31, 2022, we had cash and cash equivalents of approximately \$2.9 million, which we believe is sufficient to fund our planned operations into the second quarter of 2023. We will require additional funds to finance our operations. We are exploring several financing alternatives; however, there can be no assurance that our efforts to obtain the funding required to continue our operations will be successful. There is substantial doubt about our ability to continue as a going concern.

*Discontinued Operations*

In October 2020, we announced our decision to discontinue selling Probuphine in the U.S. and wind down our commercialization activities, and to pursue a plan that will enable us to focus on our current, early-stage ProNeura-based product development programs.

The accompanying financial statements have been recast for all periods presented to reflect the assets, liabilities, revenue and expenses related to our U.S. commercialization activities as discontinued operations (see Note 10). The accompanying financial statements are generally presented in conformity with our historical format. We believe this format provides comparability with the previously filed financial statements.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### ***Going concern assessment***

We assess going concern uncertainty in our financial statements to determine if we have sufficient cash on hand and working capital, including available borrowings on loans, to operate for a period of at least one year from the date the financial statements are issued or available to be issued, which is referred to as the “look-forward period” as defined by Accounting Standard Update ASU No. 2014-15. As part of this assessment, based on conditions that are known and reasonably knowable to us, we will consider various scenarios, forecasts, projections, estimates and will make certain key assumptions, including the timing and nature of projected cash expenditures or programs, and its ability to delay or curtail expenditures or programs, if necessary, among other factors. Based on this assessment, as necessary or applicable, we make certain assumptions around implementing curtailments or delays in the nature and timing of programs and expenditures to the extent we deem probable those implementations can be achieved and we have the proper authority to execute them within the look-forward period in accordance with ASU No. 2014-15.

Based upon the above assessment, we concluded that, at the date of filing the financial statements in this Annual Report on Form 10-K for the year ended December 31, 2022, we did not have sufficient cash to fund our operations for the next 12 months without additional funds and, therefore, there was substantial doubt about our ability to continue as a going concern within 12 months after the date the financial statements were issued. Additionally, we have suffered recurring losses from operations and have an accumulated deficit that raises substantial doubt about our ability to continue as a going concern.

### ***Inventories***

Inventories are recorded at the lower of cost or net realizable value. Cost is based on the first in, first out method. We regularly review inventory quantities on hand and write down to its net realizable value any inventory that we believe to be impaired. The determination of net realizable value requires judgment including consideration of many factors, such as estimates of future product demand, product net selling prices, current and future market conditions and potential product obsolescence, among others. The components of inventories are as follows:

	<b>As of December 31,</b>	
	<b>2022</b>	<b>2021</b>
Raw materials and supplies	\$ 60	\$ 227
Finished goods	46	66
	<u>\$ 106</u>	<u>\$ 293</u>

The approximately \$46,000 and \$66,000 of finished goods inventory at December 31, 2022 and 2021, respectively, included materials held for potential sale.

### ***Stock-Based Compensation***

We recognize compensation expense using a fair-value based method, for all stock-based payments including stock options and restricted stock awards and stock issued under an employee stock purchase plan. These standards require companies to estimate the fair value of stock-based payment awards on the date of grant using an option pricing model. See Note 8 “Stock Plans,” for a discussion of our stock-based compensation plans.

### ***Warrants Issued in Connection with Equity Financing***

We generally account for warrants issued in connection with equity financings as a component of equity, unless there is a deemed possibility that we may have to settle the warrants in cash. For warrants issued with deemed possibility of cash settlement, we record the fair value of the issued warrants as a liability at each reporting period and record changes in the estimated fair value as a non-cash gain or loss in the Statements of Operations.

### **Cash and Cash Equivalents**

Our investment policy emphasizes liquidity and preservation of principal over other portfolio considerations. We select investments that maximize interest income to the extent possible given these two constraints. We satisfy liquidity requirements by investing excess cash in securities with different maturities to match projected cash needs and limit concentration of credit risk by diversifying our investments among a variety of high credit-quality issuers and limit the amount of credit exposure to any one issuer. The estimated fair values have been determined using available market information. We do not use derivative financial instruments in our investment portfolio.

All investments with original maturities of three months or less are considered to be cash equivalents. We had money market funds of approximately \$2.6 million and \$5.7 million as of December 31, 2022 and 2021, respectively, included in our cash and cash equivalents.

We maintain significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on our financial condition, results of operations, and cash flows.

### **Restricted Cash**

In accordance with ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, we explain the change during the period in the total of cash, cash equivalents and restricted cash, and include restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet dates that comprise the total of the same such amounts shown in the statements of cash flows for the years presented herein (in thousands):

	2022	2021
Cash and cash equivalents	\$ 2,937	\$ 6,037
Restricted cash	196	295
Cash, cash equivalents and restricted cash as shown in the statements of cash flows	<u>\$ 3,133</u>	<u>\$ 6,332</u>

### **Property and Equipment**

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to five years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the assets.

### **Revenue Recognition**

We generate revenue principally from collaborative research and development arrangements, sales or licenses of technology, government grants, sales of Probuphine materials to Molteni and Knight, and prior to the discontinued operations, the sale of Probuphine in the U.S. Consideration received for revenue arrangements with multiple components is allocated among the separate performance obligations based upon their relative estimated standalone selling price.

In determining the appropriate amount of revenue to be recognized as we fulfill our obligations under our agreements, we perform the following steps for our revenue recognition: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) we satisfy each performance obligation.

### **Grant Revenue**

We have contracts with National Institute on Drug Abuse or NIDA, within the U.S. Department of Health and Human Services, or HHS, the Bill & Melinda Gates Foundation, and other government-sponsored organizations for research and development related activities that provide for payments for reimbursed costs, which may include overhead and general and administrative costs. We recognize revenue from these contracts as we perform services under these arrangements when the funding is committed. Associated expenses are recognized when incurred as research and development expense. Revenues and related expenses are presented gross in the statements of operations.

### **Net Product Revenue**

Prior to the discontinuation of our commercialization activities relating to Probuphine in the U.S., we recognized revenue from product sales when control of the product transfers, generally upon shipment or delivery, to our customers, which include distributors. As customary in the pharmaceutical industry, our gross product revenue was subject to a variety of deductions in the forms of variable consideration, such as rebates, chargebacks, returns and discounts, in arriving at reported net product revenue. This variable consideration was estimated using the most-likely amount method, which is the single most-likely outcome under a contract and was typically at stated contractual rates. The actual outcome of this variable consideration could materially differ from our estimates. From time to time, we would adjust our estimates of this variable consideration when trends or significant events indicated that a change in estimate is appropriate to reflect the actual experience. Additionally, we continued to assess the estimates of our variable consideration as we continued to accumulate additional historical data.

Returns – Consistent with the provisions of ASC 606, we estimated returns at the inception of each transaction, based on multiple considerations, including historical sales, historical experience of actual customer returns, levels of inventory in our distribution channel, expiration dates of purchased products and significant market changes which could impact future expected returns to the extent that we would not reverse any receivables, revenues, or contract assets already recognized under the agreement.

Rebates – Our provision for rebates was estimated based on our customers' contracted rebate programs and our historical experience of rebates paid.

Discounts – The provision was estimated based upon invoice billings, utilizing historical customer payment experience.

#### *Performance Obligations*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. Our performance obligations include commercialization license rights, development services and services associated with the regulatory approval process.

We have optional additional items in contracts, which are accounted for as separate contracts when the customer elects such options. Arrangements that include a promise for future commercial product supply and optional research and development services at the customer's discretion are generally considered as options. We assess if these options provide a material right to the customer and, if so, such material rights are accounted for as separate performance obligations. If we are entitled to additional payments when the customer exercises these options, any additional payments are recorded in revenue when the customer obtains control of the goods or services.

#### *Transaction Price*

We have both fixed and variable consideration. Non-refundable upfront payments are considered fixed, while milestone payments are identified as variable consideration when determining the transaction price. Funding of research and development activities is considered variable until such costs are reimbursed at which point, they are considered fixed. We allocate the total transaction price to each performance obligation based on the relative estimated standalone selling prices of the promised goods or services for each performance obligation.

At the inception of each arrangement that includes milestone payments, we evaluate whether the milestones are considered probable of being achieved and estimate the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the value of the associated milestone is included in the transaction price. Milestone payments that are not within our control, such as approvals from regulators, are not considered probable of being achieved until those approvals are received.

For arrangements that include sales-based royalties or earn-out payments, including milestone payments based on the level of sales, and the license or purchase agreement is deemed to be the predominant item to which the royalties or earn-out payments relate, we recognize revenue at the later of (a) when the related sales occur, or (b) when the performance obligation to which some or all of the royalty or earn-out payment has been allocated has been satisfied (or partially satisfied).

#### *Allocation of Consideration*

As part of the accounting for these arrangements, we must develop assumptions that require judgment to determine the stand-alone selling price of each performance obligation identified in the contract. Estimated selling prices for license rights are calculated using the residual approach. For all other performance obligations, we use a cost-plus margin approach.

### *Timing of Recognition*

Significant management judgment is required to determine the level of effort required under an arrangement and the period over which we expect to complete our performance obligations under an arrangement. We estimate the performance period or measure of progress at the inception of the arrangement and re-evaluate it each reporting period. This re-evaluation may shorten or lengthen the period over which revenue is recognized. Changes to these estimates are recorded on a cumulative catch-up basis. If we cannot reasonably estimate when our performance obligations either are completed or become inconsequential, then revenue recognition is deferred until we can reasonably make such estimates. Revenue is then recognized over the remaining estimated period of performance using the cumulative catch-up method. Revenue is recognized for licenses or sales of functional intellectual property at the point in time the customer can use and benefit from the license. For performance obligations that are services, revenue is recognized over time proportionate to the costs that we have incurred to perform the services using the cost-to-cost input method.

### *Contract Assets and liabilities*

The following table presents the activity related to our accounts receivable for the years ended December 31, 2022 and 2021.

*(In thousands)*

Balance at January 1, 2021	\$	884
Additions		1,526
Deductions		(2,298)
Balance at December 31, 2021	\$	112
Additions		557
Deductions		(633)
Balance at December 31, 2022	\$	36

### *Research and Development Costs and Related Accrual*

Research and development expenses include internal and external costs. Internal costs include salaries and employment related expenses, facility costs, administrative expenses and allocations of corporate costs. External expenses consist of costs associated with outsourced contract research organization (“CRO”) activities, sponsored research studies, product registration, and investigator sponsored trials. We also record accruals for estimated ongoing clinical trial costs. Clinical trial costs represent costs incurred by CROs and clinical sites. These costs are recorded as a component of research and development expenses. Under our agreements, progress payments are typically made to investigators, clinical sites and CROs. We analyze the progress of the clinical trials, including levels of patient enrollment, invoices received and contracted costs when evaluating the adequacy of accrued liabilities. Significant judgments and estimates must be made and used in determining the accrued balance in any accounting period. Actual results could differ from those estimates under different assumptions. Revisions are charged to expense in the period in which the facts that give rise to the revision become known.

### *Net Loss Per Share*

Basic net loss per share excludes the effect of dilution and is computed by dividing net loss by the weighted-average number of shares outstanding for the period. Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to issue shares were exercised into shares. In calculating diluted net loss per share, the numerator is adjusted for the change in the fair value of the warrant liability (only if dilutive) and the denominator is increased to include the number of potentially dilutive common shares assumed to be outstanding during the period using the treasury stock method. Basic and diluted net loss per share was the same for each of the periods presented.

The table below presents common shares underlying stock options and warrants that are excluded from the calculation of the weighted average number of shares of common stock outstanding used for the calculation of diluted net loss per common share. These are excluded from the calculation due to their anti-dilutive effect for the years ended (in thousands):

	December 31,	
	2022	2021
Weighted-average anti-dilutive common shares resulting from stock awards	964	617
Weighted-average anti-dilutive common shares resulting from warrants	5,661	2,374
	<u>6,625</u>	<u>2,991</u>

### *Leases*

We determine whether the arrangement is or contains a lease at inception. Operating lease right-of-use assets and lease liabilities are recognized at the present value of the future lease payments at commencement date. The interest rate implicit in lease contracts is typically not readily determinable, and therefore, we utilize our incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Certain adjustments to the right-of-use asset may be required for items such as initial direct costs paid or incentives received.

Lease expense is recognized over the expected term on a straight-line basis. Operating leases are recognized on our balance sheet as right-of-use assets, operating lease liabilities current and operating lease liabilities non-current.

The following table presents the minimum lease payments of our operating lease as of December 31, 2022 (in thousands):

2023	130
2024	66
Total minimum lease payments (base rent)	196
Less: imputed interest	(9)
Total operating lease liabilities	<u>\$ 187</u>

### *Subsequent Events*

We have evaluated events that have occurred subsequent to December 31, 2022 and through the date that the financial statements are issued. See Note 12 Subsequent Events.

### *Fair Value Measurements*

We measure the fair value of financial assets and liabilities based on authoritative guidance which defines fair value, establishes a framework consisting of three levels for measuring fair value, and requires disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair value:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – quoted prices for similar assets and liabilities in active markets or inputs that are observable;

Level 3 – inputs that are unobservable (for example cash flow modelling inputs based on assumptions).

Financial instruments, including receivables, accounts payable and accrued liabilities are carried at cost, which we believe approximates fair value due to the short-term nature of these instruments. The approximately \$2.6 million and \$5.7 million fair values of money market funds as of December 31, 2022 and 2021, included in our cash and cash equivalents are classified as Level 1 and were derived from quoted market prices as active markets for these instruments exists.

## Recent Accounting Pronouncements

### Recently Adopted Accounting Pronouncements

In November 2021, the FASB issued ASU 2021-10, *Disclosures by Business Entities about Government Assistance*. The ASU codifies new requirements to disclose information about the nature of certain government assistance received, the accounting policy used to account for the transactions, the location in the financial statements where such transactions were recorded and significant terms and conditions associated with such transactions. The guidance is effective for annual periods beginning after December 15, 2021. The adoption of ASU No. 2021-10 did not have a material impact to our financial statements and related disclosures.

### Accounting Standards Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses*, which requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. The amendments in this ASU are effective beginning on January 1, 2023. We are currently assessing the impact of the adoption of Topic 326 on our financial statements and disclosures.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform*, which provides companies with optional guidance, including expedients and exceptions for applying GAAP to contracts and other transactions affected by reference rate reform, such as the London Interbank Offered Rate, or LIBOR. This new standard was effective upon issuance and generally can be applied to applicable contract modifications through December 31, 2022. We are evaluating the effects that the adoption of this guidance will have on our financial statements and disclosures.

In August 2020, the FASB issued ASU No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for convertible instruments. ASU 2020-06 eliminates certain models that require separate accounting for embedded conversion features, in certain cases. Additionally, among other changes, the guidance eliminates certain of the conditions for equity classification for contracts in an entity's own equity. The guidance also requires entities to use the if converted method for all convertible instruments in the diluted earnings per share calculation and include the effect of share settlement for instruments that may be settled in cash or shares, except for certain liability-classified share-based payment awards. This guidance is effective beginning after December 15, 2023 and must be applied using either a modified or full retrospective approach. Early adoption is permitted. We are currently evaluating the impact this guidance will have on our financial statements and related disclosures.

## 2. Property and Equipment

Property and equipment consisted of the following (in thousands):

	As of December 31,	
	2022	2021
Furniture and office equipment	\$ 132	\$ 132
Laboratory equipment	1,108	1,108
Computer equipment	577	577
	<u>1,817</u>	<u>1,817</u>
Less accumulated depreciation and amortization	(1,593)	(1,397)
Property and equipment, net	<u>\$ 224</u>	<u>\$ 420</u>

### **3. JT Pharmaceuticals Asset Purchase Agreement**

In October 2020, we entered into an Asset Purchase Agreement, or JT Agreement, with JT Pharmaceuticals, Inc., or JT Pharma, to acquire JT Pharma's kappa opioid agonist peptide, TP-2021 (formerly JT-09) for use in combination with our ProNeura long-term, continuous drug delivery technology, for the treatment of chronic pruritus and other medical conditions. Under the terms of the JT Agreement, JT Pharma received a \$15,000 closing payment and is entitled to receive future milestone payments, payable in cash or in stock, based on the achievement of certain developmental and regulatory milestones, and single-digit percentage earn-out payments on net sales of the product if successfully developed and approved for commercialization. In January 2022, we entered into an agreement with JT Pharma to clarify certain provisions of the JT Agreement pursuant to which we agreed that the proof-of-concept milestone provided for in the JT Agreement was achieved and made a payment of \$100,000 and issued 51,021 shares of our common stock to JT Pharma. The related expense was included in research and development expenses in our statements of operations.

### **4. Ocular Therapeutix License Agreement**

In December 2022, we entered into a license agreement, or Ocular Agreement, with Ocular Therapeutix, Inc., or Ocular to license the exclusive rights to certain patent applications for ophthalmic uses in both humans and nonhuman animals in the United States, or Licensed Patents. The grant of the Ocular license by us to Ocular is for an exclusive (even as to us), perpetual, fully paid-up license to use the Licensed Patents. The license comes with the right to sublicense. The Ocular paid a one-time fee of \$50,000 and will reimburse our attorneys' fees incurred by it in connection with the preparation and negotiation of the Ocular Agreement. Ocular shall make additional payments upon the achievement of certain milestone events as set forth in the License Agreement.

### **5. Commitments and Contingencies**

#### *Lease Commitments*

We lease our office facility under operating lease that expires in June 2024. Rent expense associated with this lease was approximately \$0.1 million and \$0.2 million for years ended December 31, 2022 and 2021, respectively.

#### *Guarantees and Indemnifications*

As permitted under Delaware law and in accordance with our Bylaws, we indemnify our officers and directors for certain events or occurrences while the officer or director is or was serving at our request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum amount of potential future indemnification is unlimited; however, we have a director and officer insurance policy that limits our exposure and may enable us to recover a portion of any future amounts paid. We believe the fair value of these indemnification agreements is minimal. Accordingly, we have not recorded any liabilities for these agreements as of December 31, 2022.

In the normal course of business, we have commitments to make certain milestone payments to various clinical research organizations in connection with our clinical trial activities. Payments are contingent upon the achievement of specific milestones or events as defined in the agreements, and we have made appropriate accruals in our financial statements for those milestones that were achieved as of December 31, 2022. We also provide indemnifications of varying scope to our CROs and investigators against claims made by third parties arising from the use of our products and processes in clinical trials. Historically, costs related to these indemnification provisions were immaterial. We also maintain various liability insurance policies that limit our exposure. We are unable to estimate the maximum potential impact of these indemnification provisions on our future results of operations.

#### *Legal Proceedings*

A legal proceeding has been initiated by a former employee alleging wrongful termination, retaliation, infliction of emotional distress, negligent supervision, hiring and retention and slander. An independent investigation into this individual's allegations of whistleblower retaliation, while still an employee, was conducted utilizing an outside investigator and concluded that such allegations were not substantiated. We intend to vigorously defend the lawsuit (which we have compelled into arbitration); however, in light of our cash position, there can be no assurance that the defense and/or settlement of this matter will not have a material adverse impact on our business.

## 6. Debt Agreements

### *Paycheck Protection Program Loan*

On April 20, 2020, we received an approximately \$654,000 loan, or PPP Loan, pursuant to the Paycheck Protection Program of the CARES Act that bore interest at the annual rate of 1.0% and matured in April 2022. The proceeds of the PPP Loan were to be used to retain workers and maintain payroll and make mortgage interest, lease and utility payments and were subject to forgiveness in accordance with requirements of the Small Business Administration. The PPP Loan originally had a six-month deferral of payments period which was extended to sixteen months during the third quarter of 2020. In May 2021, the entire balance of the PPP loan along with accrued interest was forgiven and the approximately \$0.7 million gain on extinguishment of the debt was included in other income (expense) in our statements of operations.

## 7. Stockholders' Equity

### *Common Stock*

Our common stock outstanding as of December 31, 2022 and December 31, 2021 was 15,016,295 shares and 9,914,158 shares, respectively.

### *Amendment to Bylaws*

In July 2022, the Board amended our Bylaws to effect certain enhancements to the ability of stockholders to call for a special meeting of stockholders and make changes to the composition of the Board. This included (i) reducing the holdings required for stockholders to call a special meeting of stockholders from a majority to twenty-five percent (25%); (ii) enabling increases in the size of the Board to be effectuated by stockholders or directors at any annual or special meeting or by stockholder action by written consent in lieu of a meeting; (iii) provide that Board vacancies and newly created directorships resulting from action taken by the stockholders at a meeting or by written consent in lieu thereof shall be filled initially by the stockholders.

### *Activist Investing, LLC*

In July 2022, we received a letter from Activist requesting that our Board call the Special Meeting in accordance with Article II, Section 5 of our Bylaws, as amended in order for stockholders to consider and vote upon the following two proposals:

- An increase in the size of the Board by six (6) members from five (5) members to eleven (11) members in total; and
- The election of Activist's six nominees to serve as directors to fill the vacancies left by the foregoing increase.

In accordance with Activist's request, the Board set the record date for the Special Meeting as July 22, 2022, and the Special Meeting was held on August 15, 2022, resulting in the approval of the increase in the size of the Board and the election of the six nominees.

### *February 2022 Offerings*

In February 2022, we completed a registered direct offering with an accredited investor pursuant to which we issued an aggregate of 1,100,000 shares of our common stock and 2,274,242 pre-funded warrants to purchase shares of our common stock, with an exercise price of \$0.001 per share. In a concurrent private placement, we sold unregistered pre-funded warrants to purchase an aggregate of 1,289,796 shares of common stock with an exercise price of \$0.001 per share and issued unregistered five year and six month warrants to purchase an aggregate of 4,664,038 shares of common stock with an exercise price of \$1.14. The unregistered warrants were registered in April 2022. The warrants were classified as equity. The net cash proceeds from these offerings were approximately \$5.0 million after deduction of underwriting fees and other offering expenses.

### *Warrant Exercises*

In March 2022, we received approximately \$1,000 from the exercise of 974,242 pre-funded warrants issued in the February 2022 registered direct offering.

In April 2022, we received approximately \$1,300 from the exercise of 1,300,000 pre-funded warrants issued in the February 2022 registered direct offering.

In May 2022, we received approximately \$1,290 from the exercise of 1,289,796 pre-funded warrants issued in the February 2022 private placement.

#### *JT Pharma Milestone*

In January 2022, we entered into an agreement with JT Pharma to clarify certain provisions of the JT Agreement pursuant to which we agreed that the proof-of-concept milestone provided for in the JT Agreement was achieved and made a payment of \$100,000 and issued 51,021 shares of our common stock to JT Pharma.

#### *Restricted Shares*

In November 2022, we agreed to issue 337,078 shares of our common stock to Maxim Group, LLC in connection with the entry into an amendment to our existing advisory agreement. The shares vested immediately. We recorded approximately \$0.3 million of stock-based compensation expense during the year ended December 31, 2022.

In August 2022, we agreed to issue 50,000 shares of our common stock pursuant to an advisory services agreement with Maxim MDM Worldwide Solutions, Inc. The shares vested immediately. We recorded approximately \$79,000 of stock-based compensation expense during the year ended December 31, 2022.

In August 2021, we agreed to issue 50,000 shares of our common stock pursuant to a restricted stock agreement with Maxim Partners, LLC in connection with the entry into an amendment to our existing advisory agreement. The shares vested monthly over 12 months. We recorded approximately \$71,000 of stock-based compensation expense during the year ended December 31, 2022.

The following table summarizes restricted stock activity:

	<b>December 31, 2022</b>
Outstanding at December 31, 2021	50,000
Issued	387,078
Forfeited or expired	-
Released	(437,078)
Outstanding at December 31, 2022	-

#### *Annual Meeting of Stockholders*

In January 2021, our stockholders approved an amendment to the 2015 Omnibus Equity Incentive plan to increase the number of authorized shares to 1,000,000 shares.

#### *January 2021 Offering*

In January 2021, we completed an offering with several accredited institutional investors pursuant to which we issued 2,725,000 shares of our common stock in a registered direct offering and warrants to purchase 2,725,000 shares of our common stock with an exercise price of \$3.55 per share in a concurrent private placement. The warrants were classified as equity, were exercisable immediately and will expire in July 2026. The net cash proceeds from this offering were approximately \$8.8 million after deduction of underwriting fees and other offering expenses.

As of December 31, 2022, the following warrants to purchase shares of our common stock were outstanding (in thousands, except per share price):

Date Issued	Expiration Date	Exercise Price	Outstanding
07/27/2017	07/27/2024	\$ 45.00	12
03/21/2018	03/21/2025	\$ 216.00	1
03/21/2018	03/21/2025	\$ 216.00	3
09/25/2018	09/25/2023	\$ 18.00	154
09/25/2018	09/25/2023	\$ 50.40	8
08/09/2019	02/09/2025	\$ 32.10	95
10/18/2019	10/18/2024	\$ 1.14	230
01/09/2020	07/09/2025	\$ 7.50	290
10/30/2020	12/01/2025	\$ 3.00	1,644
01/20/2021	07/26/2026	\$ 3.55	2,725
02/04/2022	08/04/2027	\$ 1.14	4,664
			9,826

*Shares Reserved for Future Issuance*

As of December 31, 2022, shares of common stock reserved by us for future issuance consisted of the following (in thousands):

Stock options outstanding	927
Shares issuable upon the exercise of warrants	9,826
	10,753

**8. Stock Plans**

In August 2015, our stockholders approved the 2015 Omnibus Equity Incentive Plan (the “2015 Plan”). The 2015 Plan, as subsequently amended, authorized a total of 1,000,000 shares of our common stock for issuance to employees, directors, officers, consultants and advisors. As of December 31, 2022, options to purchase 74,262 shares of our common stock were available for grant and 925,738 shares of our common stock outstanding under the 2015 Plan.

In February 2014, our Board adopted the 2014 Incentive Plan (the “2014 Plan”), pursuant to which 2,526 shares of our common stock were authorized for issuance to employees, directors, officers, consultants and advisors. The 2014 Plan was terminated upon the approval of the 2015 Plan. As of December 31, 2022, options to purchase 1,189 shares of our common stock were outstanding under the 2014 Plan.

In July 2002, we adopted the 2002 Stock Incentive Plan (the “2002 Plan”). The 2002 Plan, as amended in 2005, authorized a total of approximately 7,234 shares of our common stock for issuance to employees, officers, directors, consultants, and advisors. The exercise prices of options granted under the 2002 Plan were 100% of the fair market value of our common stock on the date of grant. The 2002 Plan expired by its terms in July 2012. As of December 31, 2022, no options to purchase shares of our common stock were outstanding under the 2002 Plan.

The following table summarizes option activity for the year ended December 31, 2022:

	Shares (in thousands)	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2022	682	\$ 12.53	8.98	\$ -
Granted	310	1.18	-	-
Cancelled/expired	(65)	23.40	-	-
Outstanding at December 31, 2022	927	\$ 7.97	8.34	\$ -
Exercisable at December 31, 2022	927	\$ 7.97	8.34	\$ -

We use the Black-Scholes-Merton option-pricing model with the following assumptions to estimate the stock-based compensation expense:

	For the Years Ended December 31,	
	2022	2021
Weighted-average risk-free interest rate	1.9%	0.5%
Expected dividend payments	-	-
Expected holding period (years)(1)	5.26	5.45
Weighted-average volatility factor(2)	1.16	1.14
Estimated forfeiture rates for options granted	6%	30%

- (1) Expected holding period is based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and the expectations of future employee behavior.
- (2) Weighted average volatility is based on the historical volatility of our common stock.
- (3) Estimated forfeiture rates are based on historical data.

Based upon the above methodology, the weighted-average fair value of options and awards granted during the years ended December 31, 2022 and 2021 was \$0.95 and \$3.29, respectively.

The following table summarizes the stock-based compensation expense (in thousands):

	For the Years Ended December 31,	
	2022	2021
Research and development	\$ 553	\$ 749
General and administrative	394	756
Total stock-based compensation expenses	<u>\$ 947</u>	<u>\$ 1,505</u>

As of December 31, 2022, there was approximately \$0.8 million of total unrecognized compensation expense related to non-vested stock options subject to shareholder approval. This expense is expected to be recognized over a weighted-average period of approximately 0.7 year.

On August 2, 2022, our Board of Directors, or Board, modified the outstanding options to purchase common stock under our 2015 Omnibus Equity Incentive Plan, or 2015 Plan, to allow for the acceleration of vesting of all unvested 2015 Plan options in the event of a change in control through the election of a majority of new members to our Board.

On August 15, 2022, the Special Meeting was held at the request of Activist, to increase the size of our Board from five members to eleven members and elect Activist's slate of six nominees to serve as directors in addition to the existing five Board members. As a result of the change of control, all unvested options granted under the 2015 Plan prior to August 15, 2022, immediately became vested. We recognized approximately \$0.5 million of stock-based compensation related to the acceleration of vesting.

On August 15, 2022, our Board granted 125,000 options to purchase common stock at \$1.52 per share which are subject to shareholder approval of an amendment to increase the number of shares reserved for issuance under our 2015 Plan. The options vest monthly over a 12-month period from the grant dates. As the shares underlying these options have not been approved by our stockholders, they have been excluded from the table above as of December 31, 2022. We have recognized approximately \$60,000 of stock-based compensation related to these grants.

On September 15, 2022, our Board granted 900,000 options to purchase common stock at \$1.31 per share which are subject to shareholder approval of an amendment to increase the number of shares reserved for issuance under our 2015 Plan. The options vest monthly over a 12-month period from the grant dates. As the shares underlying these options have not been approved by our stockholders, they have been excluded from the table above as of December 31, 2022. We have recognized approximately \$250,000 of stock-based compensation related to these grants.

## 9. Income Taxes

As of December 31, 2022, we had federal net operating loss carryforwards of approximately \$183.0 million that expire at various dates through 2037 and approximately \$54.3 million which do not expire but are subject to 80% taxable income limitations. As of December 31, 2022, we had federal research and development tax credits of approximately \$6.8 million that expire at various dates through 2042. We also had net operating loss carryforwards for California income tax purposes of approximately \$115.2 million that expire at various dates through 2042 and state research and development tax credits of approximately \$9.2 million which do not expire.

Current federal and California tax laws include substantial restrictions on the utilization of net operating losses and tax credits in the event of an ownership change of a corporation under Internal Revenue Code Section 382 and 383.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and operating loss and credit carryforwards. Significant components of our deferred tax assets are as follows (in thousands):

	<u>As of December 31,</u>	
	<u>2022</u>	<u>2021</u>
Deferred tax assets:		
Net operating loss carryforwards	\$ 57,895	\$ 62,097
Research credit carryforwards	10,521	14,738
Other, net	1,968	1,113
Total deferred tax assets	<u>70,384</u>	<u>77,948</u>
Deferred tax liabilities:		
Other, net	(46)	(65)
Total deferred tax liabilities	<u>(46)</u>	<u>(65)</u>
Valuation allowance	(70,338)	(77,883)
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

ASC 740 requires that the tax benefit of net operating losses, temporary differences and credit carryforwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." Realization of the future tax benefits is dependent on our ability to generate sufficient taxable income within the carryforward period. Because of our recent history of operating losses, our management believes that recognition of the deferred tax assets arising from the above-mentioned future tax benefits is currently not likely to be realized and, accordingly, has provided a valuation allowance.

Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance decreased by approximately \$7.5 million during 2022 and decreased by approximately \$2.4 million during 2021.

The provision for income taxes consists of state minimum taxes due. The effective tax rate of our provision (benefit) for income taxes differs from the federal statutory rate as follows (in thousands):

	For the Years Ended December 31,	
	2022	2021
Computed at 21%	\$ (2,144)	\$ (1,842)
State taxes	(488)	(67)
Change in valuation allowance	(7,545)	(1,939)
Other	-	3
Stock based compensation	627	-
Research and development credits	3,489	(9)
Tax attributes expirations	6,216	3,767
Impact of IRC 162m	(159)	87
<b>Total</b>	<b>\$ (4)</b>	<b>\$ -</b>

We had no unrecognized tax benefits or any amounts accrued for interest and penalties for the three years ended December 31, 2022. Our policy is to recognize interest and penalties related to income taxes as a component of income tax expense. We do not expect the amount of unrecognized tax benefits will materially change in the next twelve months.

We file tax returns in the U.S. federal jurisdiction and various state jurisdictions. We are subject to the U.S. federal and state income tax examination by tax authorities for such years 2003 through 2022, due to net operating losses that are being carried forward for tax purposes.

#### 10. Discontinued Operations

The following table presents information related to assets and liabilities reported as discontinued operations in our balance sheet:

	December 31,	
	2022	2021
	(In thousands)	
Prepaid expenses and other current assets	\$ 14	\$ 12
Discontinued operations – current assets	\$ 14	\$ 12
Accounts payable	\$ 129	\$ 782
Other accrued liabilities	-	362
Discontinued operations – current liabilities	\$ 129	\$ 1,144

During the year ended December 31, 2020, we recognized non-cash stock-based compensation expenses of approximately \$0.1 million which is included in discontinued operations.

#### 11. Related Party Transactions

In January 2022, we entered into an agreement with JT Pharma, a company for which James R. McNab, Jr., a member of our Board, serves as chief executive officer, to clarify certain provisions of the JT Agreement, pursuant to which we agreed that the proof-of-concept milestone provided for in the JT Agreement was achieved, made a payment of \$100,000 and issued 51,021 shares of our common stock to JT Pharma.

During the year ended December 31, 2022, we made payments related to legal fees of approximately \$75,000 to a law firm operated by one of our Board members.

#### 12. Subsequent Events

On March 10, 2023, the Federal Deposit Insurance Corporation, or FDIC, announced that it had closed and taken control of Silicon Valley Bank, or SVB. On March 13, 2023, pursuant to a joint statement released by the U.S. Department of the Treasury and the FDIC, the U.S. government reassured that all depositors will be fully protected. We held deposits with this bank. As a result of the above actions, our insured and uninsured deposits have been restored.

**(b) Exhibits**

<b>No.</b>	<b>Description</b>
3.1.1	<a href="#"><u>Amended and Restated Certificate of Incorporation of the Registrant, as amended<sup>(2)</sup></u></a>
3.1.2	<a href="#"><u>Certificate of Amendment to the Restated Certificate of Incorporation dated September 24, 2015<sup>(4)</sup></u></a>
3.1.3	<a href="#"><u>Certificate of Amendment to the Restated Certificate of Incorporation dated January 23, 2019<sup>(10)</sup></u></a>
3.1.4	<a href="#"><u>Certificate of Amendment to the Restated Certificate of Incorporation dated November 30, 2020<sup>(20)</sup></u></a>
3.2	<a href="#"><u>By-laws of the Registrant<sup>(1)</sup></u></a>
3.3	<a href="#"><u>Amendment to the By-laws of the Registrant dated December 29, 2021<sup>(23)</sup></u></a>
3.4	<a href="#"><u>Amendment to the By-laws of the Registrant dated July 5, 2022<sup>(25)</sup></u></a>
4.1	<a href="#"><u>Form of Lender Warrant<sup>(6)</sup></u></a>
4.2	<a href="#"><u>Form of Rights Agreement Warrant<sup>(7)</sup></u></a>
4.3	<a href="#"><u>Warrant Agency Agreement between Titan Pharmaceuticals, Inc. and Continental Stock Transfer &amp; Trust Company and Form of Offering Warrant<sup>(9)</sup></u></a>
4.4	<a href="#"><u>Representative's Purchase Warrant<sup>(9)</sup></u></a>
4.5	<a href="#"><u>Form of August 2019 Private Placement Warrant<sup>(11)</sup></u></a>
4.6	<a href="#"><u>Class B Warrant Agency Agreement dated October 16, 2019 between Titan Pharmaceuticals, Inc. and Maxim Group LLC Form of January 2020 Private Placement Warrant<sup>(12)</sup></u></a>
4.7	<a href="#"><u>Form of January 2020 Private Placement Warrant<sup>(13)</sup></u></a>
4.8	<a href="#"><u>Form of March 3, 2020 Warrant Amendment Agreement<sup>(16)</sup></u></a>
4.9	<a href="#"><u>Description of the Registrant's Common Stock<sup>(15)</sup></u></a>
4.10	<a href="#"><u>Warrant Agency Agreement between Titan Pharmaceuticals, Inc. and Continental Stock Transfer &amp; Trust Company and Form of Warrant<sup>(18)</sup></u></a>
4.11	<a href="#"><u>Form of January 2021 Private Placement Warrant<sup>(21)</sup></u></a>
4.12	<a href="#"><u>Form of February 2022 Registered Pre-Funded Warrant<sup>(24)</sup></u></a>
4.13	<a href="#"><u>Form of February 2022 Private Pre-Funded Warrant<sup>(24)</sup></u></a>
4.14	<a href="#"><u>Form of February 2022 Placement Warrant<sup>(24)</sup></u></a>
10.1	<a href="#"><u>Titan Pharmaceuticals, Inc. Third Amended and Restated 2015 Omnibus Equity Incentive Plan<sup>(10)</sup></u></a>
10.2	<a href="#"><u>Employment Agreement between the Registrant and Marc Rubin<sup>(5)</sup></u></a>
10.3 ±	<a href="#"><u>Distribution and Sublicense Agreement dated February 1, 2016 as amended by agreement dated August 2, 2018 between Titan Pharmaceuticals, Inc. and Knight Therapeutics Inc.<sup>(8)</sup></u></a>
10.4	<a href="#"><u>Amendment to lease for Registrant's facility dated March 21, 2016<sup>(8)</sup></u></a>
10.5	<a href="#"><u>Employment Agreement between the Registrant and Katherine Beebe DeVarney<sup>(14)</sup></u></a>
10.6	<a href="#"><u>Debt Settlement and Release Agreement by and between Titan Pharmaceuticals, Inc., Horizon Technology Finance Corporation and L. Molteni &amp; C. Dei Frattelli Alitti Società Di Esercizio S.P.A.<sup>(17)</sup></u></a>
10.7 ±±	<a href="#"><u>Asset Purchase Agreement dated October 27, 2020 between Titan Pharmaceuticals, Inc. and JT Pharmaceuticals, Inc.<sup>(19)</sup></u></a>
10.8	<a href="#"><u>Placement Agency Agreement dated January 15, 2021, by and between Titan Pharmaceuticals, Inc. and Maxim Group LLC<sup>(21)</sup></u></a>
10.9	<a href="#"><u>Amendment to Employment Agreement between the Registrant and Marc Rubin<sup>(22)</sup></u></a>
10.10	<a href="#"><u>Form of February 2022 Securities Purchase Agreement<sup>(24)</sup></u></a>
10.11	<a href="#"><u>Placement Agency Agreement dated February 2, 2022, by and between Titan Pharmaceuticals, Inc. and Maxim Group LLC<sup>(24)</sup></u></a>
10.12	<a href="#"><u>Form of Amendment to Employment Agreement with Marc Rubin<sup>(26)</sup></u></a>
10.13	<a href="#"><u>Form of Amendment to Employment Agreement with Kate DeVarney<sup>(26)</sup></u></a>
10.14	<a href="#"><u>Form of Stock Option Agreement<sup>(27)</sup></u></a>
10.15	<a href="#"><u>Fifth Amended and Restated 2015 Omnibus Equity Incentive Plan (subject to stockholder approval)<sup>(28)</sup></u></a>

10.16	<a href="#">License Agreement between Titan Pharmaceuticals, Inc. and Ocular Therapeutix, Inc., dated as of December 6, 2022<sup>(29)</sup></a>
10.17	<a href="#">Employment Agreement, dated December 14, 2022, between Titan Pharmaceuticals, Inc. and David E. Lazar<sup>(30)</sup></a>
14.1	<a href="#">Code of Business Conduct and Ethics<sup>(3)</sup></a>
23.1	<a href="#">Consent of WithumSmith+Brown, PC, Independent Registered Public Accounting Firm</a>
31.1	<a href="#">Certification of the Principal Executive and Financial Officer pursuant to Rule 13(a)-14(a) of the Securities Exchange Act of 1934</a>
32.1	<a href="#">Certification of the Principal Executive and Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

± Confidential treatment has been granted as to certain portions of this exhibit.

±± Certain information has been omitted from this exhibit in reliance upon Item 601(b)(10) of Regulation S-K.

- (1) Incorporated by reference from the Registrant's Registration Statement on Form S-3 (File No. 333-221126).
- (2) Incorporated by reference from the Registrant's Registration Statement on Form 10 filed on January 14, 2010.
- (3) Incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013.
- (4) Incorporated by reference from the Registrant's Current Report on Form 8-K filed on September 28, 2015.
- (5) Incorporated by reference from the Registrant's Current Report on Form 8-K filed on April 3, 2019.
- (6) Incorporated by reference from the Registrant's Current Report on Form 8-K filed on July 27, 2017.
- (7) Incorporated by reference from the Registrant's Current Report on Form 8-K filed on March 26, 2018.
- (8) Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2018.
- (9) Incorporated by reference from the Registrant's Current Report on Form 8-K dated September 25, 2018.
- (10) Incorporated by reference from the Registrant's Current Report on Form 8-K dated January 25, 2019.
- (11) Incorporated by reference from the Registrant's Current Report on Form 8-K dated August 8, 2019.
- (12) Incorporated by reference from the Registrant's Current Report on Form 8-K dated October 18, 2019.
- (13) Incorporated by reference from the Registrant's Current Report on Form 8-K dated January 7, 2020.
- (14) Incorporated by reference from the Registrant's Annual Report on Form 10-K dated April 1, 2019.
- (15) Incorporated by reference from the Registrant's Annual Report on Form 10-K dated March 30, 2020.
- (16) Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2020.
- (17) Incorporated by reference from the Registrant's Current Report on Form 8-K dated October 26, 2020.
- (18) Incorporated by reference from the Registrant's Registration Statement on Form S-1/A dated October 27, 2020.
- (19) Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2020.
- (20) Incorporated by reference from the Registrant's Current Report on Form 8-K dated December 1, 2020.
- (21) Incorporated by reference from the Registrant's Current Report on Form 8-K dated January 19, 2021.
- (22) Incorporated by reference from the Registrant's Current Report on Form 8-K dated October 28, 2021.
- (23) Incorporated by reference from the Registrant's Current Report on Form 8-K dated December 29, 2021.
- (24) Incorporated by reference from the Registrant's Current Report on Form 8-K dated February 3, 2022.
- (25) Incorporated by reference from the Registrant's Current Report on Form 8-K dated July 5, 2022.
- (26) Incorporated by reference from the Registrant's Current Report on Form 8-K dated August 5, 2022.
- (27) Incorporated by reference from the Registrant's Current Report on Form 8-K dated September 21, 2022.
- (28) Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2022.
- (29) Incorporated by reference from the Registrant's Current Report on Form 8-K dated December 12, 2022.
- (30) Incorporated by reference from the Registrant's Current Report on Form 8-K dated December 15, 2022.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 31, 2023

TITAN PHARMACEUTICALS, INC.

By: /s/ David E. Lazar  
Name: David E. Lazar  
Title: Chief Executive Officer  
(Principal Executive and Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ David E. Lazar</u> David E. Lazar	Chief Executive Officer and Chairman (principal executive officer and principal financial officer)	March 31, 2023
<u>/s/ Katherine Beebe DeVarney, Ph.D.</u> Katherine Beebe DeVarney, Ph.D.	President, Chief Operating Officer and Director	March 31, 2023
<u>/s/ Joseph A. Akers</u> Joseph A. Akers	Director	March 31, 2023
<u>/s/ Avraham Ben-Tzvi, Adv.</u> Avraham Ben-Tzvi, Adv.	Director	March 31, 2023
<u>/s/ Peter L. Chasey, Esq.</u> Peter L. Chasey, Esq.	Director	March 31, 2023
<u>/s/ Eric Greenberg</u> Eric Greenberg	Director	March 31, 2023
<u>/s/ M. David MacFarlane, Ph.D.</u> M. David MacFarlane, Ph.D.	Director	March 31, 2023
<u>/s/ Matthew C. McMurdo, Esq.</u> Matthew C. McMurdo, Esq.	Director	March 31, 2023
<u>/s/ James R. McNab, Jr.</u> James R. McNab, Jr.	Director	March 31, 2023
<u>/s/ David Natan</u> David Natan	Director	March 31, 2023
<u>/s/ Brian E. Crowley</u> Brian E. Crowley	Vice President, Finance (principal accounting officer)	March 31, 2023

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-1 (File Nos. 333- 226841, 333-233722, 333-249550, 333-251187, 333-252482 and 333-262614), Form S-3 (File Nos. 333-230742 and 333-221126) and Form S-8 (File Nos. 333-171181 and 333-207950) of Titan Pharmaceuticals, Inc. of our report dated March 31, 2023, which includes an explanatory paragraph relating to the Company's ability to continue as a going concern, relating to the financial statements of Titan Pharmaceuticals, Inc., which appears in this Form 10-K.

/s/ WithumSmith+Brown, PC

San Francisco, California  
March 31, 2023

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## CERTIFICATION

I, David E. Lazar, certify that:

1. I have reviewed this Annual Report on Form 10-K of Titan Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2023

/s/ David E. Lazar

Name: David E. Lazar

Title: Chief Executive Officer

*(Principal Executive Officer and Principal Financial Officer)*

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Annual Report on Form 10-K of Titan Pharmaceuticals, Inc. (the "Company") for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2023

/s/ David E. Lazar

Name: David E. Lazar

Title: Chief Executive Officer

*(Principal Executive Officer and Principal Financial Officer)*

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