TRACON Pharmaceuticals Announces up to $30M Non-Recourse Non-Dilutive Financing Related to Arbitration Award Decision Expected in Q1 2023

December 27, 2022

Initial $3.5M Funding Maintains Cash Runway of Mid-2023

SAN DIEGO, Dec. 27, 2022 (GLOBE NEWSWIRE) -- TRACON Pharmaceuticals (Nasdaq: TCON), a clinical stage biopharmaceutical company utilizing a cost-efficient, CRO-independent product development platform to advance its pipeline of novel targeted cancer therapeutics and to partner with other life science companies, today announced entry into an up to $30 million non-recourse financing agreement.

"This non-dilutive funding provides for upfront capital along with potential post-award financing, so we may realize the value of a potential arbitration award once issued," said Charles Theuer, M.D., Ph.D., TRACON's Chief Executive Officer. "We look forward to the announcement of the arbitration award that is expected in the first quarter of 2023."

$3.5 million will be funded before December 31, 2022. The additional $26.5 million, or a lesser amount based on the amount awarded, will be available subject to the award exceeding a threshold and satisfaction of other conditions set forth in the agreement, with 25% of the total being available to be funded after award announcement and the remainder available over a multi-year period. The non-recourse funding will be repaid upon collection of any award from I-Mab at varying rates that depend on the time elapsed from funding and certain other matters related to the arbitration.

The Company plans to use the funds to confirm and enforce any award and for working capital and general corporate purposes.

About TRACON

TRACON is a clinical-stage biopharmaceutical company utilizing a cost-efficient, CRO-independent, product development platform to advance its pipeline of novel targeted cancer therapeutics and to partner with other life science companies. The Company's clinical-stage pipeline includes: Envafolimab, a PD-L1 single-domain antibody given by rapid subcutaneous injection that is being studied in the pivotal ENVASARC trial for sarcoma; YH001, a potential best-in-class CTLA-4 antibody in Phase 1 development; TRC102, a Phase 2 small molecule drug candidate for the treatment of lung cancer; and TJ004309, a CD73 antibody in Phase 1 development for the treatment of advanced solid tumors. TRACON is actively seeking additional corporate partnerships through a profit-share or revenue-share partnership, or through franchising TRACON's product development platform. TRACON believes it can serve as a solution for companies without clinical and commercial capabilities in the United States or who wish to become CRO-independent. To learn more about TRACON and its product pipeline, visit TRACON's website at www.traconpharma.com.

Forward-Looking Statements

Statements made in this press release regarding matters that are not historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Such statements include, but are not limited to, statements regarding the amount and availability of funding under the financing agreement, the initial $3.5 million funding maintaining TRACON's cash runway through mid-2023, the potential for the funding to enable TRACON to realize the value of a potential arbitration award once issued, whether TRACON will obtain an award in the arbitration, whether the award size for any award will exceed the requisite threshold for receipt of additional funding, whether TRACON will actually recover any proceeds from an award, TRACON's planned use of the funding under the financing agreement, TRACON's expectation that an award will be announced in the first quarter of 2023, the design and potential of TRACON's product candidates, TRACON's plans to seek additional corporate partnerships, and TRACON's ability to serve as a solution for companies without clinical and commercial capabilities in the United States or who wish to become CRO-independent. Risks that could cause actual results to differ from those expressed in these forward-looking statements include: risks associated with TRACON's ability to meet the conditions required to receive additional funding under the financing agreement, the results of the arbitration, including whether TRACON obtains an award in the arbitration and if the award size for any award exceeds the requisite threshold for receipt of additional funding, whether TRACON will be able to actually recover any proceeds from an award, TRACON's costs in confirming and enforcing an award and the extent to which TRACON will be able to use any amounts it receives under the financing agreement for other purposes, clinical development and regulatory approval of pharmaceutical product candidates; whether other therapies are developed and compete with TRACON's product candidates; whether TRACON or others will be able to complete or initiate clinical trials on TRACON's expected timelines, if at all, including due to risks associated with the COVID-19 pandemic or other geopolitical events; the fact that future clinical results may not be consistent with preliminary results or results from prior studies; the fact that TRACON has limited control over whether or when third party collaborators complete on-going trials, initiate additional trials or seek regulatory approval of TRACON's product candidates; the fact that TRACON's collaboration agreements are subject to early termination; whether TRACON will be able to enter into additional collaboration agreements on favorable terms or at all; potential changes in regulatory requirements in the United States and foreign countries; TRACON's reliance on third parties for the development of its product candidates, including the conduct of its clinical trials and manufacture of its product candidates; whether TRACON will be able to obtain additional financing on favorable terms or at all; and other risks described in TRACON's filings with the Securities and Exchange Commission under the heading "Risk Factors". All forward -looking statements contained in this press release speak only as of the date on which they were made and are based on management's assumptions and estimates as of such date. TRACON undertakes no obligation to update such statements to reflect events

that occur or circumstances that exist after the date on which they were made except as required by law.

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