



June 5, 2024

Hon. Steve Samuelson, Chair
Hon. Keith J. Greiner, Republican Chair
Finance Committee, Pennsylvania House of Representatives

Re: Public Hearing on House Bill 2226

Chairman Samuelson, Chairman Greiner, and members of the Finance Committee,

Good morning. My name is Steven Kelly, and I appear before you today as the CEO of Carisma Therapeutics, a pioneering company dedicated to revolutionizing the field of cellular immunotherapy. It is an honor to introduce my company, share our journey, and discuss the critical importance of House Bill 2226 to our mission.

At Carisma, we are at the forefront of developing innovative therapies designed to harness the body's immune system to target and eliminate cancer cells. Our work is grounded in cutting-edge research and a deep commitment to improving patient outcomes. This technology was invented in the Commonwealth, and we have built our company here. Our team of brilliant scientists, researchers, and medical professionals is passionate about bringing new hope to those affected by cancer.

In recent years, we have made significant strides in our research and development efforts. We have promising therapies in clinical trials, and the early results have been encouraging. However, like many in the biotech industry, we face considerable financial challenges as we work to bring these life-saving treatments to market. The path from discovery to delivery is long and costly, requiring sustained investment and support through many years of unprofitability.

As you likely know, this is a difficult financing environment for biotechnology companies. We at Carisma are currently navigating what is known as the "Valley of Death," a period that bridges the initial funding by venture capitalists and the point when public institutional investors jump in once an idea is de-risked clinically. While we have made tremendous progress in proving feasibility, safety, mechanism of action, and emerging clinical activity



for our cancer therapeutics, we require additional time to reach the level of clinical benefit that could attract new investors.

Recently, we made the difficult decision to downsize our operations to extend our cash runway and continue our vital work. This was not a decision we took lightly, as it impacted over 35 dedicated and talented members of our team. However, it was a necessary step to ensure the longevity of our research and the potential to make a significant impact on cancer treatment.

The support of House Bill 2226 is crucial for companies like Carisma. This bill aims to provide a financial tool for Pennsylvania-based biotech firms, enabling us to continue our research and development activities without the constant concern of funding.

At Carisma, we have accrued nearly \$90 million in Pennsylvania Net Operating Losses to date. The potential to monetize these NOLs and unlock their value, even within the cap proposed in the bill, would significantly extend our cash runway. The proposal would provide a much-needed lifeline, allowing us to focus on what we do best: innovating and developing therapies that have the potential to save lives.

By supporting House Bill 2226, you are not only investing in the future of Carisma but also in the future of healthcare. This bill represents a commitment to fostering innovation and ensuring that Pennsylvania remains a leader in the biotech industry. The benefits extend beyond our company; they ripple through the entire biotechnology ecosystem and, most importantly, to the patients who stand to benefit from our breakthroughs.

In closing, I urge you to support House Bill 2226. Your support will enable us to continue our mission, drive innovation, and ultimately bring new hope to patients battling cancer. Together, we can make Pennsylvania a beacon of progress and a leader in the fight against cancer.

Thank you for your time and consideration, and for giving me the opportunity to testify on behalf of Carisma and other innovative biotechnology companies within the Commonwealth.

Respectfully,
Steven Kelly