Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2025

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: 001-36296

Carisma Therapeutics Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**26-2025616**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
3675 Market Street, Suite 401 Philadelphia, PA	**19104**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (267) 491-6422

(Former Name or Former Address, if Changed Since Last Report)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, $0.001 par value per share	**CARM**	**The Nasdaq Stock Market LLC**

* Trading of the registrant's common stock on Nasdaq was suspended effective at the open of business on October 13, 2025. The registrant's common stock is currently quoted on the OTCID market tier operated by The OTC Markets Group under the symbol "CARM."

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 such 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.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 5, 2025, the registrant had 41,845,078 shares of common stock, $0.001 par value per share, outstanding.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains express or implied forward-looking statements that are based on our management's belief and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future operational or financial performance, and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by these forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q may include, but are not limited to, statements about:

- our ability to successfully pursue and consummate additional asset monetization transactions;
- our ability to preserve our existing cash resources;
- our ability to successfully execute a planned orderly wind down;
- our expectations regarding the value or recovery that may be available to our stockholders and other stakeholders as part of a wind down process;
- our ability to continue as a going concern;
- the potential benefits and advantages of our platform technology, CT-2401, our pre-clinical stage product candidate targeting liver fibrosis and CT-1119, our product candidate targeting mesothelin-positive solid tumors;
- our ability to obtain and maintain intellectual property protection for our product candidates;
- our expectations regarding our ability to fund our operating expenses and capital expenditure requirements with our cash and cash equivalents;
- our estimates regarding the potential market opportunity for our product candidates;
- the potential impact of public health epidemics or pandemics and of global economic developments on our business, operations, strategy and goals;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- the impact of government laws and regulations;
- political and economic developments; and
- such other matters as discussed in our Annual Report on Form 10-K for the year ended December 31, 2024 including Part I, Item 1A, "Risk Factors".

In some cases, forward-looking statements can be identified by terminology such as "aim," "anticipate," "believe," "estimate," "expect," "intend," "may," "might," "plan," "predict," "project," "target," "potential," "goals," "will," "would," "could," "should," "continue" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under the section titled "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those expressed or implied by the forward-looking statements. No forward-looking statement is a promise or a guarantee of future performance.

You should read this Quarterly Report on Form 10-Q and the documents that we have filed as exhibits to this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements in this Quarterly Report on Form 10-Q represent our views as of the date of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should therefore not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Quarterly Report on Form 10-Q.

In this Quarterly Report on Form 10-Q, unless otherwise stated or the context otherwise requires, references to the "Company," "Carisma," "we," "us," and "our" refer to Carisma Therapeutics Inc. (formerly Sesen Bio, Inc.) and its consolidated subsidiaries.

References to "Legacy Carisma" refer to CTx Operations, Inc. (formerly CARISMA Therapeutics Inc.) and references to "Sesen Bio" refer to Sesen Bio, Inc. prior to completion of the business combination on March 7, 2023 in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of September 20, 2022, as amended, by and among the Company, Legacy Carisma and Seahawk Merger Sub, Inc., a wholly owned subsidiary of the Company, pursuant to which Seahawk Merger Sub, Inc. merged with and into Legacy Carisma, with Legacy Carisma continuing as a wholly owned subsidiary of the Company and the surviving corporation of the merger, or the Sesen Bio Merger.

In connection with the Sesen Bio Merger, we changed our name from "Sesen Bio, Inc." to "Carisma Therapeutics Inc." Following the completion of the Sesen Bio Merger, the business conducted by us became primarily the business conducted by Legacy Carisma.

CARISMA THERAPEUTICS INC.

TABLE OF CONTENTS

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

CARISMA THERAPEUTICS INC.
Unaudited Consolidated Balance Sheets
(in thousands, except share and par value)

	September 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 2,777	$ 17,909
Prepaid expenses and other assets	3,090	5,916
Assets held for sale	3	—
Total current assets	5,870	23,825
Property and equipment, net	—	4,385
Right of use assets – operating leases	684	2,040
Deferred financing costs	—	208
Total assets	$ 6,554	$ 30,458
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 5,571	$ 2,081
Accrued expenses	1,088	7,448
Deferred revenue	—	3,729
Operating lease liabilities	153	832
Finance lease liabilities	—	905
Other current liabilities	—	1,060
Total current liabilities	6,812	16,055
Deferred revenue	—	41,250
Operating lease liabilities	609	724
Finance lease liabilities	—	20
Other long-term liabilities	—	318
Total liabilities	7,421	58,367
Commitments and contingencies (Note 6)		
Stockholders' deficit:		
Preferred stock $0.001 par value, 5,000,000 shares authorized, none issued or outstanding	—	—
Common stock $0.001 par value, 350,000,000 shares authorized, 41,788,096 and 41,750,109 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively	41	41
Additional paid-in capital	278,994	277,629
Accumulated deficit	(279,902)	(305,579)
Total stockholders' deficit	(867)	(27,909)
Total liabilities and stockholders' deficit	$ 6,554	$ 30,458

See accompanying notes to unaudited interim consolidated financial statements.

CARISMA THERAPEUTICS INC.
Unaudited Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Collaboration revenues	$ 45,250	$ 3,385	$ 48,979	$ 15,979
Operating expenses:				
Research and development	197	11,326	11,777	44,095
General and administrative	1,239	5,203	8,500	16,208
Total operating expenses	1,436	16,529	20,277	60,303
Operating income (loss)	43,814	(13,144)	28,702	(44,324)
Gain (loss) on sale of held for sale assets	320	—	(3,219)	—
(Loss) on abandonment of operating lease right-of-use asset	—	—	(927)	—
Other income, net	583	442	1,121	1,482
Pre-tax income(loss)	44,717	(12,702)	25,677	(42,842)
Income tax expense	—	—	—	—
Net income(loss)	$ 44,717	$ (12,702)	$ 25,677	$ (42,842)
Share information:				
Net income (loss) per share of common stock, basic and diluted	$ 1.07	$ (0.31)	$ 0.61	$ (1.04)
Weighted-average shares of common stock outstanding - basic	41,788,096	41,588,035	41,782,530	41,357,528
Weighted-average shares of common stock outstanding - diluted	41,940,292	41,588,035	41,936,380	41,357,528

See accompanying notes to unaudited interim consolidated financial statements.

CARISMA THERAPEUTICS INC.
Unaudited Consolidated Statements of Stockholders' (Deficit) Equity
(in thousands, except share data)

	Stockholders' (Deficit) Equity				
	Common stock		Additional paid-in capital	Accumulated deficit	Total
	Shares	Amount			
Balance at December 31, 2024	41,750,109	$ 41	$ 277,629	$ (305,579)	$ (27,909)
Exercise of stock options	37,987	—	5	—	5
Stock-based compensation	—	—	508	—	508
Net loss	—	—	—	(9,266)	(9,266)
Balance at March 31, 2025	41,788,096	41	278,142	(314,845)	(36,662)
Stock-based compensation	—	—	431	—	431
Net loss	—	—	—	(9,774)	(9,774)
Balance at June 30, 2025	41,788,096	41	278,573	(324,619)	(46,005)
Stock-based compensation	—	—	421	—	421
Net income	—	—	—	44,717	44,717
Balance at September 30, 2025	41,788,096	$ 41	$ 278,994	$ (279,902)	$ (867)
Balance at December 31, 2023	40,609,915	$ 40	$ 271,594	$ (245,102)	$ 26,532
Exercise of stock options	1,579	—	2	—	2
Stock-based compensation	—	—	1,057	—	1,057
Sale of common stock under Open Market Sale Agreement, net of issuance costs	931,250	1	2,281	—	2,282
Net loss	—	—	—	(18,978)	(18,978)
Balance at March 31, 2024	41,542,744	41	274,934	(264,080)	10,895
Exercise of stock options	2,231	—	2	—	2
Stock-based compensation	—	—	625	—	625
Net loss	—	—	—	(11,162)	(11,162)
Balance at June 30, 2024	41,544,975	41	275,561	(275,242)	360
Stock-based compensation	—	—	1,115	—	1,115
Sale of common stock under Open Market Sale Agreement, net of issuance costs	205,134	—	101	—	101
Net loss	—	—	—	(12,702)	(12,702)
Balance at September 30, 2024	41,750,109	$ 41	$ 276,777	$ (287,944)	$ (11,126)

See accompanying notes to unaudited interim consolidated financial statements.

CARISMA THERAPEUTICS INC.
Unaudited Consolidated Statements of Cash Flows
(in thousands)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net income (loss)	$ 25,677	$ (42,842)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	661	2,685
Stock-based compensation expense	1,360	2,797
Reduction in the operating right of use assets	1,265	5,570
Write-off of deferred financing costs	208	—
Loss on sale of assets held for sale	3,219	—
Gain (loss) on sale of property and equipment	(113)	74
Non-cash interest expense	31	192
Loss on abandonment of operating lease right-of-use asset	927	—
Gain on sale of sale-leaseback	—	(82)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	2,523	(4,460)
Accounts payable	3,091	(2,228)
Accrued expenses	(6,360)	(3,120)
Deferred revenue	(44,979)	(4,481)
Operating lease liabilities	(1,630)	(5,823)
Other long term liabilities	57	153
Net cash used in operating activities	(14,063)	(51,565)
Cash flows from investing activities:		
Proceeds from sales of assets held for sale	163	—
Proceeds from sales of property and equipment	524	—
Purchases of property and equipment	—	(123)
Net cash provided by (used in) investing activities	687	(123)
Cash flows from financing activities:		
Payment of principal related to finance lease liabilities	(244)	(1,158)
Proceeds from failed sale-leaseback arrangement	—	686
Payment of finance liability from failed sale-leaseback arrangements	(1,517)	(983)
Proceeds from the exercise of stock options	5	4
Sale of common stock under Open Market Sale Agreement, net of issuance costs	—	2,415
Net cash (used in) provided by financing activities	(1,756)	964
Net decrease in cash, cash equivalents and restricted cash	(15,132)	(50,724)
Cash, cash equivalents, and restricted cash at beginning of the year	17,909	77,605
Cash, cash equivalents and restricted cash at end of the period	$ 2,777	$ 26,881
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 57	$ 153
Supplemental disclosure of non-cash financing and investing activities:		
Financing costs in accounts payable	$ —	$ 23
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 836	$ 5,719
Disposal of property and equipment in exchange for reduction in finance lease liability	$ —	$ 396
Right-of-use assets obtained in exchange for new finance lease liabilities	$ —	$ 1,660
Reclassification of deferred financing costs to additional paid-in capital	$ —	$ 9
Finance lease liability settled by security deposit	$ 303	$ —
Remeasurement of finance right-of-use asset	$ 399	$ —

See accompanying notes to unaudited interim consolidated financial statements.

CARISMA THERAPEUTICS INC.
Notes to the Interim Consolidated Financial Statements

(1) Background

Carisma Therapeutics Inc., a Delaware corporation (collectively with its subsidiaries, the Company), is a biotechnology company that was previously focused on applying its industry leading expertise in macrophage engineering to develop transformative therapies to treat serious diseases including liver fibrosis and cancer.

2024 Revised Operating Plans

In March and December 2024, the Company's board of directors approved revised operating plans to reduce monthly operating expenses, conserve cash, and refocus the Company's efforts on strategic priorities. As part of these plans, in March 2024, the Company elected to cease further development of its first lead product candidate, CT-0508. In December 2024 as part of the plan, the Company elected to cease further development of its then lead product candidate, CT-0525, following an assessment of the competitive landscape in anti-HER2 treatments and the impact of recently approved therapies on HER2 antigen loss/downregulation, and the effects on the future development strategy of any anti-HER2 product.

2025 Cash Preservation Plan

As part of a further revised plan approved by the Company's board of directors on March 25, 2025 to preserve the Company's existing cash resources following its reduction in workforce, as further discussed below (the cash preservation plan), the Company reduced its operations to those necessary to identify and explore a range of strategic alternatives to maximize value and prepare to wind down its business. The Company has no intention of resuming its historical research and development activities.

As part of the cash preservation plan, the Company's board of directors determined to terminate all of its employees not deemed necessary to pursue strategic alternatives and execute an orderly wind down of its operations. Affected employees were informed of the reduction in workforce on March 25, 2025, which became effective on March 31, 2025. The reduction in workforce included 37 of the Company's full-time employees representing approximately 84% of the Company's total workforce, including certain employees engaged in research and development, manufacturing and corporate activities. The Company incurred approximately $4.2 million in connection with the reduction in workforce during the nine months ended September 30, 2025, which primarily represents one-time employee termination benefits directly associated with the workforce reduction. The Company expects to pay the majority of related reduction in workforce amounts by the end of 2025.

Termination of Merger with OrthoCellix

After a comprehensive review of strategic alternatives, on June 22, 2025, the Company entered into an Agreement and Plan of Merger (the Merger Agreement), by and among the Company, Azalea Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Company (Merger Sub), Ocugen, Inc. (Ocugen), a Delaware corporation, and OrthoCellix, Inc. (OrthoCellix), a Delaware corporation and wholly-owned subsidiary of Ocugen, pursuant to which, among other matters, and subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub would merge with and into OrthoCellix (the OrthoCellix Merger), with OrthoCellix continuing as a wholly owned subsidiary of the Company and the surviving company of the OrthoCellix Merger. Pursuant to the Merger Agreement, the Company was entitled to terminate the Merger Agreement if OrthoCellix failed to secure aggregate commitments for shares of the Company's common stock from one or more investors equal to or in excess of the concurrent investment amount (inclusive of a $5.0 million commitment from Ocugen) of $25.0 million by or before September 15, 2025. As previously disclosed, on August 29, 2025, Ocugen entered into a subscription agreement with the Company (Ocugen Subscription Agreement), pursuant to which Ocugen committed to purchase $5.0 million of shares of the Company's common stock, which investment was intended to be consummated as part of a concurrent financing at or immediately following the closing of the Merger.

On September 16, 2025, pursuant to Section 9.1(k) of the Merger Agreement, the Company delivered written notice to OrthoCellix of termination of the Merger Agreement, effective immediately, as a result of OrthoCellix's failure to secure the concurrent financing amount of at least $25.0 million as of September 15, 2025.

CARISMA THERAPEUTICS INC.
Notes to the Interim Consolidated Financial Statements

Pursuant to Section 9.3(e) of the Merger Agreement, on or prior to September 18, 2025, OrthoCellix was required to pay a termination fee to the Company in an amount equal to $0.8 million (Termination Fee), as a result of the termination of the Merger Agreement pursuant to Section 9.1(k). In addition, pursuant to Section 9.3(f) of the Merger Agreement, on or prior to September 18, 2025, OrthoCellix was required to reimburse the Company for reasonable out-of-pocket expenses incurred by the Company in connection with the Merger Agreement and the transactions contemplated thereby, in an amount equal to $0.5 million (Expense Reimbursement), as a result of the termination of the Merger Agreement pursuant to Section 9.1(k). To date, the Company has not received from Ocugen the Termination Fee or the Expense Reimbursement. OrthoCellix has not confirmed its intention to pay the Termination Fee or Expense Reimbursement. The Company intends to vigorously seek to enforce its right to receive payment. The Company recorded a receivable of $1.3 million for the Termination Fee and Expense Reimbursement which is included in prepaid expenses and other assets on the Company's unaudited interim consolidated balance sheet and recorded a corresponding reduction to general and administrative expenses on the Company's unaudited consolidated statements of operations and comprehensive loss as of and for the nine months ended September 30, 2025.

The Ocugen Subscription Agreement automatically terminated upon the termination of the Merger Agreement. The Support Agreements, dated June 22, 2025, by and among the Company, OrthoCellix, Ocugen and the other parties named therein automatically terminated upon the termination of the Merger Agreement.

Delisting

On October 9, 2025, the Company received a delisting determination letter (the Determination Letter) from The Nasdaq Stock Market LLC (Nasdaq). As a result of the Company's previously disclosed noncompliance with the Nasdaq Listing Rules, the Company's common stock was suspended from trading on Nasdaq effective at the open of business on October 13, 2025. The Determination Letter also indicated that, after applicable appeal periods have lapsed, Nasdaq intends to file a Form 25 with the Securities and Exchange Commission (SEC) to complete the delisting of the Company's common stock from Nasdaq. The Company does not plan to appeal Nasdaq's determination.

The Company's common stock commenced trading on the OTCID market tier operated by the OTC Markets Group at the open of business on October 13, 2025 under the Company's current trading symbol "CARM." There is no guarantee, however, that a broker will continue to make a market in the Company's common stock or that trading of the common stock will continue on the OTCID market tier or otherwise or that the Company will continue to provide information sufficient to enable brokers to provide quotes for its common stock.

Pursuit of Additional Asset Monetizations and Wind Down

The Company expects to continue to attempt to sell or otherwise dispose of or monetize its remaining assets and pursue an orderly wind down of its remaining operations. There can be no assurance that the Company will be able to identify and complete additional asset monetization transactions. It is unlikely that there will be a meaningful amount of cash available for distribution to stockholders in connection with a wind down of the Company's operations or a dissolution and liquidation of the Company. The Company also may determine, following effectiveness of the Form 25 delisting the Company's common stock from Nasdaq, to file a Form 15 with the SEC to suspend the Company's reporting obligations under Sections 13 and 15(d) of the Securities Exchange Act of 1934, as amended. The Company does not expect to be able to continue to file reports with SEC, including but not limited to the Annual Report on Form 10-K for the fiscal year ending December 31, 2025.

(2) Development-Stage Risks and Liquidity

The Company has incurred losses and negative cash flows from operations since inception and has an accumulated deficit of $279.9 million as of September 30, 2025. As of September 30, 2025, the Company had cash and cash equivalents of $2.8 million. Based on current projections, the Company believes that it does not have sufficient cash and cash equivalents to support its operations for more than one year following the date that these financial statements are issued. As a result of these conditions, substantial doubt exists about the Company's ability to continue as a going concern. The Company's cash forecast contains estimates and assumptions, and management cannot predict the timing of all cash receipts and expenditures with certainty. The accompanying unaudited consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liability that might result from the outcome of this uncertainty.

CARISMA THERAPEUTICS INC.
Notes to the Interim Consolidated Financial Statements

The Company's future operations were highly dependent on the consummation of the OrthoCellix Merger. The Company expects to continue to attempt to sell or otherwise dispose of or monetize its remaining assets and pursue an orderly wind down of its remaining operations. There can be no assurance that the Company will be able to identify and complete additional asset monetization transactions. The Company's board of directors may decide that it is in the best interests of its stockholders to commence bankruptcy or liquidation and dissolution proceedings.

(3) Summary of Significant Accounting Policies

Interim Financial Statements

The summary of significant accounting policies is included in the Company's audited consolidated financial statements and related notes as of and for the year ended December 31, 2024 found in the Annual Report on Form 10-K filed with the SEC on March 31, 2025.

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). Any references in these notes to applicable guidance are meant to refer to GAAP as found in Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) promulgated by the Financial Accounting Standards Board (FASB).

The accompanying unaudited interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. In the opinion of management, the accompanying unaudited interim consolidated financial statements include all normal and recurring adjustments (which consist primarily of accruals, estimates and assumptions that impact the unaudited interim consolidated financial statements) considered necessary to present fairly the Company's financial position as of September 30, 2025 and its results of operations for the three and nine months ended September 30, 2025 and 2024. Operating results for the three and nine months ended September 30, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. The unaudited interim consolidated financial statements, presented herein, do not contain all of the required disclosures under GAAP for annual financial statements. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes as of and for the year ended December 31, 2024 found in the Company's Annual Report on Form 10-K filed with the SEC on March 31, 2025.

Use of Estimates

The preparation of unaudited interim consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates. Estimates and assumptions are periodically reviewed, and the effects of revisions are reflected in the unaudited interim consolidated financial statements in the period they are determined to be necessary.

Significant areas that require management's estimates include stock-based compensation assumptions and accrued research and development.

Assets Held for Sale

In March 2025, the Company committed to a plan to sell its remaining equipment and therefore has classified the amount as assets held for sale on the consolidated balance sheet as of September 30, 2025. The assets held for sale were reported at the lower of the carrying amount or fair value, less costs to sell.

Fair Value of Financial Instruments

Management believes that the carrying amounts of the Company's financial instruments, including cash equivalents and accounts payable, approximate fair value due to the short-term nature of those instruments. As of September 30, 2025, the Company no longer had funds in money market accounts.

CARISMA THERAPEUTICS INC.
Notes to the Interim Consolidated Financial Statements

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash and cash equivalents.

Segment Information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker (CODM), or decision-making group, in deciding how to allocate resources in assessing performance. The Company has one operating segment. The Company's CODM is the chief executive officer. The Company's CODM manages the Company's operations on a consolidated basis for the purpose of allocating resources.

The accounting policies of its segment are the same as those described in the summary of significant accounting policies. The CODM assesses performance for its segment based on net loss, which is reported on the consolidated statements of operations and comprehensive loss. The measure of segment assets is reported on the balance sheet as total assets. The CODM uses cash forecast models in deciding how to invest into the segment. The CODM analyzes the Company's net loss and monitors budget versus actual results to assess the performance of the Company.

The table below summarizes the significant expense categories regularly reviewed by the CODM for the three and nine months ended September 30, 2025 and 2024 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Collaboration revenues	$ 45,250	$ 3,385	$ 48,979	$ 15,979
Less:				
Research and development, excluding facilities, personnel, depreciation and amortization expenses	(383)	4,844	2,644	22,678
General and administrative, excluding facilities and personnel expenses, depreciation and amortization expenses	(47)	1,561	5,210	9,287
Facilities expense	81	1,302	1,836	4,728
Personnel expense	1,784	8,085	9,925	20,925
Depreciation, amortization and interest on finance and sale-leaseback lease liabilities	1	613	751	2,951
Other segment items(a)	(903)	(318)	2,936	(1,748)
Net income (loss)	$ 44,717	$ (12,702)	$ 25,677	$ (42,842)

(a) "Other segment items" includes (gain)/loss on sale of held for sale assets, loss on abandonment of operating lease right-of-use assets, and other income, net.

CARISMA THERAPEUTICS INC.
Notes to the Interim Consolidated Financial Statements

Net Income (Loss) Per Share

Basic net income (loss) per share of common stock is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during each period. Diluted net income (loss) per share of common stock includes the effect, if any, from the potential exercise or conversion of securities, such as convertible preferred stock and stock options, which would result in the issuance of incremental shares of common stock.

Basic and diluted earnings per share (EPS) for the three and nine months ended September 30, 2025 and 2024 were calculated as follows (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator:				
Net income (loss)	$ 44,717	$ (12,702)	$ 25,677	$ (42,842)
Denominator:				
Basic weighted-average common shares outstanding	41,788,096	41,588,035	41,782,530	41,357,528
Effect of dilutive securities	152,196	—	153,850	—
Diluted weighted-average common shares outstanding	41,940,292	41,588,035	41,936,380	41,357,528
Basic and Diluted EPS	$ 1.07	$ (0.31)	$ 0.61	$ (1.04)
Anti-dilutive potential common shares excluded from the EPS computation above	6,267,026	8,777,638	6,267,026	8,777,638

The following potentially dilutive securities have been excluded from the computation of diluted weighted-average shares of common stock outstanding, as they would be anti-dilutive:

	September 30, 2025	September 30, 2024
Stock options	6,267,026	8,777,638

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes* (Topic 740)*: Improvements to Income Tax Disclosures* (ASU 2023-09), which expands the disclosures required for income taxes. This ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The amendment should be applied on a prospective basis while retrospective application is permitted. The Company is currently evaluating the effect of this pronouncement on its disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures* (Subtopic 220-40): *Disaggregation of Income Statement Expenses*, which is intended to provide more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation and amortization) included in certain expense captions presented on the consolidated statement of operations. The guidance in this ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either (1) prospectively to financial statements issued for periods after the effective date of this ASU or (2) retrospectively to all prior periods presented in the consolidated financial statements. The Company is currently evaluating the impact that the adoption of ASU 2024-03 will have on its consolidated financial statements and disclosures.

CARISMA THERAPEUTICS INC.
Notes to the Interim Consolidated Financial Statements

(4) Prepaid Expenses and other assets

Prepaid expenses and other assets consisted of the following (in thousands):

	September 30, 2025	December 31, 2024
Research and development	$ —	$ 1,715
Collaboration receivable (Note 10)	—	2,864
Other receivables (a)	1,636	—
Deposits	—	925
Insurance	1,406	340
Other	48	72
	$ 3,090	$ 5,916

(a) "Other receivables" primarily consisted of the Termination Fee and Expense Reimbursement, equipment sales, sales and use tax refunds, and research and development tax refunds.

(5) Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	September 30, 2025	December 31, 2024
Research and development	$ —	$ 1,845
Professional fees	178	537
Compensation and related expenses	829	4,879
Other	81	187
	$ 1,088	$ 7,448

(6) Commitments and Contingencies

Leases

The Company has an operating lease for its office space in Philadelphia, Pennsylvania. The Company's operating lease has a term end date of September 2029. During the second quarter of 2025, the Company abandoned one of its laboratory space operating leases, resulting in a loss on abandonment of the right-of-use asset of $0.9 million. The Company also terminated obligations under an arrangement for the use of certain laboratory equipment that were classified as finance leases and returned each of its finance lease right-of-use assets to its lessor. During the three months ended September 30, 2025, the Company recorded a total gain of $0.4 million related to the termination of the finance leases. During the nine months ended September 30, 2025, the Company recorded a total loss of $0.6 million related to the termination of the finance leases.

The Company's operating and finance lease right-of-use (ROU) assets and the related lease liabilities are initially measured at the present value of future lease payments over the lease term. The Company is responsible for payment of certain real estate taxes, insurance and other expenses on certain of its leases. These amounts are generally considered to be variable and are not included in the measurement of the ROU assets and lease liability. The Company accounts for non-lease components, such as maintenance, separately from lease components.

During the nine months ended September 30, 2025, the Company carried laboratory equipment from failed sale-leasebacks, as assets held for sale on the accompanying unaudited interim consolidated balance sheets. The ongoing lease payments are recorded as reductions to the finance liability and interest expense. During the three and nine months ended September 30, 2025, the Company terminated the lease agreements and returned all of its failed sale-leaseback laboratory equipment, resulting in a loss of $0.1 million and $1.7 million, respectively.

CARISMA THERAPEUTICS INC.
Notes to the Interim Consolidated Financial Statements

The elements of the Company's lease costs were as follows (in thousands):

	Nine Months Ended September 30,	
	2025	2024
Operating lease cost	$ 1,571	$ 4,226
Finance lease cost:		
Amortization of lease assets	439	1,321
Interest on lease liabilities	31	192
Total finance lease cost	470	1,513
Variable lease cost	115	768
Short term lease cost	—	503
Total lease cost	$ 2,156	$ 7,010

Lease term and discount rate information related to leases was as follows:

	September 30,	
	2025	2024
Weighted-average remaining lease term (in years)		
Operating leases	3.9	2.4
Finance leases	—	1.1
Weighted-average discount rate		
Operating leases	10.5 %	9.7 %
Finance leases	—	9.0 %

Supplemental cash flow information was as follows (in thousands):

	Nine Months Ended September 30,	
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash used in operating leases	$ 1,541	$ 4,478
Operating cash used in finance leases	$ 31	$ 192
Financing cash used in finance leases	$ 516	$ 1,158

Future maturities of lease liabilities were as follows as of September 30, 2025 (in thousands):

	Operating Leases	Finance Leases
Fiscal year ending:		
2025 (remaining three months)	$ 56	$ —
2026	226	—
2027	233	—
2028	240	—
2029	184	—
Total future minimum payments	939	—
Less imputed interest	(177)	—
Present value of lease liabilities	$ 762	$ —

Licensing and Sponsored Research Agreements

Under a license agreement with The Trustees of the University of Pennsylvania (Penn), entered into in November 2017, the Company is required to make annual payments of $25,000. Penn is eligible to receive up to $10.9 million per product in development upon the achievement of certain clinical, regulatory and commercial milestone events. There are additional milestone payments required to be paid of up to $30.0 million per product in commercial milestones and up to an additional $1.7 million in development and regulatory milestone payments for the first CAR-M product directed to mesothelin. Additionally, the Company is obligated to pay Penn single-digit royalties based on its net sales.

CARISMA THERAPEUTICS INC.
Notes to the Interim Consolidated Financial Statements

Contingencies

Liabilities for loss contingencies, arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. As of September 30, 2025, the Company was in negotiations with a vendor to determine the total costs owed for research and development services provided. While the negotiations are ongoing, the Company believes a liability is probable. The Company has estimated the amount to be owed to be $1.9 million, all of which is included within accounts payable on the accompanying consolidated balance sheets. The final amount owed may differ from the estimate as negotiations progress. The Company will continue to evaluate the matter and will adjust the liability as necessary based on any new information or agreements reached with the vendor.

(7) Stockholders' Equity

Open Market Sale Agreement

On April 17, 2023, the Company filed a universal shelf registration statement on Form S-3, which was declared effective on May 2, 2023 (Registration Statement). Under the Registration Statement, the Company may offer and sell up to $300.0 million of a variety of securities, including debt securities, common stock, preferred stock, depository shares, subscription rights, warrants and units from time to time in one or more offerings at prices and on terms to be determined at the time of the offering. On May 12, 2023, the Company entered into an Amended and Restated Open Market Sale Agreement℠ with Jefferies LLC, as sales agent, pursuant to which the Company may offer and sell shares of common stock with an aggregate offering price of up to $100.0 million under an "at-the-market" offering program. During the nine months ended September 30, 2024, the Company sold 1,136,384 shares of common stock and received net proceeds of $2.4 million in connection with the Company's "at-the-market" offering program. The Company did not sell any shares of common stock in connection with the Company's "at-the-market" offering program during the nine months ended September 30, 2025.

(8) Stock-based Compensation

2017 Stock Incentive Plan

The Company adopted the CARISMA Therapeutics Inc. 2017 Stock Incentive Plan, as amended (the "Legacy Carisma Plan"), that provided for the grant of incentive stock options to employees, directors, and consultants. The maximum term of options granted under the Legacy Carisma Plan was ten years, and stock options typically vested over a four-year period. The Company's stock options vest based on the terms in the awards agreements and generally vest over four years. Upon completion of the Sesen Bio Merger, the Company assumed the Legacy Carisma Plan and the outstanding and unexercised options issued thereunder and ceased granting awards under the Legacy Carisma Plan.

2014 Stock Incentive Plan

The Amended and Restated Stock Incentive Plan, as amended (the "2014 Plan"), provides for the grant of incentive and non-qualified stock options, restricted stock awards and restricted stock units, stock appreciation rights and other stock-based awards to the Company's employees, officers, directors, consultants, and advisors, with amounts and terms of grants determined by the Company's board of directors at the time of grant. Stock options outstanding under the 2014 Plan generally vest over a four-year period and are exercisable for a period of ten years from the date of grant. As of September 30, 2025, approximately 7.7 million shares of common stock remained available for issuance.

2014 Employee Stock Purchase Plan

The Carisma Therapeutics Inc. 2014 Employee Stock Purchase Plan (the "2014 ESPP") provides employees with the opportunities to purchase shares of common stock at a 15% discount to the market price through payroll deductions or lump sum cash investments. The 2014 ESPP had 0.2 million shares of common stock available for issuance as of September 30, 2025.

CARISMA THERAPEUTICS INC.
Notes to the Interim Consolidated Financial Statements

The following table summarizes stock option activity for the nine months ended September 30, 2025:

	Options	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2024	7,746,991	$ 2.81		
Exercised	(37,987)	0.11		$ 14
Granted	1,749,000	0.50		
Forfeited	(3,037,128)	2.10		
Outstanding as of September 30, 2025	6,420,876	$ 2.53	6.8	$ 25
Exercisable as of September 30, 2025	4,859,858	$ 2.49	6.2	$ 25

The weighted-average grant-date per share fair values of options granted during the nine months ended September 30, 2025 and 2024 were $0.42 and $1.44, respectively. The fair values in the nine months ended September 30, 2025 and 2024 were estimated using the Black-Scholes option-pricing model based on the following assumptions:

	Nine Months Ended September 30,	
	2025	2024
Risk-free interest rate	4.32% - 4.35 %	3.77% - 4.59 %
Expected term	6 years	6 years
Expected volatility	108.30% - 110.68 %	103.00% - 112.10 %
Expected dividend yield	—	—

Stock-Based Compensation Expense

The Company recorded stock-based compensation expense in the following expense categories in its accompanying unaudited interim consolidated statements of operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Research and development	$ 107	$ 384	$ 317	$ 776
General and administrative	314	731	1,043	2,021
	$ 421	$ 1,115	$ 1,360	$ 2,797

In connection with the cash preservation plan, 3.0 million options were forfeited during the nine months ended September 30, 2025, resulting in a reduction in stock-based compensation expense related to research and development and, general and administrative employees. Compensation cost for awards not vested as of September 30, 2025 was $2.7 million and will be expensed over a weighted-average period of 1.8 years.

(9) Related-Party Transactions

The Company has a collaboration and license agreement with Moderna, a significant stockholder (See Note 10 – Moderna Collaboration and License Agreement).

(10) Moderna Collaboration and License Agreement

In January 2022, the Company entered into a collaboration agreement with Moderna (the Moderna License Agreement), which provides for a broad strategic collaboration to discover, develop and commercialize *in vivo* engineered chimeric antigen receptor macrophage and monocyte (CAR-M) therapeutics in oncology. Moderna has the right to designate up to twelve research targets as development targets under this collaboration. While the collaboration was initially limited to oncology, in September 2024, the companies agreed to expand the collaboration to discover, develop and commercialize *in vivo* engineered CAR-M therapeutics in specific autoimmune diseases. As of February 2025, in connection with Moderna's nomination of all 12 oncology research targets, the Company will not be conducting any additional research activities under the Moderna License Agreement and will not be receiving any further payments from Moderna for research and development services under the Moderna License Agreement.

Subsequent to the nomination of a research target, Moderna may designate the research target as a development target. Upon Moderna's designation of a development target (and payment of a related development target designation milestone) for commencement of pre-clinical development of a product candidate, the Company will grant Moderna an exclusive worldwide, sublicensable royalty bearing license to develop, manufacture and commercialize the product candidate.

Under the terms of the Moderna License Agreement, Moderna made an upfront non-refundable payment of $45.0 million to the Company. On September 16, 2025 (the "Amendment Effective Date"), the Company and Moderna entered into a First Amendment to the Collaboration and License Agreement (the "Moderna Amendment"), which amends the Moderna License Agreement. Effective as of the Amendment Effective Date, in exchange for a one-time cash payment of $4.0 million, Moderna has no further obligation to make any financial payments to the Company under or in connection with the Moderna License Agreement, subject to certain specified exceptions. Specifically, Moderna is no longer required to pay to the Company any development target designation, development, regulatory and commercial milestone payments, any royalties on net sales of any products that are commercialized under the Moderna License Agreement or any research costs, regardless of whether such applicable milestone event, sale of product or research cost occurs on or after the Amendment Effective Date. Effective as of the Amendment Effective Date, the royalty term for all products expired and the licenses granted to Moderna under the Agreement became fully paid-up, perpetual, irrevocable and royalty-free. Assuming Moderna developed and commercialized 12 products, each directed to a different development target, the Company was eligible to receive up to between $247.0 million and $253.0 million per product in development target designation, development, regulatory and commercial milestone payments. Moderna reimbursed the Company for costs incurred by the Company in connection with its research and development activities under the Moderna License Agreement plus a reasonable margin for the respective services performed into the first quarter of 2025; however, the Company will not be conducting any additional research activities under the Moderna License Agreement and will not be receiving any further payments from Moderna for research and development services under the Moderna License Agreement. Prior to the Moderna Amendment, the Company was eligible to receive tiered mid-to-high single digit royalties of net sales of any products that are commercialized under the agreement, subject to certain reductions. Effective as of the Amendment Effective Date, Moderna's option to take a sublicense to certain additional third-party intellectual property has been terminated.

At commencement, the Company identified several potential performance obligations within the Moderna License Agreement, including research and development services on research targets, option rights held by Moderna, a non-exclusive royalty-free license to use the Company's intellectual property to conduct research and development activities and participation on the joint steering committee. The Company determined that there were 2 performance obligations comprised of (i) research and development services and (ii) option rights.

For the research and development services, the stand-alone selling price was determined considering the expected passthrough costs and cost of the research and development services and a reasonable margin for the respective services. The material rights from the option rights were valued based on the estimated discount at which the option is priced and the Company's estimated probability of the options' exercise as of the time of the agreement. The transaction price allocated to research and development services is recognized as collaboration revenues as the research and development services are provided to satisfy the underlying obligation related to the research and development target. The transfer of control occurs over this period and, in management's judgment, is the best measure of progress towards satisfying the performance obligation.

The transaction price of $45.0 million allocated to the options rights, which are considered material rights, was recognized in the period that Moderna determined not to exercise its option right to license and commercialize the designated development target outlined by the Moderna Amendment as discussed above.

The Company included the $45.0 million up-front and nonrefundable payment in the transaction price as of the outset of the arrangement. During the three months ended September 30, 2025 and 2024, the Company recognized $45.3 million and $3.4 million, respectively, of collaboration revenues. During the nine months ended September 30, 2025 and 2024, the Company recognized $49.0 million and $16.0 million, respectively, of collaboration revenues. As a result of the Moderna Amendment, there are no longer any unsatisfied performance obligations under the Moderna License Agreement. Accordingly, the remaining balance of deferred revenue, which related to Moderna's unexercised option rights, was recognized as collaboration revenues during the three and nine months ended September 30, 2025. Additionally, in September 2025, the Company received the one-time cash payment of $4.0 million under the Moderna Amendment which was recorded to collaboration revenues during the three and nine months ended September 30, 2025. As discussed above, Moderna will no longer be reimbursing the Company for research and development services.

The Company recognized $38.7 million and $45.0 million, respectively, of research and development services and option right collaboration revenues since inception of the Moderna License Agreement through September 30, 2025.

CARISMA THERAPEUTICS INC.
Notes to the Interim Consolidated Financial Statements

In February 2025, Moderna nominated ten additional oncology research targets, four of which replaced two oncology research targets and two autoimmune research targets, which Moderna concurrently ceased developing. As of February 2025, Moderna has nominated all 12 oncology research targets under the collaboration. The Company will not conduct any additional research activities under the Moderna License Agreement and the Company will not be receiving any further research funding from Moderna under the Moderna License Agreement. Moderna also agreed to terminate the *in vivo* oncology field exclusivity, which would allow the Company to pursue *in vivo* CAR-M programs outside of the 12 nominated oncology targets and product polypeptides. The Company does not expect to recognize any additional unsatisfied research and development performance obligations.

Amounts due to the Company for satisfying the revenue recognition criteria or that are contractually due based upon the terms of the collaboration agreements are recorded as accounts receivable in the Company's unaudited interim consolidated balance sheets. Contract liabilities consist of amounts received prior to satisfying the revenue recognition criteria, which are recorded as deferred revenue in the Company's unaudited interim consolidated balance sheets.

The following table summarizes the changes in deferred revenue (in thousands):

	Nine Months Ended September 30,	
	2025	2024
Balance at the beginning of the period	$ 44,979	$ 46,413
Deferral of revenue	—	9,498
Recognition of deferred revenue	(44,979)	(13,979)
Balance at the end of the period	$ —	$ 41,932

(11) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through November 12, 2025, the issuance date of these unaudited interim consolidated financial statements, and has not identified any additional items that have not previously been mentioned elsewhere requiring disclosure except for the below.

On October 15, 2025, the Company entered into Separation and Release Agreements with two executive officers pursuant to which, based on their termination without cause, both are entitled to receive severance payments, subject to their execution and non-revocation of a release of claims in favor of the Company and compliance with all post-employment obligations under law or any restrictive covenant agreement with the Company. Michael Klichinsky, Pharm.D., Ph.D., the Company's Chief Scientific Officer, was terminated on October 15, 2025 and is entitled to receive total severance payments of approximately $0.7 million. Steven Kelly, the Company's President and Chief Executive Officer, will terminate on November 15, 2025 and is entitled to receive total severance payments of approximately $1.0 million.

On October 14, 2025, each of John Hohneker, M.D., Briggs Morrison, M.D. and David Scadden M.D. notified the Company of such director's decision to resign from the Company's board of directors and all committees thereof, effective October 15, 2025. On October 14, 2025, Mr. Kelly notified the Company of his decision to resign from the Company's board of directors, effective November 15, 2025. The resignations were not a result of any disagreement with the Company's operations, policies or practices.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited interim consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth in the section titled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024 and in this Quarterly Report on Form 10-Q, our actual results may differ materially from those anticipated by these forward-looking statements.

Overview

We are a biotechnology company that was previously focused on applying our industry leading expertise in macrophage engineering to develop transformative therapies to treat serious diseases including liver fibrosis and cancer. We have no intention of resuming our historical research and development activities. We expect to continue to attempt to sell or otherwise dispose of or monetize our remaining assets and pursue an orderly wind down of our remaining operations.

2024 Revised Operating Plans

In late March 2024, following a strategic review of our operating plan for 2024 and future periods, we approved a revised operating plan intended to balance value creation and expense management with our available cash resources. The objective of our revised operating plan was to focus our clinical development efforts on high potential value programs with meaningful near-term milestones and eliminate non-essential expenses and headcount to extend our cash runway. Under that plan, we intended to focus our ex vivo oncology clinical development efforts on our follow-on product candidate CT-0525, a CAR-Monocyte intended to treat solid tumors that over-express anti-human epidermal growth factor receptor 2, or HER2, and cease development of CT-0508, our macrophage-based product candidate, and initial lead product candidate. In addition, at that time, we decided to continue to focus on our in vivo Messenger RNA/lipid nanoparticle, or mRNA/LNP, CAR-M programs in partnership with Moderna and paused development of CT-1119, a mesothelin-targeted CAR-Monocyte, pending additional financing, reduce our workforce and decrease spending on other non-essential activities. All clinical activities of CT-0508 have ceased.

In December 2024, following another strategic review of our operating plan for 2025 and our future pipeline, we approved another revised operating plan intended to reduce monthly operating expenses, conserve cash, and refocus our efforts on strategic priorities. First, we decided to cease development of our HER2 directed autologous cell therapy platform including CT-0525. Our decision was based on an assessment of the competitive landscape in anti-HER2 treatments, including the impact of recently approved anti-HER2 therapies on HER2 antigen loss/downregulation, and the effects on the future development strategy of any anti-HER2 product. We dosed the last patient in our Phase 1 clinical trial of CT-0525, in November 2024 and all clinical activity ended in January 2025.

Further, pursuant to the December 2024 revised operating plan, we pivoted our focus to developing product candidates targeting two indications – liver fibrosis and solid tumor oncology, while retaining the potential to receive milestones and royalties from our Collaboration and License Agreement, dated as of January 7, 2022, or the Moderna License Agreement, with ModernaTX, Inc, or Moderna.

As part of our cost-reduction initiatives in 2024, we implemented workforce reductions resulting in the termination of 62 full-time employees (representing approximately 58.0% of our total workforce), across research and development and general and administrative functions. The workforce reductions resulted in $4.1 million of severance related costs. As of December 31, 2024, we accrued $2.7 million in severance costs from our workforce reduction, $2.3 million of which was paid in January 2025.

On June 26, 2024, we notified Novartis Pharmaceuticals Corporation, or Novartis, of our termination of the Manufacturing and Supply Agreement, dated March 1, 2023, relating to the manufacture of our first product candidate to enter clinical development, CT-0508, or the Manufacturing Agreement. The termination was effective July 31, 2024. As a result of the termination of the Manufacturing Agreement, we incurred a termination fee of $4.0 million, or the Termination Fee, which we paid in the third quarter of 2024. We separately agreed with Novartis that if we enter into an agreement for the tech transfer of another product, or a Substitute Product, to Novartis on or before December 31, 2024, then the Termination Fee shall be credited in full or in part against any amounts due to Novartis under such agreement relating to the Substitute Product. We did not enter into an agreement relating to the Substitute Product with Novartis and we expensed the $4.0 million prepaid asset in the fourth quarter of 2024 to research and development in the consolidated statements of operations and comprehensive loss.

2025 Cash Preservation Plan

As part of a further revised plan approved by our board of directors on March 25, 2025 to preserve our existing cash resources following our reduction in workforce, or our cash preservation plan, we had reduced our operations to those necessary to identify and explore a range of strategic alternatives to maximize value and prepare to wind down our business. As part of our cash preservation plan, our board of directors determined to terminate effective as of March 31, 2025 all of our employees not deemed necessary to pursue strategic alternatives and execute an orderly wind down of our operations.

Recent Developments

Termination of Merger Agreement

As previously disclosed, on June 22, 2025, we entered into an Agreement and Plan of Merger, or the Merger Agreement, by and among us, Azalea Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of us, or Merger Sub, Ocugen, Inc., or Ocugen, a Delaware corporation, and OrthoCellix, Inc., or OrthoCellix, a Delaware corporation and a wholly-owned subsidiary of Ocugen, pursuant to which, among other matters, and subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub would merge with and into OrthoCellix, or the OrthoCellix Merger, with OrthoCellix continuing as a wholly owned subsidiary of us and the surviving company of the OrthoCellix Merger, or the "Combined Company". Pursuant to the Merger Agreement, we were entitled to terminate the Merger Agreement if OrthoCellix failed to secure commitments for shares of our common stock from one or more investors such that as of September 15, 2025 we had not received, or at any time ceased to have, aggregate commitments equal to or in excess of the concurrent investment amount (inclusive of a $5.0 million commitment from Ocugen) equal to or in excess of $25.0 million. As previously disclosed, on August 29, 2025, Ocugen entered into a subscription agreement with us, or the Ocugen Subscription Agreement, pursuant to which Ocugen committed to purchase $5.0 million of shares of our common stock, which investment was intended to be consummated as part of a concurrent financing at or immediately following the closing of the OrthoCellix Merger.

As previously disclosed, on September 16, 2025, pursuant to Section 9.1(k) of the Merger Agreement, we delivered written notice to OrthoCellix of termination of the Merger Agreement, effective immediately, as a result of OrthoCellix's failure to secure the concurrent financing amount of at least $25.0 million as of September 15, 2025. Pursuant to Section 9.3(e) of the Merger Agreement, on or prior to September 18, 2025, OrthoCellix was required to pay us a termination fee in an amount equal to $750,000, or the Termination Fee, as a result of the termination of the Merger Agreement pursuant to Section 9.1(k). In addition, pursuant to Section 9.3(f) of the Merger Agreement, on or prior to September 18, 2025, OrthoCellix was required to reimburse us for our reasonable out-of-pocket expenses incurred in connection with the Merger Agreement and the transactions contemplated thereby, in an amount equal to $500,000, or the Expense Reimbursement, as a result of the termination of the Merger Agreement pursuant to Section 9.1(k). To date, we have not received from Ocugen the Termination Fee or the Expense Reimbursement. OrthoCellix has not confirmed its intention to pay the Termination Fee or Expense Reimbursement. We intend to vigorously seek to enforce our right to receive such payments. We recorded a receivable of approximately $1.3 million for the Termination Fee and Expense Reimbursement which is included in prepaid expenses and other assets on our unaudited interim consolidated balance sheet and within general and administrative charges on our unaudited consolidated statements of operations and comprehensive loss as of and for the nine months ended September 30, 2025.

The Ocugen Subscription Agreement automatically terminated upon the termination of the Merger Agreement. The Support Agreements, dated June 22, 2025, by and among us, OrthoCellix, Ocugen and the other parties named therein automatically terminated upon the termination of the Merger Agreement.

As previously disclosed, in determining to terminate the Merger Agreement, we considered, among other factors, (1) the lack of sufficient funds to operate the Combined Company as a publicly-traded company and to achieve projected development milestones without significant additional committed financing, including in light of the failure by OrthoCellix to secure the concurrent financing amount of at least $25.0 million, (2) the risk that the OrthoCellix Merger would not be consummated and that we would have continued to incur costs related thereto, (3) the need for the Combined Company to satisfy the initial listing requirements of the Nasdaq Capital Market, a closing condition to the OrthoCellix Merger, (4) the preservation of our existing cash resources, (5) our right to the Termination Fee and Expense Reimbursement upon termination of the Merger Agreement, and (6) our plan to continue to pursue asset monetization transactions while preparing for an orderly wind down of our operations, including satisfaction of remaining liabilities and obligations, in the absence of a strategic transaction.

Recently Completed Asset Monetization Transactions

Patent Purchase Agreement with Resolution Therapeutics Limited

On August 18, 2025, we entered into a Patent Purchase Agreement, or the Patent Purchase Agreement, for the sale of certain of our early-stage preclinical assets to Resolution Therapeutics Limited, or Resolution. Pursuant to the Patent Purchase Agreement, we sold to Resolution all right, title and interest in and to certain patents, know-how and electronic files (each as described in the Patent Purchase Agreement) related to (a) engineered macrophages secreting fibrolytic/anti-inflammatory factors, and (b) engineered macrophages expressing cytokine switch receptors for a cash payment from Resolution of $0.5 million, recorded to other income on our unaudited consolidated statements of operations and comprehensive loss as of and for the nine months ended September 30, 2025. This sale did not include any intellectual property related to our former lead liver fibrosis program CT-2401, to which we retain all rights. This sale included all of our rights, title, and interest in all causes of action and enforcement rights for the purchased assets, including all of our rights to pursue damages, injunctive relief, and other remedies for past, current, and future infringement of the purchased assets.

Amendment to Moderna Collaboration and License Agreement

On September 16, 2025, or the Amendment Effective Date, we and Moderna entered into a First Amendment to the Collaboration and License Agreement, or the Moderna Amendment, which amends the Moderna License Agreement. Effective as of the Amendment Effective Date, in exchange for a one-time cash payment of $4.0 million payable us within 10 business days following the Amendment Effective Date, Moderna has no further obligation to make any financial payments to us under or in connection with the Moderna License Agreement, subject to certain specified exceptions. Specifically, Moderna is no longer required to pay us any development target designation, development, regulatory and commercial milestone payments, any royalties on net sales of any products that are commercialized under the Moderna License Agreement or any research costs, regardless of whether such applicable milestone event, sale of product or research cost occurs on or after the Amendment Effective Date. Effective as of the Amendment Effective Date, the royalty term for all products expired and the licenses granted to Moderna under the Moderna License Agreement became fully paid-up, perpetual, irrevocable and royalty-free.

Delisting from Nasdaq

On October 9, 2025, we received a delisting determination letter (the "Determination Letter") from Nasdaq. As a result of our previously disclosed noncompliance with the Nasdaq Listing Rules, our common stock was suspended from trading on Nasdaq effective at the open of business on October 13, 2025. The Determination Letter indicated that, after applicable appeal periods have lapsed, Nasdaq intends to file a Form 25 with the Securities and Exchange Commission, or the SEC to complete the delisting of our common stock from Nasdaq. We do not plan to appeal Nasdaq's determination.

Our common stock commenced trading on the OTCID market tier operated by the OTC Markets Group at the open of business on October 13, 2025 under our current trading symbol "CARM." There is no guarantee, however, that a broker will continue to make a market in our common stock or that trading of our common stock will continue on the OTCID market tier or otherwise or that we will continue to provide information sufficient to enable brokers to provide quotes for its common stock.

Current Strategy – Pursuit of Additional Asset Monetization Transactions and Wind Down of the Company

We have no intention of resuming our historical research and development activities. We expect to continue to attempt to sell or otherwise dispose of or monetize our remaining assets and pursue an orderly wind down of our remaining operations. As part of our wind down activities, (1) Michael Klichinsky, Pharm.D., Ph.D., our Chief Scientific Officer, was terminated without cause, effective October 15, 2025 and (2) Steven Kelly, our President and Chief Executive Officer, will terminate without cause, effective November 15, 2025. Following Mr. Kelly's termination, we expect to appoint a consultant to serve as the Company's chief executive officer and manage remaining wind down activities.

There can be no assurance that we will be able to identify and complete additional asset monetization transactions. It is unlikely that there will be a meaningful amount of cash available for distribution to stockholders in connection with a wind down of our operations or a dissolution and liquidation of the company. We also may determine, following effectiveness of the Form 25 delisting our common stock from Nasdaq, to file a Form 15 with the SEC to suspend our reporting obligations under Sections 13 and 15(d) of the Securities Exchange Act of 1934, as amended.

Our board of directors may decide that it is in the best interests of our stockholders to commence bankruptcy or liquidation and dissolution proceedings. In addition, if our board of directors were to approve and recommend, and our stockholders were to approve, our dissolution, we are required under Delaware law to pay our outstanding obligations, as well as to make reasonable provision for contingent and unknown obligations, prior to making any distributions in liquidation to our stockholders. As a result of this requirement, a portion of our assets may need to be reserved pending the resolution of such obligations. In addition, we may be subject to litigation or other claims related to a liquidation and dissolution of the company. If a liquidation and dissolution were pursued, our board of directors, in consultation with its advisors, would need to evaluate these matters and make a determination about a reasonable amount to reserve.

Our Historical Product Candidates and Pipeline

Our liver fibrosis program is based upon the discovery of a key efferocytosis defect in the macrophages that reside within the livers of patients with fibrosis. Using a novel mRNA/LNP, approach, our product candidate aims to reverse fibrotic disease and improve the outcomes of patients with advanced liver fibrosis. In the second quarter of 2024, we achieved pre-clinical proof of concept in our liver fibrosis program, demonstrating the anti-fibrotic potential of engineered macrophages in two liver fibrosis models. Prior to pausing our research and development activities, we planned to continue to conduct pre-clinical development of our product candidate, CT-2401, sufficient to enable a regulatory submission to initiate a clinical trial.

Our oncology program leverages our considerable expertise and experience in ex vivo cell therapy. CT-1119 is designed to treat patients with advanced mesothelin-positive solid tumors, including pancreatic cancer, ovarian cancer, lung cancer, mesothelioma, and others. Prior to pausing our research and development activities, we planned to initiate a Phase 1 clinical trial of CT-1119, a mesothelin-targeted CAR-Monocyte, in combination with tislelizumab, an anti-PD-1 antibody, in adult patients with mesothelin-positive solid tumors, in China.

Our collaboration with Moderna utilized Moderna's mRNA/LNP technology, together with our CAR-M platform technology, to create novel in vivo oncology off-the-shelf gene therapy product candidates. In June 2024, we announced that Moderna nominated the first development candidate under the collaboration and paid us a $2.0 million milestone. This development candidate targets Glypican-3, or GPC3, and is designed to treat solid tumors, including hepatocellular carcinoma. In November 2024, we announced new pre-clinical data on our anti-GPC3 in vivo CAR-M therapy for treating hepatocellular carcinoma. These pre-clinical data demonstrated robust anti-tumor activity. In February 2025, Moderna nominated ten additional oncology research targets, four of which replaced two oncology research targets and two autoimmune research targets, which Moderna concurrently ceased developing. As of February 2025, Moderna nominated all 12 oncology research targets under the Moderna License Agreement. As such, we will not be conducting any additional research activities under the Moderna License Agreement and we will not be receiving any further research funding from Moderna under the Moderna License Agreement. Further, pursuant to the Moderna Amendment entered into in September 2025, in exchange for a one-time cash payment of $4.0 million paid to us, Moderna has no further obligation to make any financial payments to us under or in connection with the Moderna License Agreement, subject to certain specified exceptions.

To date, we have not commercialized any products or generated any revenue from product sales and have financed our operations primarily with proceeds from sales of our preferred stock, proceeds from our collaboration with Moderna, research tax credits, convertible debt financing, and completion of the Sesen Bio Merger and related financing. Our historical operations were limited to organizing and staffing the company, business planning, capital raising, establishing and maintaining our intellectual property portfolio, building our pipeline of product candidates, conducting drug discovery activities, undertaking pre-clinical studies, manufacturing process development studies, conducting early-stage clinical trials, and providing general and administrative support for these operations. We have historically devoted substantially all of our financial resources and efforts to pursuing discovery, research and development of our product candidates.

Financial Operations

Our net income for the nine months ended September 30, 2025 was $25.7 million. Our net income during the nine months ended September 30, 2025 was due to the revenue recognition of an upfront payment previously received in connection with the Moderna License Agreement. The upfront payment was previously included within deferred revenue on our unaudited consolidated balance sheets and was recognized in connection with the Moderna Amendment. Our net losses for the nine months ended September 30, 2024 were $42.8 million. As of September 30, 2025, we had $2.8 million in cash and cash equivalents and an accumulated deficit of $279.9 million.

Although we reduced operations in connection with our cash preservation plan, we incurred significant expenses in connection with our prior evaluation of strategic alternatives, including the evaluation and pursuit of the OrthoCellix Merger, which we terminated on

September 16, 2025. We expect to continue to incur significant expenses and operating losses in connection with the ongoing process of exploring transactions with certain third parties to monetize certain legacy assets and in connection with our ongoing pursuit of an orderly wind down of our operations. A considerable portion of these expenses, such as legal, accounting and advisory fees and other related charges, will be incurred regardless of whether we enter into a monetization transaction for legacy assets.

We do not expect that our cash and cash equivalents will support our operations for more than one year following the date of this Quarterly Report on Form 10-Q. As a result of these conditions, substantial doubt exists about our ability to continue as a going concern. We have based this estimate on assumptions that may prove to be wrong. In addition, changing circumstances could cause us to consume capital significantly faster than we currently anticipate, and we may need to spend more than currently expected because of circumstances beyond our control. As a result, we could deplete our capital resources sooner than we currently expect.

Financial Operations Overview

Collaboration Revenues

To date, we have not generated any revenue from product sales. Our revenues to date have been generated from the Moderna License Agreement. Moderna reimbursed us for all costs incurred by it in connection with its research and development activities under the Moderna License Agreement plus a reasonable margin for the respective services performed. As of February 2025, Moderna nominated all 12 oncology research targets under the Moderna License Agreement. As such, we will not be conducting any additional research activities under the Moderna License Agreement and we will not be receiving any further research funding from Moderna under the Moderna License Agreement. To date, we received $2.0 million in milestone payments and we have not received any royalties under the Moderna License Agreement. Further, pursuant to the Moderna Amendment entered into in September 2025, in exchange for a one-time cash payment of $4.0 million paid to us, Moderna has no further obligation to make any financial payments to us under or in connection with the Moderna License Agreement, subject to certain specified exceptions. Specifically, Moderna is no longer required to pay us any development target designation, development, regulatory and commercial milestone payments, any royalties on net sales of any products that are commercialized under the Moderna License Agreement or any research costs, regardless of whether such applicable milestone event, sale of product or research cost occurs on or after the Amendment Effective Date.

Research and Development Expenses

Research and development expenses consisted primarily of costs incurred for our research activities, including discovery efforts and the development of product candidates, and included:

- expenses incurred to conduct the necessary pre-clinical studies and clinical trials required to obtain regulatory approval;
- salaries, benefits and other related costs, including stock-based compensation expense, for personnel engaged in research and development functions;
- costs of funding research performed by third parties, including pursuant to agreements with contract research organizations, or CROs, as well as investigative sites and consultants that conduct our pre-clinical studies and clinical trials;
- expenses incurred under agreements with contract manufacturing organizations, or CMOs, including manufacturing scale-up expenses and the cost of acquiring and manufacturing pre-clinical study and clinical trial materials;
- costs of outside consultants, including their fees, stock-based compensation and related travel expenses;
- the costs of laboratory supplies and acquiring materials for pre-clinical studies;
- facility-related expenses, which include direct depreciation costs of equipment and expenses for rent and maintenance of facilities and other operating costs; and
- third-party licensing fees.

Research and development activities have historically been central to our business model. We have no intention of resuming our historical research and development activities. As such, we expect our research and development expenses to continue to significantly decrease for the remainder of 2025 as a result of our decision to cease our research and development activities and pursue an orderly wind down of our remaining operations. We will incur additional research and development expenses related to employee terminations and related severance costs.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel expenses, including salaries, benefits and stock-based compensation expense for employees in executive, finance, accounting, business development and human resource functions. General and administrative expense also includes corporate facility costs, including rent, utilities, depreciation and maintenance, and costs not otherwise included in research and development expenses, legal fees related to intellectual property and corporate matters as well as fees for accounting and consulting services. Prior to the termination of the OrthoCellix Merger in September 2025, we incurred significant costs related to the evaluation and pursuit of the OrthoCellix Merger, including legal, accounting and advisory expenses and other related charges.

We expect that our general and administrative expenses will slightly increase for the remainder of 2025. We expect to continue to incur significant costs related to our pursuit of additional asset monetization transactions and an orderly winddown of our operations. We will incur additional general and administrative expenses related to employee terminations and related severance costs.

Other Income, Net

Interest income, net consists of interest earned on our excess cash, net of interest expense, and sales of supplies. Interest expense consists of interest on our finance leases.

Income Taxes

Since inception, we have incurred significant net losses. We have provided a valuation allowance against the full amount of our deferred tax assets since, in our opinion, based upon our historical and anticipated future losses, it is more likely than not that the benefits will not be realized. As of September 30, 2025, we remained in a full valuation allowance position.

The utilization of our net operating losses, or NOLs, may be subject to a substantial annual limitation in the event of certain cumulative changes in the ownership interest of significant stockholders over a three-year period in excess of 50 percent, as defined under Sections 382 and 383 of the Internal Revenue Code of 1986, respectively, as well as similar state provisions. We have recorded a valuation allowance on all of our deferred tax assets, including deferred tax assets related to NOLs.

Results of Operations

Comparison of the Three Months Ended September 30, 2025 and 2024 (in thousands)

	Three Months Ended September 30,	
	2025	2024
Collaboration revenues	$ 45,250	$ 3,385
Operating expenses:		
Research and development	197	11,326
General and administrative	1,239	5,203
Total operating expenses	1,436	16,529
Operating income (loss)	43,814	(13,144)
Gain (loss) on sale of held for sale assets	320	—
Loss on abandonment of operating lease right-of-use asset	—	—
Other income, net	583	442
Pre-tax income (loss)	$ 44,717	$ (12,702)

Collaboration Revenues

Collaboration revenues were $45.3 and $3.4 million for the three months ended September 30, 2025 and 2024, respectively, related to the research and development activities completed under the Moderna License Agreement. Collaboration revenues during the three months ended September 30, 2025 were due to the recognition of the remaining upfront payment previously received in connection with the Moderna License Agreement as well as a one-time cash payment of $4.0 million under the Moderna Amendment. The upfront payment under the Moderna License Agreement was previously included within deferred revenue on our unaudited consolidated balance sheets and was recognized during the three months ended September 30, 2025 in connection with the Moderna Amendment.

Research and Development Expenses

We track outsourced development, outsourced personnel costs and other external research and development costs of our CT-0508, CT-0525, and CT-1119 programs. We do not track internal research and development costs on a program-by-program basis. The following table summarizes our research and development expenses for the three months ended September 30, 2025 and 2024 (in thousands). Certain amounts related to prior period results were reclassified to conform to current period presentation. These reclassifications have not changed total research and development expenses.

	Three Months Ended September 30,		
	2025	2024	Change
CT-0508 (1)	$ —	$ 702	$ (702)
CT-0525 (1)	(279)	2,033	(2,312)
CT-1119 (1)	—	183	(183)
Personnel costs, including stock-based compensation (2)	342	4,315	(3,973)
Other clinical and pre-clinical development expenses	51	592	(541)
Facilities and other expenses	83	3,501	(3,418)
Total research and development expenses	$ 197	$ 11,326	$ (11,129)

(1) Our 2024 revised operating plans adjusted our research and development focus. For the Phase 1 clinical trial of CT-0525, the last patient was dosed in November 2024 and all clinical activity ended in January 2025. All clinical activities related to CT-0508 also ceased in 2024. In connection with our 2024 revised operating plans, we had also elected to pause further development of CT-1119, a mesothelin-targeted CAR-Monocyte, pending additional financing. We have no intention of resuming our historical research and development activities and we are in the process of pursuing an orderly wind down of our operations.

(2) Our cash preservation plan and the 2024 revised operating plans included reductions in workforce which resulted in severance costs during the three months ended September 30, 2024.

The decrease in research and development expenses was primarily attributable to a decrease in our program expenses and personnel costs in connection with the cash preservation plan and 2024 revised operating plans.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the three months ended September 30, 2025 and 2024 (in thousands). Certain amounts related to prior period results were reclassified to conform to current period presentation. These reclassifications have not changed total general and administrative expenses.

	Three Months Ended September 30,		
	2025	2024	Change
Personnel costs, including stock-based compensation (1)	$ 475	$ 2,229	$ (1,754)
Professional fees	1,234	2,247	(1,013)
Facilities and supplies	(497)	269	(766)
Insurance, taxes, and fees	(28)	353	(381)
Other expenses	55	105	(50)
Total general and administrative expenses	$ 1,239	$ 5,203	$ (3,964)

(1) Our cash preservation plan and 2024 revised operating plans included reductions in workforce which resulted in severance costs during the three months ended September 30, 2024.

The decrease in general and administrative expenses was primarily attributable to a decrease in personnel costs and facilities expense in connection with the cash preservation plan and the 2024 revised operating plans.

Gain on Sale of Held For Sale Assets

We recognized $0.3 million in gains on sale of held for sale assets during the three months ended September 30, 2025, related to the termination of our finance lease and the sale of previously classified equipment. We did not incur gains or losses on sale of held for sale assets during the three months ended September 30, 2024.

Other Income, Net

We recognized $0.6 million and $0.4 million in other income, net for the three months ended September 30, 2025 and 2024, respectively, which was attributable to interest earned on excess cash and sales of supplies in connection with the cash preservation plan.

Comparison of the Nine Months Ended September 30, 2025 and 2024 (in thousands)

	Nine Months Ended September 30,	
	2025	2024
Collaboration revenues	$ 48,979	$ 15,979
Operating expenses:		
Research and development	11,777	44,095
General and administrative	8,500	16,208
Total operating expenses	20,277	60,303
Operating loss	28,702	(44,324)
Loss on sale of held for sale assets	(3,219)	—
Loss on abandonment of operating lease right-of-use asset	(927)	—
Other income, net	1,121	1,482
Pre-tax income (loss)	$ 25,677	$ (42,842)

Collaboration Revenues

Collaboration revenues were $49.0 million and $16.0 million for the nine months ended September 30, 2025 and 2024, respectively, related to the research and development activities completed under the Moderna License Agreement. Collaboration revenues during the nine months ended September 30, 2025 were due to the recognition of the remaining upfront payment previously received in connection with the Moderna License Agreement as well as a one-time cash payment of $4.0 million under the Moderna Amendment. The upfront payment under the Moderna License Agreement was previously included within deferred revenue on our unaudited consolidated balance sheets and was recognized during the nine months ended September 30, 2025 in connection with the Moderna Amendment.

Research and Development Expenses

We track outsourced development, outsourced personnel costs and other external research and development costs of our CT-0508, CT-0525, and CT-1119 programs. We do not track internal research and development costs on a program-by-program basis. The following table summarizes our research and development expenses for the nine months ended September 30, 2025 and 2024 (in thousands). Certain amounts related to prior period results were reclassified to conform to current period presentation. These reclassifications have not changed total research and development expenses.

	Nine Months Ended September 30,		
	2025	2024	Change
CT-0508 (1)	$ 515	$ 4,397	$ (3,882)
CT-0525 (1)	646	7,217	(6,571)
CT-1119 (1)	—	420	(420)
Personnel costs, including stock-based compensation (2)	6,838	15,621	(8,783)
Other clinical and pre-clinical development expenses	1,758	3,327	(1,569)
Facilities and other expenses	2,020	13,113	(11,093)
Total research and development expenses	$ 11,777	$ 44,095	$ (32,318)

(1) Our 2024 revised operating plans adjusted our research and development focus. For the Phase 1 clinical trial of CT-0525, the last patient was dosed in November 2024 and all clinical activity ended in January 2025. All clinical activities related to CT-0508 also ceased in 2024. In connection with our 2024 revised operating plans, we had also elected to pause further development of CT-1119, a mesothelin-targeted CAR-Monocyte, pending additional financing. We currently have no intention of resuming our historical research and development activities and we are in the process of pursuing an orderly wind down of our operations.

(2) Our cash preservation plan and the 2024 revised operating plans included reductions in workforce which resulted in severance costs during the nine months ended September 30, 2025 and 2024.

The decrease in research and development expenses was primarily attributable to a decrease in our program expenses, personnel costs and other clinical and pre-clinical development expenses, and facility expenses in connection with the cash preservation plan and 2024 revised operating plans.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the nine months ended September 30, 2025 and 2024 (in thousands). Certain amounts related to prior period results were reclassified to conform to current period presentation. These reclassifications have not changed total general and administrative expenses.

	Nine Months Ended September 30,		
	2025	2024	Change
Personnel costs, including stock-based compensation (1)	$ 3,087	$ 6,895	$ (3,808)
Professional fees	4,901	6,487	(1,586)
Facilities and supplies	(249)	1,342	(1,591)
Insurance, taxes, and fees	398	955	(557)
Other expenses	363	529	(166)
Total general and administrative expenses	$ 8,500	$ 16,208	$ (7,708)

(1) Our cash preservation plan and 2024 revised operating plans included reductions in workforce which resulted in severance costs during the nine months ended September 30, 2025 and 2024.

The decrease in general and administrative expenses was primarily attributable to a decrease in our personnel costs and facilities and supplies in connection with the cash preservation plan and the 2024 revised operating plans.

Loss on Sale of Held For Sale Assets

We recognized $3.2 million in losses on sale of held for sale assets during the nine months ended September 30, 2025, related to the return of finance lease right-of-use (ROU) assets and the sale of previously classified equipment, and partially offset by gains associated with the termination of the finance lease. We did not incur losses or gains on sale of held for sale assets during the nine months ended September 30, 2024.

Loss on Abandonment of Operating Lease Right-of-Use Asset

We recognized $0.9 million in losses related to the abandonment of laboratory space operating lease space during the nine months ended September 30, 2025. We did not incur such losses during the nine months ended September 30, 2024.

Other Income, Net

We recognized $1.1 million and $1.5 million in other income, net for the nine months ended September 30, 2025 and 2024, which was attributable to interest earned on excess cash and the sale of supplies in connection with our cash preservation plan.

Liquidity and Capital Resources

Sources of Liquidity

As of September 30, 2025, we had $2.8 million in cash and cash equivalents and an accumulated deficit of $279.9 million. To date, we have not commercialized any products or generated any revenue from product sales and have financed operations primarily with proceeds from sales of preferred stock, proceeds from our collaboration with Moderna, research tax credits, convertible debt financing, and completion of the Sesen Bio Merger and related financing. Through September 30, 2025, we have generated $93.4 million of collaboration revenues related to research and development services, option rights, and milestones.

As previously disclosed, on September 16, 2025, pursuant to Section 9.1(k) of the Merger Agreement, we delivered written notice to OrthoCellix of termination of the Merger Agreement, effective immediately, as a result of OrthoCellix's failure to secure the concurrent financing amount of at least $25.0 million as of September 15, 2025. Pursuant to Section 9.3(e) of the Merger Agreement, on or prior to

September 18, 2025, OrthoCellix was required to pay us a Termination Fee in an amount equal to $0.8 million as a result of the termination of the Merger Agreement pursuant to Section 9.1(k). In addition, pursuant to Section 9.3(f) of the Merger Agreement, on or prior to September 18, 2025, OrthoCellix was required to pay us an Expense Reimbursement in an amount equal to $0.5 million as a result of the termination of the Merger Agreement pursuant to Section 9.1(k). To date, we have not received from Ocugen the Termination Fee or the Expense Reimbursement. OrthoCellix has not confirmed its intention to pay the Termination Fee or Expense Reimbursement. We intend to vigorously seek to enforce our right to receive such payments. We recorded a receivable of approximately $1.3 million for the Termination Fee and Expense Reimbursement which is included in prepaid expenses and other assets on our unaudited interim consolidated balance sheet and within general and administrative charges on our unaudited consolidated statements of operations and comprehensive loss as of and for the nine months ended September 30, 2025.

As of February 2025, Moderna has nominated all 12 oncology research targets under the collaboration. As such, we will not be conducting any additional research activities under the collaboration agreement and we will not be receiving any further research funding from Moderna under the Moderna License Agreement. We received the final research and development payment of $2.9 million from Moderna in January 2025. Pursuant to the Moderna Amendment entered into in September 2025, in exchange for a one-time cash payment of $4.0 million paid to us, Moderna has no further obligation to make any financial payments to us under or in connection with the Moderna License Agreement, subject to certain specified exceptions. Specifically, Moderna is no longer required to pay us any development target designation, development, regulatory and commercial milestone payments, any royalties on net sales of any products that are commercialized under the Moderna License Agreement or any research costs, regardless of whether such applicable milestone event, sale of product or research cost occurs on or after the Amendment Effective Date.

On August 18, 2025, we entered into the Patent Purchase Agreement for the sale of certain of our early-stage preclinical assets to Resolution. Pursuant to the Patent Purchase Agreement, we sold to Resolution all right, title and interest in and to certain patents, know-how and electronic files (each as described in the Patent Purchase Agreement) related to (a) engineered macrophages secreting fibrolytic/anti- inflammatory factors, and (b) engineered macrophages expressing cytokine switch receptors for a cash payment from Resolution of $0.5 million.

On April 17, 2023, we filed a universal shelf registration statement on Form S-3, which was declared effective on May 2, 2023, or the Registration Statement. Under the Registration Statement, we may offer and sell up to $300.0 million of a variety of securities, including debt securities, common stock, preferred stock, depository shares, subscription rights, warrants and units from time to time in one or more offerings at prices and on terms to be determined at the time of the offering. On May 12, 2023, we entered into an Amended and Restated Open Market Sale Agreement[SM], or the Sale Agreement, with Jefferies LLC, as sales agent, pursuant to which we may offer and sell shares of our common stock with an aggregate offering price of up to $100.0 million under an “at-the-market” offering program. As of September 30, 2025, we have sold 1,362,917 shares of our common stock for net proceeds of $3.0 million.

Cash Flows

The following table shows a summary of our cash flows for the nine months ended September 30, 2025 and 2024 (in thousands):

	Nine Months Ended September 30,	
	2025	2024
Cash (used in) provided by		
Operating activities	$ (14,063)	$ (51,565)
Investing activities	687	(123)
Financing activities	(1,756)	964
Net change in cash, cash equivalents and restricted cash	$ (15,132)	$ (50,724)

Cash Flows from Operating Activities

During the nine months ended September 30, 2025, we used $14.1 million of net cash in operating activities. Cash used in operating activities reflected net income of $25.7 million and $7.5 million of non-cash charges related to depreciation and amortization expense, stock-based compensation, reductions in the operating ROU assets, the write-off of deferred financing costs, losses on the sale of assets held for sale, gain on sale of property and equipment, and loss on abandonment of operating lease ROU asset. These increases in cash were offset by a $47.3 million net change in our operating assets and liabilities attributable to the timing in which we pay our vendors for research and development activities and a decrease in our deferred revenue.

During the nine months ended September 30, 2024, we used $51.6 million of net cash in operating activities. Cash used in operating activities reflected our net loss of $42.8 million that was offset by $11.2 million of non-cash charges related to depreciation and amortization expense, stock-based compensation, reductions in the operating ROU assets, and a $20.0 million net change in our operating assets and liabilities attributable to the timing in which we pay our vendors for research and development activities.

Cash Flows from Investing Activities

During the nine months ended September 30, 2025, we received $0.7 million of cash from investing activities related to the sale of property and equipment and assets held for sale.

During the nine months ended September 30, 2024, cash used in investing activities reflected the purchases of $0.1 million of property and equipment.

Cash Flows from Financing Activities

During the nine months ended September 30, 2025, we used $1.8 million of net cash from financing activities, attributable to $1.5 million in payments of finance liability for failed-sale leaseback arrangements and $0.3 million in payments of principal related to finance lease liabilities.

During the nine months ended September 30, 2024, we received $1.0 million of net cash from financing activities, primarily attributable to $2.4 million from the sale of common stock in connection with the Sale Agreement, net of issuance costs, and $0.7 million in proceeds from failed-sale leaseback arrangements, partially offset by $1.2 million in payments of principal related to finance lease liabilities, and $0.9 million in payments of finance liability from failed-sale leaseback arrangements.

Funding Requirements

As of September 30, 2025, we had cash and cash equivalents of $2.8 million. We have no intention of resuming our historical research and development activities. We expect to continue to attempt to sell or otherwise dispose of or monetize our remaining assets and pursue an orderly wind down of our remaining operations.

Although we reduced operations in connection with our cash preservation plan, we incurred significant expenses in connection with our evaluation of strategic alternatives, including the evaluation and pursuit of the OrthoCellix Merger, which we terminated on September 16, 2025. We expect to continue to incur significant expenses and operating losses in connection with the ongoing process of exploring transactions with certain third parties to monetize certain legacy assets and in connection with our ongoing pursuit of an orderly wind down of our operations. A considerable portion of these expenses, such as legal, accounting and advisory fees and other related charges, will be incurred regardless of whether we enter into a monetization transaction for legacy assets.

We do not expect that our cash and cash equivalents will support our operations for more than one year following the date of this Quarterly Report on Form 10-Q. As a result of these conditions, substantial doubt exists about our ability to continue as a going concern. We have based this estimate on assumptions that may prove to be wrong. In addition, changing circumstances could cause us to consume capital significantly faster than we currently anticipate, and we may need to spend more than currently expected because of circumstances beyond our control. As a result, we could deplete our capital resources sooner than we currently expect.

There can be no assurance that we will be able to identify and complete additional asset monetization transactions. It is unlikely that there will be a meaningful amount of cash available for distribution to stockholders in connection with a wind down of our operations or a dissolution and liquidation of the company. We also may determine, following effectiveness of the Form 25 delisting our common stock from Nasdaq, to file a Form 15 with the SEC to suspend our reporting obligations under Sections 13 and 15(d) of the Securities Exchange Act of 1934, as amended. We do not expect to be able to continue to file reports with SEC, including but not limited to the Annual Report on Form 10-K for the fiscal year ending December 31, 2025.

Our board of directors may decide that it is in the best interests of our stockholders to commence bankruptcy or liquidation and dissolution proceedings. In addition, if our board of directors were to approve and recommend, and our stockholders were to approve, our dissolution, we are required under Delaware law to pay our outstanding obligations, as well as to make reasonable provision for contingent and unknown obligations, prior to making any distributions in liquidation to our stockholders. As a result of this requirement, a portion of our assets may need to be reserved pending the resolution of such obligations. In addition, we may be subject to litigation or other claims related to a liquidation and dissolution of the company. If a liquidation and dissolution were pursued, our board of directors, in consultation with its advisors, would need to evaluate these matters and make a determination about a reasonable amount to reserve.

In the event that our board of directors determines that a liquidation and dissolution of our business approved by stockholders is desirable or the best method to maximize value, we would prepare proxy materials and schedule a special meeting of our stockholders to seek approval of such a plan.

If we are able to raise funds through a strategic collaboration or partnership with one or more parties, we may have to relinquish valuable rights to our intellectual property, future revenue streams, discovery programs or product candidates, grant licenses on terms that may not be favorable to us or grant rights to develop and market product candidates that we would otherwise prefer to develop and market on our own, any of which may have a material adverse effect on our business, operating results and prospects.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments at September 30, 2025 (in thousands):

	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	More than 5 Years
Contractual obligations:					
Operating lease commitments[1]	$ 939	224	470	245	—
Total contractual obligations	$ 939	$ 224	$ 470	$ 245	$ —

(1) Reflects obligations pursuant to our office lease in Philadelphia, Pennsylvania.

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the actions under the contracts. Any remaining contracts with CMOs, CROs and other third parties for the manufacture of our product candidates and to support pre-clinical research studies and clinical testing are generally cancellable by us upon prior notice and do not contain any minimum purchase commitments. Payments due upon cancellation consisting only of payments for services provided or expenses incurred, including noncancellable obligations of our service providers, up to the date of cancellation are not included in the table above as the amount and timing of such payments are not known.

The table above does not include any potential milestone or royalty payments that we may be required to make under our license agreement with Penn and under licensing agreements with other third parties not considered material. We excluded these milestone and royalty payments given that the timing and likelihood of any such payments cannot be reasonably estimated at this time.

In connection with the cash preservation plan, we incurred $4.2 million during the nine months ended September 30, 2025, which primarily represents one-time employee termination benefits directly associated with the workforce reduction. We expect to pay the majority of the related reduction in workforce amounts by the end of 2025.

Further, in connection with the terminations without cause of Mr. Kelly and Dr. Klichinsky as part of our wind down activities, we are required to pay certain termination benefits to each of them. On October 15, 2025, we entered into a Separation and Release Agreement with Mr. Kelly (the "Kelly Separation Agreement"), pursuant to which, based on his termination without cause, Mr. Kelly is entitled to receive, subject to his execution and non-revocation of a release of claims in our favor and compliance with all post-employment obligations under law or any restrictive covenant agreement with us, (1) a lump sum payment equal to twelve months of his base salary, (2) a lump sum payment equal to 100% of his target bonus for 2025 pro-rated based on his departure date of November 15, 2025, and (3) for the earlier of 12 months or until Mr. Kelly becomes eligible for health insurance benefits by a subsequent employer, a taxable monthly payment of $3,757, which he may use to cover health insurance costs or for any other purpose, in each case, minus any applicable deductions and withholdings. The Kelly Separation Agreement supersedes the Retention and Transaction Bonus Agreement, dated August 29, 2025, by and between the Company and Mr. Kelly (the "Bonus Agreement"), which Bonus Agreement will be of no further force or effect.

On October 15, 2025, we entered into a Separation and Release Agreement with Dr. Klichinsky, pursuant to which, based on his termination without cause, Dr. Klichinsky is entitled to receive, subject to his execution and non-revocation of a release of claims in our favor and compliance with all post-employment obligations under law or any restrictive covenant agreement with us, (1) twelve months of his base salary, payable in installments over 12 months in accordance with our regular payroll practices, (2) a lump sum payment equal to 100% of his target bonus for 2025 pro-rated based on his departure date of October 15, 2025, and (3) for the earlier of 12 months or until Dr. Klichinsky becomes eligible for health insurance benefits by a subsequent employer, a taxable monthly payment of $2,245, which he may use to cover health insurance costs or for any other purpose, in each case, minus any applicable deductions and withholdings.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our unaudited interim consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of our unaudited interim consolidated financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our unaudited interim consolidated financial statements. We base our estimates on our limited historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

During the nine months ended September 30, 2025, there were no material changes to our critical accounting policies and estimates from those described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on March 31, 2025.

Recent Accounting Pronouncements

See Note 3 - *Recently issued accounting pronouncements* to our unaudited interim consolidated financial statements found in this Quarterly Report on Form 10-Q for a description of recent accounting pronouncements applicable to our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities. Our interest-earning assets consist of cash and cash equivalents. Interest income earned on these assets was $0.1 million and $1.9 million for the nine months ended September 30, 2025 and 2024, respectively. Our interest income is sensitive to changes in the general level of interest rates, primarily U.S. interest rates.

Inflation generally affects us by increasing our cost of labor and clinical trial costs. We do not believe that inflation had a material effect on our business, financial condition or results of operations during the nine months ended September 30, 2025 and 2024.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of September 30, 2025. The term "disclosure controls and procedures," as defined in the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of our disclosure controls and procedures as of September 30, 2025, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

No changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. As of the date of this Quarterly Report on Form 10-Q, we were not a party to any material legal matters or claims.

Item 1A. Risk Factors.

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors set forth below and discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024, which could materially affect our business, operating results or financial condition. The risk factors disclosure in our Annual Report on Form 10-K for the year ended December 31, 2024 is qualified by the information that is described in this Quarterly Report on Form 10-Q. The risks described below and in our Annual Report on Form 10-K for the year ended December 31, 2024 may not be the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, operating results or financial condition.

As used in this section, references to "the" "Company, "Carisma," "we," "us," and "our" refer to Carisma Therapeutics Inc. (formerly Sesen Bio, Inc.) and its consolidated subsidiaries.

Risks Related to Our Planned Wind Down and Trading on OTC Markets

It is highly unlikely that there will be cash available for distribution to our stockholders as part of the wind down process and we cannot assure you as to the amount or timing if distributions, if any.

It is unlikely that there will be a meaningful amount of cash available for distribution to stockholders in connection with a wind down of our operations or a dissolution and liquidation of the company. We cannot predict with certainty the amount or timing of distributions to our stockholders or whether any such distributions will occur. Uncertainties as to the ultimate amount of our liabilities, the operating costs and amounts to be set aside for claims, obligations and provisions during the winding-up process, and the related timing to complete such transactions make it impossible to predict with certainty the actual net cash amount, if any, that will ultimately be available for distribution to stockholders or the timing of any such distributions. Examples of uncertainties that could reduce the value of distributions to our stockholders include the receipt of no, or lower than expected, proceeds in the course of our efforts to monetize our remaining assets; our ability to collect from Ocugen the Termination Fee and Expense Reimbursement; unanticipated costs relating to the defense, satisfaction or settlement of any future lawsuits or other claims threatened against us or our directors or officers; amounts necessary to resolve claims of any creditors or other third parties; and delays in the winding up process.

In addition, as we wind down, we will continue to incur expenses from operations, including directors' and officers' insurance; payments to service providers; taxes; legal, accounting and consulting fees and expenses related to our filing obligations with the SEC, which will reduce any amounts available for distribution to our stockholders.

Our board of directors will determine, in its sole discretion, the timing of the distribution of the remaining amounts, if any, to our stockholders. We can provide no assurance as to if or when any such distributions will be made, and we cannot provide any assurance as to the amount to be paid to stockholders in any such distributions, if any are to be made. Accordingly, holders of our common stock and other securities could lose all or a significant portion of their investment in the company.

Our board of directors may elect to commence bankruptcy or liquidation and dissolution proceedings, and such proceedings may delay our potential wind down timeframe, increase our costs, and decrease the cash, if any, that may be available for stockholders.

Our board of directors may decide that it is in the best interests of our stockholders to commence bankruptcy or liquidation and dissolution proceedings. In addition, if our board of directors were to approve and recommend, and our stockholders were to approve, a dissolution of the company, we would be required under Delaware law to pay our outstanding obligations, as well as to make reasonable provision for contingent and unknown obligations, prior to making any distributions in liquidation to our stockholders. As a result of this requirement, a portion of our assets may need to be reserved pending the resolution of such obligations. In addition, we may be subject to litigation or other claims related to a liquidation and dissolution of the company. If a liquidation and dissolution were pursued, our board of directors, in consultation with its advisors, would need to evaluate these matters and make a determination about a reasonable amount to reserve. Accordingly, our stockholders could lose all or a significant portion of their investment in the event of a liquidation and dissolution of the company. A liquidation would be a lengthy and uncertain process with no assurance of any value ever being returned to our stockholders.

We are substantially dependent on our consultants, along with any other advisors and consultants we may engage, to facilitate the consummation of any additional asset monetization transactions and our planned wind down of operations.

Our ability to successfully identify and consummate any additional asset monetization transactions and pursue a planned orderly wind down of our operations depends in large part on our ability to retain our remaining consultants along with any other advisors and consultants we may engage. One or more may terminate their engagement with us on short notice. The loss of the services of any of these individuals could potentially harm our ability to identify, evaluate and pursue additional asset monetization transactions as well as engage in ongoing winddown activities.

We may determine to initiate steps to suspend our reporting obligations under Sections 13 and 15(d) of the Securities Exchange Act of 1934, as amended, which will substantially reduce publicly available information about us.

We may determine to initiate steps to suspend our reporting obligations under Sections 13 and 15(d) of the Securities Exchange Act of 1934, as amended, in order to further curtail our expenses; however, such process may be protracted and we may be required to continue to file reports to disclose material events. Accordingly, we will continue to incur expenses that will reduce any amount available for distribution, including expenses of complying with public company reporting requirements and paying our service providers, among others. If our reporting obligations cease, publicly available information about us will be substantially reduced.

Our delisting from Nasdaq and transition to OTCID market tier may adversely affect the liquidity and market price of our common stock.

Our common stock commenced trading on the OTCID market tier operated by the OTC Markets Group at the open of business on October 13, 2025 under our current trading symbol “CARM.” Trading on the OTCID market tier may make it more difficult for investors to dispose of, or obtain accurate quotations for the price of, our common stock, and may lead to a reduction in coverage by securities analysts and the news media, which could cause the price of our common stock to decline further. There is no guarantee that a broker will continue to make a market in our common stock or that trading of our common stock will continue on the OTCID market tier or otherwise or that we will continue to provide information sufficient to enable brokers to provide quotes for our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Securities

During the period covered by this Quarterly Report on Form 10-Q, we did not issue any unregistered equity securities.

Purchase of Equity Securities

We did not purchase any of our registered equity securities during the period covered by this Quarterly Report on Form 10-Q.

Item 5. Other Information.

Director and Officer Trading Arrangements

None of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as such terms are defined in Items 408(a) and 408(c) of Regulation S-K, respectively) during the quarterly period covered by this report.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Carisma Therapeutics Inc., dated March 7, 2023, as amended (incorporated by reference to Exhibit 3.1 to the registrant's Annual Report on Form 10-K/A (File No. 001-36296) filed on April 29, 2025).
3.2	Amended and Restated By-Laws of Carisma Therapeutics Inc., dated March 7, 2023 (incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K (File No. 001-36296) filed on March 8, 2023).
10.1	Amended and Restated Employment Agreement, dated August 29, 2025, by and between the registrant and Steven Kelly (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K (File No. 001-36296) filed on August 29, 2025)
10.2	Retention and Transaction Bonus Agreement, dated August 29, 2025, by and between the registrant and Steven Kelly (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K (File No. 001-36296) filed on August 29, 2025)
10.3	Separation and Release Agreement, dated October 15, 2025, by and between the registrant and Steven Kelly (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K (File No. 001-36296) filed on October 15, 2025)
10.4	Separation and Release Agreement, dated October 15, 2025, by and between the registrant and Michael Klichinsky (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K (File No. 001-36296) filed on October 15, 2025)
10.5†	First Amendment to the Collaboration and License Agreement, dated September 16, 2025, by and between the registrant and ModernaTX, Inc.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1+	Certifications of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2+	Certifications of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from Carisma Therapeutics Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2025 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations and Comprehensive Loss, (iii) the Consolidated Statements of Stockholders' Equity (Deficit), (v) the Consolidated Statements of Cash Flows, and (vi) Notes to the Interim Consolidated Financial Statements.
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

\+ Furnished herewith.

† Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

SIGNATURES

Pursuant to the requirements 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.

CARISMA THERAPEUTICS INC.

Date: November 12, 2025

By: /s/ Steven Kelly
Steven Kelly
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 12, 2025

By: /s/ Natalie McAndrew
Natalie McAndrew
Vice President of Finance
(Principal Financial Officer and Principal Accounting Officer)

Certain identified information has been excluded from the exhibit because it is both (i) not material and (ii) is the type of information that the registrant treats as private or confidential. Double asterisks denote omissions.

FIRST AMENDMENT TO THE COLLABORATION AND LICENSE AGREEMENT

This **FIRST AMENDMENT TO THE COLLABORATION AND LICENSE AGREEMENT** (the "**Amendment**") is entered into and made effective as of September 16, 2025 (the "**Amendment Effective Date**"), by and between CARISMA Therapeutics Inc., a Delaware corporation ("**Carisma**"), and ModernaTX, Inc., a Delaware corporation ("**Moderna**"). Moderna and Carisma are each referred to herein by name or as a "**Party**" or, collectively, as the "**Parties**".

RECITALS

WHEREAS, Moderna and Carisma are parties to a Collaboration and License Agreement dated as of January 7, 2022 (the "**Agreement**"); and

WHEREAS, the Parties wish to amend the terms of the Agreement, effective as of the Amendment Effective Date, as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Definitions**. Capitalized terms used herein but not defined shall have the meaning ascribed to such terms under the Agreement.

2. **One-Time Payment**. No later than ten (10) Business Days following the Amendment Effective Date, Moderna shall pay Carisma a one-time, non-refundable and non-creditable payment of four million U.S. Dollars ($4,000,000) by wire transfer of immediately available funds in full consideration for the waiver and release of payment obligations set forth herein (such payment, the "**One-Time Payment**").

3. **Waiver of Moderna Payment Obligation; Termination of Moderna [**] IP Sublicense Option; Waiver of Other Obligations**.

   a. **Payments to Carisma**. Notwithstanding anything in the Agreement to the contrary (including, but not limited to, Article VI (Financial Terms)), effective as of the Amendment Effective Date, Moderna shall have no further obligation to make any financial payments to Carisma under or in connection with the Agreement, except for (i) the One-Time Payment described in Section 2 of this Amendment and [**]. For the avoidance of doubt, without limiting the foregoing sentence, effective as of the Amendment Effective Date, Moderna shall not be required to pay to Carisma any (i) Development

Target Designation Milestone Payments under Section 6.2, (ii) Development Milestone Payments under Section 6.3, (iii) Sales Milestone Payments under Section 6.4, (iv) royalties on Annual Net Sales; (v) any Research Costs under Section 2.6, in each case (i) – (v) regardless of whether such applicable milestone event, sale of Product or Research Cost occurs on or after the Amendment Effective Date; or (vi) any recovery or distribution received by Moderna pursuant to Section 10.1.5(b). Solely for purposes of Section 6.5.2 of the Agreement [**], the Royalty Term for all Products shall expire on the Amendment Effective Date and the licenses granted to Moderna under the Agreement shall automatically become fully paid-up, perpetual, irrevocable and royalty-free.

b. **[**]**.

c. Termination Moderna [**] IP Sublicense Option. Moderna's option to take a sublicense to the [**] IP pursuant to Section 8.5.3.3 of the Agreement is hereby terminated and shall have no further force or effect.

d. Other Obligations. Effective as of the Amendment Effective Date, [**], the requirements under Section 3.1.1, Section 3.1.3, Section 3.3, Section 6.5.7, Section 6.8 and Section 8.3 of the Agreement shall no longer apply. Any cross-references in the Agreement to Section 3.1.3 as a performance requirement or termination trigger are hereby deleted and of no further effect. Furthermore, the JSC Term shall expire on the Amendment Effective Date.

4. **Release**. Effective upon receipt of the One-Time Payment, Carisma, on behalf of itself, its estate and any successor or permitted assign, irrevocably and unconditionally releases and forever discharges Moderna and its Affiliates from any and all claims for the payments that are waived under this Amendment. The Parties agree that the One-Time Payment constitutes good, valuable and reasonably equivalent consideration for the waiver and release set forth herein. The Parties further agree that such waiver and release form an integral, non-severable economic term of the intellectual property licenses granted under Agreement and any retention or continuation of such licenses by Moderna pursuant to 11 U.S.C. § 365(n) (or any comparable law) shall automatically include, without further action by any Party, the full benefit of this waiver and release. Carisma, its Affiliates and each of their respective predecessors, successors, assigns, acquirors, trustees, debtors-in-possession and estate representatives, covenants and agrees that it will not directly or indirectly institute, maintain or voluntarily assist in any proceeding of any kind against Moderna or its Affiliates with respect to the payments waived under this Amendment. Carisma further represents and warrants that the payment claims waived under this Agreement have not been sold, factored, pledged or otherwise encumbered, and covenants not to do so.

5. **Binding Effect**. The waiver and release set forth in this Amendment are and shall remain in full force and effect and are binding upon, and shall inure to the benefit of, the Parties and their respective successors and permitted assigns, including but not limited to any Person or

entity that acquires directly or indirectly (whether by merger, consolidation, sale of stock, sale of assets, operation of law or otherwise) all or substantially all of the equity interests or assets of Carisma, or any trustee, debtor-in-possession, receiver or estate representative of Carisma in any insolvency, bankruptcy or similar proceeding. Carisma shall not, and shall not permit any estate representative, purchaser or acquirer to, assume or assign this Agreement unless the proposed assignee executes a written instrument expressly assuming all covenants, liabilities and the irrevocable release and waiver of payments as set forth herein. Any purported assumption or assignment in violation of this Section 5 shall be null and void. The Parties acknowledge and agree that these provisions constitute a full accord and satisfaction of the released payment claims and shall survive any rejection or assumption of the Agreement or this Amendment under 11 U.S.C. § 365 or any comparable law.

6. **Representations of Authority**. Each Party represents and warrants to the other Party that (i) it has the full right, power and authority to enter into this Amendment, (ii) the execution, delivery and performance of this Amendment has been duly authorized by all necessary corporate action on the part of such Party; (iii) this Amendment has been duly executed by it and is legally binding upon it, enforceable against such Party and its successors and permitted assigns in accordance with its terms, and (iv) the execution and delivery by such Party of this Agreement does not conflict with the terms of any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any Applicable Law.

7. **Full Force and Effect**. Except as specifically agreed to in this Amendment, the Agreement and all provisions therein are, and shall continue to be, in full force and effect and are hereby ratified and confirmed.

8. **Conflicts**. In the event of a conflict between a provision of the Agreement and a provision of this Amendment, the provision of this Amendment will control to the extent of such conflict.

9. **Governing Law**. This Amendment, and all disputes relating to this Amendment, shall be governed by the laws of the State of Delaware, notwithstanding anything conflicts of laws provisions thereof.

10. **Further Assurances**. Each Party shall execute, acknowledge and deliver such further instructions, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Amendment.

11. **Counterparts**. This Amendment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Electronically scanned signatures shall have the same effect as their originals.

[Signature Page Follows]

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have caused this Amendment to be executed by their respective duly authorized officers as of the Amendment Effective Date.

CARISMA THERAPEUTICS INC.		**MODERNATX, INC.**	
By:	/s/ Steven Kelly	By:	/s/ Eliot Green
Name:	Steven Kelly	Name:	Eliot Green
Title:	President and Chief Executive Officer	Title:	Vice President, Corporate Development
Date:	September 15, 2025	Date:	16 September 2025

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven Kelly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Carisma Therapeutics 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. The registrant's other certifying officer(s) and I are 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 our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us 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 our 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. The registrant's other certifying officer(s) and I have disclosed, based on our 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: November 12, 2025

By: /s/ Steven Kelly
Steven Kelly
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Natalie McAndrew, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Carisma Therapeutics 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. The registrant's other certifying officer(s) and I are 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 our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us 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 our 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. The registrant's other certifying officer(s) and I have disclosed, based on our 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: November 12, 2025

By: /s/ Natalie McAndrew
Natalie McAndrew
Vice President of Finance
(Principal Financial Officer)

Exhibit 32.1

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 the Quarterly Report of Carisma Therapeutics Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my 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: November 12, 2025

By: /s/ Steven Kelly
Steven Kelly
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

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 the Quarterly Report of Carisma Therapeutics Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my 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: November 12, 2025

By: /s/ Natalie McAndrew
Natalie McAndrew
Vice President of Finance
(Principal Financial Officer)