



CAR-T biotech Cargo Therapeutics prices \$281M IPO

The offering is one of the largest for a biotech company in 2023, a year that has otherwise been sluggish for drugmaker IPOs.

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Cargo Therapeutics priced an initial stock offering on Thursday, bringing in \$281 million to fund the biotechnology startup's plans for developing better cancer drugs.

The San Mateo, California-based company priced 18.75 million shares at \$15 apiece, on the low end of its proposed price range. Its IPO was the fourth largest this year for a biotech, according to BioPharma Dive data.

Cargo's focus is on CAR-T therapies, a type of cellular treatment for several kinds of blood cancers. While some patients benefit greatly from CAR-T therapy — companies like Gilead have recently received expanded clearances for their CAR-T drugs based on strong data — not all do. Others relapse months after treatment.

Cargo's lead program, dubbed CRG-022, is in Phase 2 clinical testing for patients with large B-cell lymphoma that is relapsed or refractory to existing CAR-T therapies. While CAR-T therapies approved by the Food and Drug Administration for lymphoma target a protein called CD19, CRG-022 is aimed at a different

protein, CD22. Cargo claims its treatment can treat cancers that don't respond to or have evaded CD19-directed treatment.

CRG-022 is also being tested in patients who have not had other CAR-T therapies as well as children with B-cell acute lymphoblastic leukemia. A second program, CRG-023, is in preclinical studies for B-cell malignancies.

Cargo announced it had raised a \$200 million Series A round in March, backed by notable biotech investors such as Samsara BioCapital and Third Rock Ventures.

"Given Cargo's progress to date and its experienced leadership team, Cargo is well-positioned to be first-to-market with an autologous CD22 CAR T-cell therapy," Reid Huber, a partner at Third Rock Ventures, said at the time.

That projection hinges on the biotech's ability to fund its clinical trial plans. In a securities filing ahead of its public offering, Cargo wrote that its cash on hand and proceeds from two tranches of stock issued in March and October "will not be sufficient to fund our operations for at least one year from the issuance date of our financial statements."

However, the proceeds from the IPO should stretch its financial runway into 2025, the company said in the document.

Cargo is now one of seven cancer-focused drugmakers — and the 19th biotech overall — to price a new stock offering in 2023, according to BioPharma Dive data.

At \$281M, Cargo's offering is also the second-largest by a cancer drugmaker in 2023, behind RayzeBio's \$311 million IPO in September. It matches the profile of biotechs that have successfully pulled off IPOs this year, when investors looking for surer bets have gravitated toward companies with clinical data. Even then,

newly public companies have struggled once on the market this year, with most now trading below their IPO price.

Earlier this week, gene therapy biotech Lexeo Therapeutics priced an offering that came below its expected share price, raising \$100 million for experimental cardiovascular and neurodegenerative disease drugs.