UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2026

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: 001-39527

PRELUDE THERAPEUTICS INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

Delaware	**81-1384762**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
175 Innovation Boulevard Wilmington, Delaware	**19805**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (302) 467-1280

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	PRLD	Nasdaq Global Select Market

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 11, 2026, the registrant had 80,070,666 shares of voting and non-voting common stock, $0.0001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

PRELUDE THERAPEUTICS INCORPORATED

BALANCE SHEETS

(in thousands, except share data)	September 30, 2026	December 31, 2025
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 23,412	$ 35,256
Marketable securities	116,589	67,958
Prepaid expenses and other current assets	2,426	2,478
Total current assets	142,427	105,692
Restricted cash	2,725	3,235
Property and equipment, net	4,063	5,113
Right-of-use asset	25,996	27,165
Prepaid expenses and other non-current assets	274	110
Total assets	$ 175,485	$ 141,315
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 2,971	$ 3,983
Accrued expenses and other current liabilities	8,563	12,533
Deferred revenue	19,601	33,734
Operating lease liability	2,796	2,744
Total current liabilities	33,931	52,994
Deferred revenue, net of current portion	-	1,798
Other liabilities	2,655	2,841
Operating lease liability	14,763	15,045
Total liabilities	51,349	72,678
Commitments (Note 8)		
Stockholders' equity:		
Voting common stock, $0.0001 par value: 487,149,741 shares authorized; 65,297,977 and 48,225,493 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	7	5
Non-voting common stock, $0.0001 par value: 112,850,259 shares authorized; 14,728,135 shares issued and outstanding at both September 30, 2026 and December 31, 2025	1	1
Additional paid-in capital	844,572	751,684
Accumulated other comprehensive (loss) income	(533)	8
Accumulated deficit	(719,911)	(683,061)
Total stockholders' equity	124,136	68,637
Total liabilities and stockholders' equity	$ 175,485	$ 141,315

See accompanying notes to unaudited interim financial statements.

PRELUDE THERAPEUTICS INCORPORATED

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

(in thousands, except share and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 5,647	$ 6,500	$ 15,931	$ 6,500
Operating expenses				
Research and development	14,830	21,708	44,562	76,308
General and administrative	5,082	5,210	15,265	17,410
Total operating expenses	19,912	26,918	59,827	93,718
Loss from operations	(14,265)	(20,418)	(43,896)	(87,218)
Other income, net	1,721	693	7,046	4,177
Net loss	$ (12,544)	$ (19,725)	$ (36,850)	$ (83,041)
Per share information:				
Net loss per share of common stock, basic and diluted	$ (0.12)	$ (0.26)	$ (0.39)	$ (1.09)
Weighted average common shares outstanding, basic and diluted	103,091,149	76,132,337	94,741,927	76,038,055
Comprehensive loss:				
Net loss	$ (12,544)	$ (19,725)	$ (36,850)	$ (83,041)
Unrealized (loss) gain on marketable securities, net of tax	(306)	3	(541)	(33)
Comprehensive loss	$ (12,850)	$ (19,722)	$ (37,391)	$ (83,074)

See accompanying notes to unaudited interim financial statements.

PRELUDE THERAPEUTICS INCORPORATED

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

(in thousands, except shares)	Voting common stock		Non-voting common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
	Shares	Amount	Shares	Amount				
Balance at January 1, 2026	48,225,493	$ 5	14,728,135	$ 1	$ 751,684	$ 8	$ (683,061)	$ 68,637
Issuance of common stock upon vesting of RSUs, net of 21,426 shares withheld for employee taxes	64,594	—	—	—	(20)	—	—	(20)
Unrealized loss on marketable securities, net of tax	—	—	—	—		(49)	—	(49)
Stock-based compensation expense	—	—	—	—	2,000	—	—	2,000
Net loss	—	—	—	—		—	(10,385)	(10,385)
Balance at March 31, 2026	48,290,087	$ 5	14,728,135	$ 1	$ 753,664	$ (41)	$ (693,446)	$ 60,183
Issuance of common stock upon exercise of stock options & vesting of RSUs, net of 3,861 shares withheld for employee taxes	78,119	—	—	—	72	—	—	72
Issuance of common stock and prefunded warrants, net of issuance costs of $4,557	16,611,014	2	—	—	85,441	—	—	85,443
Issuance of common stock under ESPP	49,776	—	—	—	115	—	—	115
Unrealized loss on marketable securities, net of tax	—	—	—	—		(186)	—	(186)
Stock-based compensation expense	—	—	—	—	2,027	—	—	2,027
Net loss	—	—	—	—	—	—	(13,921)	(13,921)
Balance at June 30, 2026	65,028,996	$ 7	14,728,135	$ 1	$ 841,319	$ (227)	$ (707,367)	$ 133,733
Issuance of common stock upon exercise of stock options	268,981	—	—	—	1,221	—	—	1,221
Unrealized loss on marketable securities, net of tax	—	—	—	—	—	(306)	—	(306)
Stock-based compensation expense	—	—	—	—	2,032	—	—	2,032
Net loss	—	—	—	—	—	—	(12,544)	(12,544)
Balance at September 30, 2026	65,297,977	$ 7	14,728,135	$ 1	$ 844,572	$ (533)	$ (719,911)	$ 124,136

PRELUDE THERAPEUTICS INCORPORATED

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)
(UNAUDITED)

(in thousands, except shares)	Voting common stock Shares	Voting common stock Amount	Non-voting common stock Shares	Non-voting common stock Amount	Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
Balance at January 1, 2025	42,298,859	$ 4	12,850,259	$ 1	$ 714,982	$ 35	$ (583,563)	$ 131,459
Issuance of common stock upon vesting of RSUs, net of 3,859 shares withheld for employee taxes	5,516	—	—	—	(5)	—	—	(5)
Issuance of common stock upon exercise of prefunded warrants	1,299,827	—	—	—	—	—	—	—
Unrealized loss on marketable securities, net of tax	—	—	—	—	—	(23)	—	(23)
Stock-based compensation expense	—	—	—	—	3,832	—	—	3,832
Net loss	—	—	—	—	—	—	(32,085)	(32,085)
Balance at March 31, 2025	43,604,202	$ 4	12,850,259	$ 1	$ 718,809	$ 12	$ (615,648)	$ 103,178
Issuance of common stock upon exercise of stock options & vesting of RSUs, net of 3,355 shares withheld for employee taxes	6,020	—	—	—	(2)	—	—	(2)
Issuance of common stock under ESPP	133,844	—	—	—	92	—	—	92
Unrealized loss on marketable securities, net of tax	—	—	—	—	—	(13)	—	(13)
Stock-based compensation expense	—	—	—	—	3,814	—	—	3,814
Net loss	—	—	—	—		—	(31,231)	(31,231)
Balance at June 30, 2025	43,744,066	$ 4	12,850,259	$ 1	$ 722,713	$ (1)	$ (646,879)	$ 75,838
Issuance of common stock upon exercise of stock options & vesting of RSUs, net of 3,355 shares withheld for employee taxes	6,020	—	—	—	(5)	—	—	(5)
Unrealized gain on marketable securities, net of tax	—	—	—	—		3	—	3
Stock-based compensation expense	—	—	—	—	2,423	—	—	2,423
Net loss	—	—	—	—		—	(19,725)	(19,725)
Balance at September 30, 2025	43,750,086	$ 4	12,850,259	$ 1	$ 725,131	$ 2	$ (666,604)	$ 58,534

See accompanying notes to unaudited interim financial statements.

PRELUDE THERAPEUTICS INCORPORATED

STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)	Nine months ended September 30, 2026	2025
Cash flows used in operating activities:		
Net loss	$ (36,850)	$ (83,041)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,085	1,293
Noncash lease expense	1,169	1,150
Stock-based compensation	6,059	10,069
Amortization of premium and discount on marketable securities, net	(1,218)	(183)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	52	(1,092)
Accounts payable	(1,012)	(5,189)
Accrued expenses and other liabilities	(4,162)	(2,465)
Deferred revenue	(15,931)	—
Operating lease liabilities	(230)	37
Net cash used in operating activities	(51,038)	(79,421)
Cash flows provided by investing activities:		
Purchases of marketable securities	(96,685)	(34,127)
Proceeds from maturities of marketable securities	48,731	147,992
Purchases of property and equipment	(35)	(67)
Net cash (used in) provided by investing activities	(47,989)	113,798
Cash flows used in financing activities:		
Proceeds from issuance of common stock and pre-funded warrants	90,000	—
Payment of offering costs	(4,715)	—
Payment of withholding taxes related to stock-based compensation to employees	(64)	(12)
Proceeds from issuance of common stock in connection with the exercise of stock options	1,337	—
Proceeds from issuance of common stock under employee stock purchase plan	115	92
Principal payments on finance lease liabilities	—	(208)
Net cash provided by (used in) financing activities	86,673	(128)
Net (decrease) increase in cash, cash equivalents and restricted cash	(12,354)	34,249
Cash, cash equivalents, and restricted cash at beginning of period	38,491	16,518
Cash, cash equivalents, and restricted cash at end of period	$ 26,137	$ 50,767
Supplemental disclosures of non-cash activities:		
Offering costs in accounts payable and accrued expenses and other current liabilities	$ 6	$ —
Unrealized loss on marketable securities	$ (541)	$ (33)

See accompanying notes to unaudited interim financial statements.

PRELUDE THERAPEUTICS INCORPORATED

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Background

Prelude Therapeutics Incorporated (the "Company") is a precision oncology company built on a foundation of drug discovery excellence to deliver novel precision cancer medicines to underserved patients. Since beginning operations in 2016, the Company has devoted substantially all its efforts to research and development, conducting preclinical and clinical studies, recruiting management and technical staff, administration, and raising capital.

2. Risks and liquidity

The Company faces a number of risks common to early-stage companies in the biotechnology industry. Principal among these risks are the uncertainties in the development process, development of the same or similar technological innovations by competitors, protection of proprietary technology, dependence on key personnel, compliance with government regulations and approval requirements, and the need to obtain additional financing to fund operations. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval, prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel infrastructure, and extensive compliance-reporting capabilities. There can be no assurance that the Company's research and development will be successfully completed, adequate protection for the Company's technology will be obtained, any products developed will obtain necessary government regulatory approval, or any approved products will be commercially viable. The Company operates in an environment of rapid change in technology and substantial competition from pharmaceutical and biotechnology companies.

Since its inception, the Company has incurred operating losses and had an accumulated deficit of $719.9 million as of September 30, 2026. The Company has no product revenue to date and devotes its efforts to research and development. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development.

At September 30, 2026, the Company had cash, cash equivalents, restricted cash and marketable securities totaling $142.7 million and the Company believes these funds will be sufficient to fund its operating expenses and capital expenditure requirements for at least the next twelve months from the filing date of this Quarterly Report on Form 10-Q.

To fund its operating expenses and capital expenditure requirements, the Company plans to seek additional funding through public or private equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. The Company may not be able to obtain financing on acceptable terms, or at all, and the Company may not be able to enter into strategic alliances or other arrangements on favorable terms, or at all. The terms of any financing may adversely affect the holdings or the rights of the Company's stockholders. If the Company is unable to obtain funding, it could be required to delay, reduce or eliminate research and development programs, product portfolio expansion or future commercialization efforts, which could adversely affect its business prospects.

3. Summary of significant accounting policies

The complete summary of significant accounting policies included in the Company's financial statements for the year ended December 31, 2025 can be found in "Note 3. Summary of significant accounting policies" of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 10, 2026.

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. They do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026. The accompanying unaudited interim financial statements should be read in conjunction with the annual audited financial statements and related notes as of and for the year ended December 31, 2025 found in the Company's Annual Report on Form 10-K filed with the SEC on March 10, 2026. Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

Use of Estimates

The preparation of the unaudited interim 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 contingent liabilities at the date of the unaudited interim financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions are periodically reviewed, and the effects of the revisions are reflected in the accompanying unaudited interim financial statements in the period they are determined to be necessary. The most significant estimate relates to accrued clinical trial expenses.

Income Taxes

Based upon the historical and anticipated future losses, management has determined that the deferred tax assets generated by net operating losses and research and development credits do not meet the more likely than not threshold for realizability. Accordingly, a full valuation allowance has been recorded against the Company's net deferred tax assets as of September 30, 2026 and December 31, 2025.

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, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The Company views and manages its operations as a single operating segment.

Cash, Cash Equivalents and Restricted Cash

The Company's cash equivalents include short-term highly liquid investments with an original maturity of 90 days or less when purchased and are carried at fair value in the accompanying balance sheets.

Restricted cash consists of a letter of credit for the benefit of the landlord in connection with the Company's Chestnut Run Lease. See Note 8 - Commitments for further details.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the balance sheet that total to the amounts shown in the statement of cash flows:

(in thousands)	**September 30, 2026**	**December 31, 2025**
Cash and cash equivalents	$ 23,412	$ 35,256
Restricted cash	2,725	3,235
Total cash, cash equivalents, and restricted cash shown in statement of cash flows	$ 26,137	$ 38,491

Marketable Securities

The Company's marketable securities consist of investments in corporate debt securities and United States ("U.S.") government debt securities that are classified as available-for-sale. The securities are carried at fair value with the unrealized gains and losses, net

of tax, included in accumulated other comprehensive loss, a component of stockholders' equity. Realized gains and losses as well as credit losses, if any, on marketable securities are included in the Company's statements of operations. The Company classifies marketable securities that are available for use in current operations as current assets on the balance sheets.

Revenue Recognition

The Company recognizes revenue under ASC 606 – *Revenue from Contracts with Customers*. Under ASC 606, the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. The Company's revenue recognition analysis consists of the following steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognition of revenue as we satisfy each performance obligation.

The Company evaluates all promised goods and services within a customer contract and determines which goods and services are separate performance obligations. This evaluation includes an assessment of whether the good or service is capable of being distinct and whether the good or service is separable from other promises in the contract.

The transaction price is determined based on the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. The Company recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligations when (or as) the performance obligations are satisfied. The Company recognizes a liability when the Company has received payment but has not yet satisfied the related performance obligations. See Note 9 - Exclusive Option Agreement and Collaboration Agreements for a full discussion of the Company's revenue contracts. The following table summarizes the changes in deferred revenue:

(in thousands)	Nine Months Ended September 30, 2026
Beginning balance	$ 35,532
Deferral of revenue	-
Recognition of unearned revenue	(15,931)
Ending balance	$ 19,601

Net Loss Per Share

Basic net loss per share of common stock is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during each period, including pre-funded warrants to purchase shares of common stock. Diluted net loss per share of common stock includes the effect, if any, from the potential exercise of securities, such as stock options, and the effect from unvested restricted stock units which would result in the issuance of incremental shares of common stock. For diluted net loss per share, the weighted-average number of shares of common stock is the same for basic net loss per share due to the fact that when a net loss exists, dilutive securities are not included in the calculation as the impact is anti-dilutive.

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,	
	2026	2025
Unvested restricted stock units	396,517	292,375
Stock options	17,469,254	15,502,712
Employee stock purchase plan	23,627	127,814
	17,889,398	15,922,901

Amounts in the above table reflect the common stock equivalents.

Recently Issued Accounting Pronouncements

Accounting guidance not yet adopted

In November 2024, the FASB issued ASU Update No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures.* ASU 2024-03 requires disclosure, in the notes to the financial statements, of specified

information about certain costs and expenses. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this standard but does not expect that it will have a material impact on the financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting - Narrow-Scope Improvements*. ASU 2025-11 clarifies the applicability of the interim disclosure requirements. The amendment also introduces a principle requiring entities that issue interim financial statements to disclose events and changes occurring after the end of the most recent annual reporting period that are expected to have a material impact on the entity. ASU 2025-11 does not change the recognition or measurement requirements for interim reporting. The amendments in this ASU are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027 for public business entities, with early adoption permitted. The Company is currently evaluating the impact of this standard but does not expect that it will have a material impact on the financial statements and related disclosures.

4. Marketable Securities

The following provides detail of the Company's marketable securities.

(in thousands)	Amortized Cost	Gross unrealized gain	Gross unrealized loss	Fair Value
September 30, 2026				
Marketable securities:				
Corporate debt securities	$ 92,407	$ —	$ (475)	$ 91,932
U.S. government securities	24,715	—	(58)	24,657
Total marketable securities	$ 117,122	$ —	$ (533)	$ 116,589
December 31, 2025				
Marketable securities:				
Corporate debt securities	$ 31,044	$ —	$ (17)	$ 31,027
U.S. government securities	36,908	23	—	36,931
Total marketable securities	$ 67,952	$ 23	$ (17)	$ 67,958

The Company’s marketable securities generally have contractual maturity dates of 23 months or less. As of September 30, 2026, the Company had 41 securities with a total fair market value of $116.6 million in an unrealized loss position. The Company believes any unrealized losses associated with the decline in value of its securities are temporary and the Company has the ability and intent to hold its marketable securities to maturity, therefore, an allowance for credit losses was not recognized.

As of September 30, 2026, the Company had 35 securities with a fair value of $98.9 million with a contractual maturity of less than 12 months and 6 securities with a fair value of $17.7 million with a contractual maturity of greater than 12 months. As of December 31, 2025, all of the Company's securities had a contractual maturity of less than 12 months.

5. Fair Value of Financial Instruments

Fair value is the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value determination in accordance with applicable accounting guidance requires that a number of significant judgments be made. Additionally, fair value is used on a nonrecurring basis to evaluate assets for impairment or as required for disclosure purposes by applicable accounting guidance on disclosures about fair value of financial instruments. Depending on the nature of the assets and liabilities, various valuation techniques and assumptions are used when estimating fair value. The Company follows the provisions of ASC 820, *Fair Value Measurement*, for financial assets and liabilities measured on a recurring basis. The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

- *Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

- *Level 2:* Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- *Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis:

	Fair value measurement at reporting date using		
(in thousands)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
September 30, 2026			
Assets			
Cash equivalents			
Money market funds	$ 20,808	$ —	$ —
Marketable securities:			
Corporate debt securities	—	91,932	—
U.S. government securities	—	24,657	—
Total marketable securities	—	116,589	—
Total financial assets	$ 20,808	$ 116,589	$ —
December 31, 2025			
Assets			
Cash equivalents			
Money market funds	$ 21,620	$ —	$ —
U.S. government securities	—	12,461	—
Marketable securities:			
Corporate debt securities	—	31,027	—
U.S. government securities	—	36,931	—
Total marketable securities	—	67,958	—
Total financial assets	$ 21,620	$ 80,419	$ —

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	September 30, 2026	December 31, 2025
Compensation and related benefits	$ 5,114	$ 7,138
Research and development	2,732	4,430
Other	717	965
	$ 8,563	$ 12,533

7. Common Stock

The Company has two classes of common stock: "voting common stock" and "non-voting common stock." The holders of the voting common stock are entitled to one vote for each share of voting common stock held at all meetings of stockholders. Except as otherwise required by law, the holders of non-voting common stock shall not be entitled to vote at any meetings of stockholders (or written actions in lieu of meetings) and the shares of non-voting common stock shall not be included in determining the number of shares voting or entitled to vote on any matter. Unless required by law, there shall be no cumulative voting. Any holder of non-voting common stock may elect to convert each share of non-voting common stock into one fully paid and non-assessable share of voting

common stock at any time by providing written notice to the Company; provided that as a result of such conversion, such holder, together with its affiliates and any members of a Schedule 13(d) group with such holder, would not beneficially own in excess of 9.99% of the Company's common stock immediately prior to and following such conversion, unless otherwise as expressly provided for in the Company's restated certificate of incorporation. However, this ownership limitation may be increased (not to exceed 19.99%) or decreased to any other percentage designated by such holder of non-voting common stock upon 61 days' notice to the Company.

Shelf Registration Statements

In May 2024, the Company filed a shelf registration statement (the "2024 Shelf Registration Statement") with the SEC for the issuance of common stock, preferred stock, debt securities, warrants, subscription rights and units up to an aggregate amount of $400 million. The 2024 Shelf Registration Statement was declared effective on June 10, 2024.

In April 2026, under the 2024 Shelf Registration Statement, the Company sold an aggregate of (a) 16,611,014 shares of its voting common stock, par value $0.0001 per share (the "Common Stock"), at a price of $4.44 per share, and (b) pre-funded warrants to purchase up to 3,659,252 shares of its Common Stock, at a price of $4.4399 per pre-funded warrant with an exercise price of $0.0001 per share (collectively, the "April Offering"). The Company received net proceeds of approximately $85.4 million, after deducting underwriting discounts and commissions and offering expenses of approximately $4.6 million. The 2024 Shelf Registration Statement expires in May 2027, and as of September 30, 2026, there was $310 million remaining under the 2024 Shelf Registration Statement.

The pre-funded warrants were classified as a component of permanent stockholders' equity within additional paid-in capital and were recorded at the issuance date using a relative fair value allocation method. The pre-funded warrants are equity classified because they (i) are freestanding financial instruments that are legally detachable and separately exercisable from the equity instruments, (ii) are immediately exercisable, (iii) do not embody an obligation for the Company to repurchase its shares, (iv) permit the holders to receive a fixed number of shares of Common Stock upon exercise, (v) are indexed to the Company's Common Stock and (vi) meet the equity classification criteria. In addition, such pre-funded warrants do not provide any guarantee of value or return. The pre-funded warrants sold during the April Offering had not been exercised as of September 30, 2026.

There were no pre-funded warrants exercised during the nine months ended September 30, 2026. There were 1,300,000 pre-funded warrants sold during an offering completed in May 2023 that were exercised during the nine months ended September 30, 2025.

As of September 30, 2026, there were 23,191,440 pre-funded warrants outstanding.

Open Market Sales Agreement

In March 2023, the Company entered into an Open Market Sales Agreement (the "Sales Agreement") with Jefferies LLC, as the sales agent, pursuant to which the Company may offer and sell shares of its common stock. In accordance with the terms of the Sales Agreement on March 12, 2026, the Company filed a prospectus supplement under its 2024 Shelf Registration Statement, pursuant to which the Company may offer and sell shares of its common stock having an aggregate offering price of up to $25.0 million from time to time through Jefferies acting as sales agent.

The Company will pay Jefferies LLC a commission rate of up to 3.0% of the aggregate gross proceeds from the sale of any shares of common stock pursuant to the Sales Agreement. As of September 30, 2026, there was $25.0 million remaining under the Sales Agreement.

8. Commitments

Leases

The Company leases office and laboratory space in Wilmington, Delaware under a noncancelable lease (the "Chestnut Run Lease"). The premises includes approximately 81,000 rentable square feet and expires in May 2037, subject to the Company's option to extend the term of the lease by up to 3 five-year terms and certain expansion rights. Neither the option to extend nor the expansion rights were recognized as part of the Company's measurement of the right-of-use ("ROU") asset and operating lease liability as of September 30, 2026. Under the terms of the Chestnut Run Lease, the landlord provided an allowance towards the cost of completing tenant improvements for the premises. The Company concluded that the improvements resulting from both the landlord's build-out and the tenant improvements are the landlord's assets for accounting purposes. Costs incurred by the Company related to tenant

improvements in excess of the landlord's allowance were treated as prepaid rent and increased the right-of-use asset on the commencement date.

In November 2025, the Company entered into a sublease agreement with a counterparty to sublease approximately 20,000 square feet of the Chestnut Run Lease. The sublease began in December 2025 and continues through November 2027. The sublessee has three options to extend the sublease for one year each.

The Company analyzed the sublease under ASC Topic 842, *Leases* ("ASC 842"), and concluded the sublease is a separate lease, as the Company was not relieved of the primary obligation under the Chestnut Run Lease. The Company will continue to account for the Chestnut Run Lease as a lessee and in the same manner as prior to the execution of the sublease agreement. The Company accounted for the sublease agreement as the lessor, and concluded the sublease qualified as an operating lease, as it did not meet the criteria of a sales-type or direct financing lease. The Company's sublease income was $152 thousand and $438 thousand for the three and nine months ended September 30, 2026, respectively.

The Company's operating lease costs for the three and nine months ended September 30, 2026 were $1.0 million and $3.2 million, respectively. The Company's operating lease costs for the three and nine months ended September 30, 2025 were $1.1 million and $3.2 million, respectively.

Supplemental balance sheet and other information related to our operating leases as of September 30, 2026 and December 31, 2025 were as follows:

(in thousands)

Leases	Classification	September 30, 2026	December 31, 2025
Assets			
Operating	Operating lease right-of-use assets	$ 25,996	$ 27,165
Liabilities			
Current:			
Operating	Current liabilities, operating lease liability	$ 2,796	$ 2,744
Non-Current:			
Operating	Operating lease liability	14,763	15,045
Total lease liabilities		$ 17,559	$ 17,789
Weighted-average discount rate			
Operating lease		15.0%	15.0%
Weighted-average remaining lease term (years)			
Operating lease		10.7	11.4

Supplemental cash flow information related to our leases for the nine months ended September 30, 2026 and 2025 were as follows:

(in thousands)	Nine months ended September 30, 2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	$ 2,221	$ 1,974
Operating cash flows from finance lease	-	5
Financing cash flows from finance lease	-	208

Future minimum annual lease payments for our operating lease at September 30, 2026 are as follows:

(in thousands)	Operating lease
2026 (remaining)	$ 753
2027	3,048
2028	3,124
2029	3,202
2030	3,282
2031	3,364
Thereafter	19,729
Total undiscounted lease payments	36,502
Less imputed interest	(18,943)
Lease liability	$ 17,559

The Company paid a security deposit for the Chestnut Run Lease in the form of a letter of credit, the balance of which is $2.7 million as of September 30, 2026 and is included in the accompanying balance sheet as restricted cash. The security deposit may be reduced to $0.5 million over time in accordance with the terms of the Chestnut Run Lease.

Employment Agreements

The Company has employment agreements with key personnel providing for compensation and severance in certain circumstances, as defined in the respective employment agreements.

401(k) Defined Contribution Plan

The Company sponsors a 401(k) defined-contribution plan covering all full-time employees. Participants are permitted to contribute up to 100% of their eligible annual pretax compensation up to an established federal limit on aggregate participant contributions. The Company provides a match of a maximum amount of 3% of the participant's compensation. For each of the three months ended September 30, 2026 and 2025, the Company made matching contributions of $0.1 million and $0.2 million, respectively. For the nine months ended September 30, 2026 and 2025, the Company made matching contributions of $0.4 million and $0.6 million, respectively.

Other Research and Development Arrangements

The Company enters into agreements with CROs to assist in the performance of research and development activities. Expenditures to CROs will represent a significant cost in clinical development for the Company.

9. Exclusive Option Agreement and Collaboration Agreements

Exclusive Option Agreement

On November 3, 2025, the Company entered into an Exclusive Option Agreement (the "Option Agreement") with Incyte to acquire the Company's mutative selective Janus Kinase 2 ("JAK2") V617F JH2 inhibitor program (the "Program") for patients with myeloproliferative neoplasms.

Under the Option Agreement, Incyte received an exclusive option to acquire the Company's entire right, title, and interest in and to certain assets, properties, and rights related to the Program, including the Company's library of preclinical candidates (collectively, the "Transferred Assets") by way of an Asset Purchase Agreement (the "APA"). The Company is continuing to advance the Program. At any time commencing on the effective date of the Option Agreement until the later of (a) 30 days after the Company's delivery of the investigational new drug ("IND") ready data package or (b) 15 months after the effective date of the Option Agreement (which 15 month period shall automatically toll for the Company to deliver the IND-ready package but such tolling will not exceed 3 months unless otherwise agreed by the parties) (the "Option Period"), Incyte may elect to exercise its exclusive option to acquire the Program and associated assets from the Company pursuant to the APA for $100 million. The Company received an initial upfront payment of $35 million in cash from the Option Agreement. Under the APA, the Company would be eligible to receive up to $775 million in additional clinical and regulatory milestones, and single digit royalties on global net sales. Combined, total potential cash payments from the transaction could reach up to $910 million.

Concurrently with the Option Agreement, the Company entered into a securities purchase agreement with Incyte (the “Securities Purchase Agreement”), pursuant to which Incyte purchased 6,250,000 shares (the “Shares”) of the Company’s non-voting common stock at a price of $4.00 per share for gross proceeds of $25.0 million. Pursuant to the Company’s amended and restated certificate of incorporation and subject to the non-voting common stock beneficial ownership limitation, Incyte may elect to convert the Shares into voting shares and in December 2025, Incyte converted 4,372,124 of the Shares into voting shares, making them a related party under Securities and Exchange Commission regulations. Because the Option Agreement and Securities Purchase Agreement were entered into at the same time and negotiated as single commercial package, the Company accounted for the agreements as a single contract under ASC 606. Based on this exercise, the consideration in the Option Agreement plus any excess consideration paid over the fair value of the equity issued to Incyte is a component of transaction price. In determining the fair value of the common stock issued to Incyte, the Company considered the closing price of the common stock on the date of the transaction, which was $3.98 per share, which resulted in a premium paid by Incyte of $0.02 per share, or $0.1 million (“Equity Premium”). The remaining $24.9 million was recorded as an issuance of common stock in stockholders’ equity.

The Company will continue to own and develop all Transferred Assets. If the option is exercised during the Option Period and the parties enter into and close the transaction set forth in the APA, Incyte will own all Transferred Assets subject to the Company’s right, in its sole discretion and cost, to continue to conduct development activities during the Option Period to nominate and select development candidate(s) for the Program. If Incyte elects to not exercise its option to acquire the Program, all Transferred Assets would remain in the sole ownership and control of the Company.

The Company first evaluated whether the arrangement meets the definition of a derivative or contains any embedded derivatives under ASC 815, *Derivatives and Hedging*. Although the arrangement includes underlying IP-related value, it qualifies for the scope exception as prescribed by ASC 815-10-15-59(b). The Company next evaluated whether the arrangement represents a funded research and development arrangement under ASC 730, Research and Development. The payments received by the Company are non-refundable, and there is no contractual requirement, guarantee, or other provision that would require the Company to repay any of the funds received from Incyte. The Company also concluded that any presumption that there is an obligation to repay the funds received due to the subsequent related party relationship with Incyte is overcome, and therefore the agreements are not within the scope of ASC 730-20. The Company also concluded that the agreements are not within the scope of ASC 808, *Collaborative Arrangements* ("ASC 808"). The Company assessed the Option Agreement in accordance with ASC 606 and concluded that Incyte is a customer in the context of the Option Agreement. The Option Agreement includes the transfer of the following goods or services: (i) the right to conduct research and development activities related to the Program and (ii) Incyte's exclusive option to acquire the Company’s entire right, title, and interest in and to certain assets, properties, and rights related to the Program. The Company determined that the exclusive option granted was not a material right and, thus, not a performance obligation.

The Company determined that the transaction price totaled $35.1 million, which includes the $35 million upfront cash payment received and the Equity Premium. The Company allocated $35.1 million to its performance obligations to conduct research and development activities related to the Program. The Company recognizes revenue related to the Option Agreement over time as the performance obligations are satisfied using an inputs approach, by applying actual expenses against total budgeted costs. As of September 30, 2026, $16.6 million of the upfront payment was included in deferred revenue within the balance sheets which the Company estimates will be recognized within the next nine months from period-end. The Company recognized $5.6 million and $15.9 million in revenue related to the Option Agreement during the three and nine months ended September 30, 2026, respectively.

Research Collaboration Agreement

In 2023, the Company entered into a multi-year, multi-program agreement with AbCellera Biologics Incorporated ("AbCellera") to jointly discover, develop, and commercialize novel degrader antibody conjugates (“DACs”) for up to five programs (the "Collaboration Agreement"). Under the terms of the agreement, AbCellera will lead manufacturing activities and the Company will lead clinical development and global commercialization, subject to AbCellera’s option to co-promote any resulting commercial products in the United States.

In August 2025, the Company amended its collaboration with AbCellera (the "Amended Agreement"), and in October 2025, the Company further expanded the collaboration (the "Expanded License Agreement"). The Amended Agreement and Expanded License Agreement provided AbCellera a non-exclusive license to use certain of the Company’s degrader payloads to independently discover, develop and commercialize a select number of DACs against undisclosed antibody targets. The agreements also entailed other changes to overall resource allocation and collaboration governance. For the newly licensed DAC programs, AbCellera received world-wide rights to lead and fully control the licensed programs at its sole cost and expense and the Company is not responsible for any additional financial responsibilities or go forward development costs associated with those programs. The Company received an upfront non-refundable payment from AbCellera of $6.5 million upon signing the Amended Agreement and an upfront non-refundable payment of $6.0 million upon signing of the Expanded License Agreement in October 2025. For the additional licensed DACs, the

Company is also eligible to receive customary downstream milestones and single digit royalties on future product sales. The original Collaboration Agreement, whereunder the companies can jointly discover, develop, and commercialize novel DACs for up to five programs remains in effect.

The Company assessed the Amended Agreement and Expanded License Agreement in accordance with ASC 606 and concluded that AbCellera is a customer. The Amended Agreement required the Company to transfer certain intellectual property and related know-how to AbCellera which represented the only performance obligation in the Amended Agreement and was satisfied at a point in time, when the intellectual property and related know-how were transferred to AbCellera during the third quarter of 2025.

Under the Expanded License Agreement, the Company determined the promised goods and services included discovering degrader payloads and granting the licenses to the payloads to AbCellera for them to use to research, develop, and commercialize products related to each of the initial targets mutually agreed upon. Each of these licenses is distinct, as AbCellera can derive benefit from each license independent of any other payload. Accordingly, the license to each of the payloads selected by AbCellera represents a separate performance obligation. The delivery of the licenses were the only performance obligations identified in the Expanded License Agreement. The transaction price was determined to consist of the upfront payment of $6.0 million. The Company allocated the transaction price equally across the licenses, as the estimated standalone selling price of each license was equal. Each performance obligation will be fully satisfied at the point in time when the license is transferred to AbCellera. For the three and nine months ended September 30, 2026, the Company did not recognize any revenue in the statement of operations related to the Expanded License Agreement. As of September 30, 2026, there was $3.0 million of the upfront payment included in deferred revenue related to the licenses that have not yet been transferred to AbCellera. The Company estimates the remaining performance obligations will be completed in the fourth quarter of 2026.

License Agreement

In May 2024, the Company and Pathos AI, Inc. ("Pathos") entered into a license agreement under which the Company granted to Pathos an exclusive, sublicensable, world-wide license to its selective, brain-penetrant PRMT5 inhibitor, PRT811. The Company assessed the license agreement in accordance with ASC 606 and determined that it satisfied its performance obligations in 2024. During the first quarter of 2026, Pathos notified the Company that it will no longer be continuing development on the program.

10. Segments

The Company currently operates as one operating business segment focused on developing innovative medicines in areas of high unmet need for cancer patients. The Company's determination that it operates as a single segment is consistent with the financial information regularly reviewed by the CODM for purposes of evaluating performance, allocating resources, and planning and forecasting for future periods.

The accounting policies of the segment are the same as those described in the summary of significant accounting policies. The CODM assesses performance for the segment based on net loss, which is reported on the statement of operations and comprehensive loss as net loss. The measure of segment assets is reported on the balance sheet as total assets.

To date, the Company has not recognized any revenue from product sales, and the Company does not expect to generate any revenue in the foreseeable future. Net loss is used to monitor budget versus actual results. Monitoring budgeted versus actual results is used in assessing performance of the segment and to make decisions about the allocation of resources, along with cash forecast models.

During the fourth quarter of 2025, the Company announced that it decided to pause the clinical development of its SMARCA2 degrader program which is comprised of PRT3789 and PRT7732 and prioritize allocation of resources to advancing the JAK2 V617F and lysine acetyltransferase 6A (KAT6A) selective degrader programs. The expense included in other represents programs that the Company has paused or discontinued, including the previously mentioned SMARCA2 degrader programs. Corresponding segment

expenses for earlier periods have been recast. The following table summarizes the significant expense categories regularly reviewed by the CODM for the three and nine months ended September 30, 2026 and 2025.

(in thousands)	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Revenue	$ 5,647	$ 6,500	$ 15,931	$ 6,500
Operating expenses:				
Research and development				
JAK2 V617F	2,398	1,658	6,076	4,714
KAT6A	1,145	873	4,021	2,174
Discovery programs	528	418	811	1,817
Other	104	5,627	956	22,332
General costs, including personnel related	10,655	13,132	32,698	45,271
Total research and development	14,830	21,708	44,562	76,308
General and administrative	5,082	5,210	15,265	17,410
Total operating expenses	$ 19,912	$ 26,918	$ 59,827	$ 93,718
Loss from operations	(14,265)	(20,418)	(43,896)	(87,218)
Other income, net	1,721	693	7,046	4,177
Net loss	$ (12,544)	$ (19,725)	$ (36,850)	$ (83,041)

11. Stock-Based Compensation

The Company has two equity incentive plans: the 2016 Equity Incentive Plan, as amended, and the 2020 Equity Incentive Plan. New awards can only be granted under the 2020 Equity Incentive Plan (the "Plan"). The number of shares of the Company's common stock that may be issued pursuant to rights granted under the Plan shall automatically increase on January 1st of each year and continuing for ten years beginning on January 1, 2021, in an amount equal to five percent of the total number of shares of the Company's common stock outstanding on December 31st of the preceding calendar year, subject to the discretion of the Company's board of directors or compensation committee to determine a lesser number of shares shall be added for such year. On January 1, 2026, 3,147,681 shares were added to the Plan. As of September 30, 2026, 7,242,586 shares were available for future grants. The Plan provides for the granting of common stock, incentive stock options, nonqualified stock options, restricted stock awards, restricted stock units and/or stock appreciation rights to employees, directors, and other persons, as determined by the Company's board of directors. The Company's stock options vest based on the terms in each award agreement, generally over four-year periods with 25% of options vesting after one year and then monthly thereafter, and have a term of ten years.

The Company measures stock-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards. The Company recorded stock-based compensation expense in the following expense categories in its accompanying statements of operations:

(in thousands)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Research and development	$ 923	$ 1,407	$ 3,058	$ 5,902
General and administrative	1,109	1,016	3,001	4,167
	$ 2,032	$ 2,423	$ 6,059	$ 10,069

Stock Options

The following table summarizes stock option activity for the periods indicated:

	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual term (years)
Outstanding at January 1, 2026	14,727,692	$ 7.68	6.80
Granted	4,307,250	$ 2.68	
Exercised	(368,049)	$ 3.63	
Forfeited	(1,197,639)	$ 8.16	
Outstanding at September 30, 2026	17,469,254	$ 6.50	6.80
Exercisable at September 30, 2026	10,850,865	$ 8.84	5.56

At September 30, 2026, the aggregate intrinsic value of outstanding options and exercisable options was $17.0 million and $7.4 million, respectively. The aggregate intrinsic value of options exercised during the nine months ended September 30, 2026 was $0.7 million.

The following table summarizes information about stock options outstanding at September 30, 2026 under the Plan:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.31 - $2.09	4,548,294	6.31	$ 1.39	3,051,536	$ 1.52
$2.10 - $4.56	4,322,850	9.06	2.63	505,603	3.76
$4.57 - $7.50	4,786,429	7.02	5.49	3,482,119	5.69
$7.51 - $74.45	3,811,681	4.55	18.26	3,811,607	18.26
	17,469,254			10,850,865	

The weighted-average grant date fair value of options granted was $2.30 and $0.83 per option for the nine months ended September 30, 2026 and 2025, respectively. The Company recorded stock-based compensation expense of $2.0 million and $2.4 million for the three months ended September 30, 2026 and 2025, respectively, related to stock options. The Company recorded stock-based compensation expense of $5.8 million and $9.8 million for the nine months ended September 30, 2026 and 2025, respectively, related to stock options. As of September 30, 2026, the total unrecognized compensation expense related to unvested stock option awards was $12.4 million, which the Company expects to recognize over a weighted-average period of 2.51 years.

The fair value of each option was estimated on the date of grant using the weighted average assumptions in the table below:

	Nine months ended September 30,	
	2026	2025
Expected volatility	114.14%	86.49%
Risk-free interest rate	3.95%	4.30%
Expected life (in years)	6.04	6.03
Expected dividend yield	—	—

Restricted Stock Units

The Company granted restricted stock units (“RSUs”) to employees that generally vest over a four-year period with 25% of awards vesting after one year and then quarterly thereafter. Any unvested units will be forfeited upon termination of services.

The following table summarizes activity related to RSU stock-based payment awards:

	Number of shares	Weighted-average grant date fair value
Unvested balance at January 1, 2026	220,500	$ 1.43
Granted	292,325	$ 2.30
Vested	(68,932)	$ 2.13
Forfeited	(47,376)	$ 1.85
Unvested balance at September 30, 2026	396,517	$ 1.90

The Company recorded stock-based compensation expense of $46 thousand and $60 thousand for the three months ended September 30, 2026 and 2025, respectively, related to RSUs. The Company recorded stock-based compensation expense of $183 thousand and $185 thousand for the nine months ended September 30, 2026 and 2025, respectively, related to RSUs. At September 30, 2026, the total unrecognized expense related to the RSUs was $622 thousand, which the Company expects to recognize over a weighted-average period of 3.16 years.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan (the "ESPP"). The number of shares of the Company's common stock that may be issued pursuant to rights granted under the ESPP shall automatically increase on January 1st of each year and continuing for ten years beginning in 2021, in an amount equal to one percent of the total number of shares of all classes of the Company's common stock outstanding on December 31st of the preceding calendar year, subject to the discretion of the Company's board of directors or compensation committee to determine a lesser number of shares shall be added for such year. On January 1, 2026, 629,536 shares were added to the ESPP and as of September 30, 2026, the ESPP had 2,887,029 shares of common stock reserved for future issuance.

Under the ESPP, eligible employees can purchase the Company's common stock through accumulated payroll deductions at such times as are established by the Company's compensation committee. Eligible employees may purchase the Company's common stock at 85% of the lower of the fair market value of the Company's common stock on the first day of the offering period or on the last day of the offering period. Eligible employees may contribute up to 15% of their eligible compensation. Under the ESPP, a participant may not accrue rights to purchase more than $25,000 worth of the Company's common stock for each calendar year in which such right is outstanding nor will a participant be permitted to purchase more than 2,500 shares during any one purchase period.

The ESPP is considered compensatory under the FASB stock compensation rules. Accordingly, share-based compensation expense is determined based on the option's grant-date fair value as estimated by applying the Black Scholes option-pricing model and is recognized over the withholding period. The Company recognized share-based compensation expense of $35 thousand and $16 thousand for the three months ended September 30, 2026 and 2025, respectively, related to the ESPP. The Company recognized share-based compensation expense of $115 thousand and $91 thousand for the nine months ended September 30, 2026 and 2025, respectively, related to the ESPP.

12. Workforce Reduction

During 2025, the Company reduced its workforce by approximately 27% of full-time employees to align its resources with its ongoing clinical and preclinical programs. There was no expense related to the workforce reduction incurred during the three or nine months ended September 30,2026. During the nine months ended September 30, 2025, there was a one-time cost of $0.5 million related to the workforce reduction.

The following table summarizes the accrued liabilities activity recorded in connection with the reduction in workforce for the nine months ended September 30, 2026:

(in thousands)	Amount accrued at December 31, 2025	Charges	Amount Paid	Adjustments	Amount accrued at September 30, 2026
Workforce reduction	$ 711	$ —	$ (711)	$ —	$ —

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

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q. In addition to historical financial information, this discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties, such as statements of our plans, objectives, expectations, intentions and beliefs. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the section titled "Risk Factors" under Part I, Item 1A of our Annual Report on Form 10-K filed with the SEC on March 10, 2026, or our 2025 Annual Report on Form 10-K. These forward-looking statements may include, but are not limited to, statements regarding our future results of operations and financial position, our ability to develop our clinical candidates, inflation and interest rate risk, recessionary concerns, the effect of continued federal government shutdown, business strategy, market size, potential growth opportunities, preclinical and clinical development activities, efficacy and safety profile of our product candidates, use of net proceeds from our offerings, our ability to maintain and recognize the benefits of certain designations received by product candidates, the timing and results of preclinical studies and clinical trials, commercial collaborations with third parties and the receipt and timing of potential regulatory designations, approvals and commercialization of product candidates. The words "believes," "anticipates," "estimates," "plans," "expects," "intends," "may," "could," "should," "potential," "likely," "projects," "continue," "will," "schedule," and "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

Overview

Prelude is a precision oncology company built on a foundation of drug discovery excellence to deliver novel precision cancer medicines to underserved patients. By leveraging our core competencies in cancer biology and medicinal chemistry, combined with our clinical development capabilities, we have built an efficient drug discovery engine and the development expertise necessary to identify compelling biological targets and create new chemical entities ("NCEs") that we advance into clinical trials. We believe our approach could result in better targeted cancer therapies. Our discovery excellence has been supported by our steady progress in advancing a pipeline of novel precision oncology development candidates, alone and with partners. We are working with our partner AbCellera Biologics, Inc. ("AbCellera") on an early-stage discovery program involving potent degraders as payloads for novel antibodies targeting tumor specific antigens. Since our inception in 2016, we have received clearance from the U.S. Food and Drug Administration (the "FDA") for multiple investigational new drug applications ("INDs") and successfully advanced several programs into clinical trials. In addition, we have other differentiated proprietary programs in various stages of preclinical development.

By focusing on developing molecules using broad mechanisms that have multiple links to oncogenic driver pathways in select patients, we have developed a diverse pipeline consisting of multiple distinct programs including kinases, targeted protein degraders, and degrader antibody conjugates ("DAC"). Our pipeline is designed to serve patients with high unmet medical need, where there are limited or no treatment options. We believe we can best address these diseases by harnessing advances in new therapeutic modalities such as targeted protein degradation to develop highly potent and specific agents against clinically validated targets in areas of high unmet need.

We have discovered and are developing a series of selective and orally bioavailable lysine acetyltransferase 6A ("KAT6A") selective degraders. We believe that selectively degrading KAT6A has the potential for improved efficacy, tolerability and combinability with other agents relative to non-selective inhibitors of KAT6A/B.

We presented preclinical data from our lead development candidate, PRT13722, at the American Association for Cancer Research Annual Meeting 2026 in April 2026. PRT13722 is initially being developed for the treatment of hormone receptor positive ("HR+")/human epidermal growth factor receptor 2 ("HER2-") breast cancer ("BC"). Based on preclinical data, we believe PRT13722 is a highly differentiated, first-in-class, orally bioavailable, potent and highly selective KAT6A degrader. In September 2026, the FDA cleared us to proceed with a Phase 1 study under our IND Application for PRT13722. Enrollment of the phase 1 study of PRT13722 in HR+ breast cancer is underway (NCT07905001).

Additionally, in October 2026, we entered into a clinical trial collaboration and supply agreement with Eli Lilly and Company ("Lilly") for supply of its CDK4/6 kinase inhibitor, abemaciclib, and its oral estrogen receptor antagonist, imlunestrant. The agreement supports the evaluation of our clinical development candidate PRT13722 in combinations with abemaciclib and imlunestrant in the existing Phase 1 trial in patients with HR+/HER2- breast cancer.

Myeloproliferative neoplasms ("MPN") are hematopoietic disorders arising from clonal expansion of hematopoietic stem cells ("HSC") in the bone marrow. Current treatment options for MPN patients offer symptomatic benefit but fail to eliminate disease-initiating clones, leading to treatment resistance and progression to secondary acute myeloid leukemia. Therapeutic approaches that can selectively eliminate disease-initiating HSCs and induce molecular remission are an unmet medical need.

Mutations in Janus Kinase 2 ("JAK2"), calreticulin ("CALR") and MPL are phenotypic drivers of disease in over 90% of MPN cases. CALR mutations are the second most common driver alteration in MPN, accounting for 20-30% of all cases. Selective expression of mutant CALR on diseased cells but not on normal cells makes CALR a high value target for antibody-directed therapies in MPN.

JAK2V617F is the primary driver mutation responsible for disease progression in the majority of patients living with MPNs. We have discovered novel allosteric inhibitors that bind into the JAK2 JH2 “deep pocket” where the V617F mutation resides. These candidates demonstrate mutant specific inhibition in multiple preclinical models of MPNs. We believe this approach may have the potential to reduce mutant allele burden, slow or even reverse disease progression, and transform treatment outcomes for MPN patients.

PRT12396, our lead, mutant-selective JAK2V617F inhibitor, received IND clearance from the U.S. FDA, as announced in February 2026, and is enrolling patients into a Phase 1 study of PRT12396 in patients with polycythemia vera (PV) and myelofibrosis (MF). The Phase 1 study of PRT12396 is an open-label, multi-center, safety and efficacy study. The endpoints of the study include safety, efficacy and PK profile.

As previously announced in November 2025, we entered into an exclusive option agreement (the "Exclusive Option Agreement") with Incyte Corporation ("Incyte") to acquire our mutative selective JAK2V617F inhibitor program (the “Program”) for patients with myeloproliferative neoplasms. Under the Exclusive Option Agreement, Incyte received an exclusive option to acquire our entire right, title, and interest in and to certain assets, properties, and rights related to the JAK2V617F inhibitor program, including our library of preclinical candidates (collectively, the “Transferred Assets”). We expect to advance the JAK2V617F program to pre-defined milestones. Incyte may elect to exercise its exclusive option during the option period to acquire the program and associated assets from us for $100 million. As the JAK2V617F program candidates advance in the clinic, we would be eligible to receive up to $775 million in additional clinical and regulatory milestones, and single digit royalties on global net sales. Combined, total potential cash payments from the transaction, excluding royalties, could reach up to $910 million.

Drawing on our expertise in targeted protein degradation, we have discovered and optimized a series of proprietary degrader payloads for use in discovering and developing DACs. We disclosed first data at the 36th EORTC-NCI-AACR Symposium in October 2024 describing preclinical proof-of-concept using a novel, potent SMARCA2/4 dual degrader as a degrader payload conjugated to multiple antibodies. Prelude’s SMARCA2/4 dual degraders have shown picomolar potency with potential for increased efficacy, selectivity and improved therapeutic index. DACs have potential to expand the reach of SMARCA degrader technology to cancers without SMARCA4 mutations.

During the second half of 2025, we restructured aspects of our collaboration agreement with AbCellera to allow AbCellera to independently discover, develop and commercialize select undisclosed DACs by providing a non-exclusive license to our degrader payloads among other changes to overall resource allocation, governance, and operational aspects of the collaboration.

In June 2025, at the European Hematology Association, we delivered an oral presentation about our mutated calreticulin ("mCALR") discovery efforts, including the first-in-class CALR-targeted DACs that selectively target mutant CALR expressing cells, with the potential to achieve responses by eliminating MPN clones. These data demonstrate that a CALRxSMARCA2/4 degrader antibody conjugate can selectively degrade SMARCA2/4 in CALR mutant cells and robustly inhibit CALR-mutant cell growth in vitro and in vivo.

Components of Results of Operations

Since inception, we have devoted substantially all of our resources to developing product and technology rights, conducting research and development, organizing and staffing our company, business planning and raising capital. We have incurred recurring losses, the majority of which are attributable to research and development activities, and negative cash flows from operations. We have funded our operations primarily through the sale of convertible preferred stock and common stock. Our net loss was $36.9 million and $83.0 million for the nine months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, we had an accumulated deficit of $719.9 million. Our primary use of cash is to fund operating expenses, which consist primarily of research and development expenditures, and to a lesser extent, general and administrative expenditures. Our ability to generate product revenue

sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our current or future product candidates. We expect to continue to incur significant expenses and operating losses for the foreseeable future as we advance our product candidates through all stages of development and clinical trials and, ultimately, seek regulatory approval. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our clinical trials and our expenditures on other research and development activities.

Revenue

To date, we have not recognized any revenue from product sales, and we do not expect to generate any revenue from the sale of products in the foreseeable future. During the three and nine months ended September 30, 2026, we recognized revenue from our Exclusive Option Agreement with Incyte. If our development efforts for our product candidates are successful and result in regulatory approval, or license agreements with third parties, we may generate revenue in the future in the form of milestone payments, royalties, or product sales. However, there can be no assurance as to when we will generate such revenue, if at all.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred in connection with the discovery and development of our product candidates. We expense research and development costs as incurred, including:

- expenses incurred to conduct the necessary discovery-stage laboratory work, preclinical studies and clinical trials required to obtain regulatory approval;
- personnel expenses, including salaries, benefits and stock-based compensation expense for our employees engaged in research and development functions;
- costs of funding research performed by third parties, including pursuant to agreements with clinical research organizations ("CROs") that conduct our clinical trials, as well as investigative sites, consultants and CROs that conduct our preclinical and nonclinical studies;
- expenses incurred under agreements with contract manufacturing organizations ("CMOs") including manufacturing scale-up expenses and the cost of acquiring and manufacturing preclinical study and clinical trial materials;
- fees paid to consultants who assist with research and development activities;
- expenses related to regulatory activities, including filing fees paid to regulatory agencies; and
- allocated expenses for facility costs, including rent, utilities, depreciation and maintenance.

We track outsourced development costs and other external research and development costs to specific product candidates on a program-by-program basis, fees paid to CROs, CMOs and research laboratories in connection with our preclinical development, process development, manufacturing and clinical development activities. However, we do not track our internal research and development expenses on a program-by-program basis as they primarily relate to compensation, early research and other costs which are deployed across multiple projects under development.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect to continue to incur research and development expenses over the next several years related to personnel costs, including stock-based compensation, clinical trials, including later-stage clinical trials, for current and future product candidates and preparing regulatory filings for our product candidates.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel expenses, including salaries, benefits and stock-based compensation expense, for employees and consultants in executive, finance and accounting, legal, operations support, information technology and human resource functions. General and administrative expense also includes corporate facility costs not otherwise included in research and development expense, including rent, utilities, depreciation and maintenance, as well as legal fees related to intellectual property and corporate matters and fees for accounting and consulting services.

We expect to continue to incur general and administrative expense in the future to support our continued research and development activities and potential commercialization efforts. These expenses will likely include costs related to personnel and fees to outside consultants and legal support, among other expenses. The costs associated with being a public company include expenses related to services associated with maintaining compliance with the requirements of Nasdaq and the Securities and Exchange Commission ("SEC"), insurance and investor relations costs. If any of our current or future product candidates obtains U.S. regulatory approval, we expect that we would incur significantly increased expenses associated with building a sales and marketing team.

Other Income, Net

Other income, net consists primarily of interest earned on our cash equivalents and marketable securities, research and development tax credits, and grant income received from the State of Delaware.

Income Taxes

Since our inception, we have not recorded any income tax benefits for the net operating losses ("NOLs") we have incurred or for our research and development tax credits, as we believe, based upon the weight of available evidence, that it is more likely than not that all of our NOLs and tax credits will not be realized.

Results of Operations

Comparison of the Three Months Ended September 30, 2026 and 2025

The following table sets forth our results of operations.

(in thousands)	Three months ended September 30, 2026	2025	Change
Revenue	$ 5,647	$ 6,500	$ (853)
Operating expenses:			
Research and development	14,830	21,708	(6,878)
General and administrative	5,082	5,210	(128)
Total operating expenses	19,912	26,918	(7,006)
Loss from operations	(14,265)	(20,418)	6,153
Other income, net	1,721	693	1,028
Net loss	$ (12,544)	$ (19,725)	$ 7,181

Revenue

Revenue for the three months ended September 30, 2026 was related to our Exclusive Option Agreement with Incyte. Revenue for the three months ended September 30, 2025 related to satisfying a single performance obligation in connection with the August 2025 amendment to the AbCellera collaboration agreement.

Research and Development Expenses

Research and development expenses decreased from $21.7 million for the three months ended September 30, 2025 to $14.8 million for the three months ended September 30, 2026. Included in research and development expenses for the three months ended September 30, 2026, was $0.9 million of non-cash expense related to stock-based compensation expense, including employee stock options, compared to $1.4 million for the three months ended September 30, 2025. Research and development expenses decreased primarily due to a decrease in expense related to our SMARCA2 clinical trials, which we paused in 2025, along with a decrease in employee related expenses due to the workforce reduction in the second half of 2025. Research and development expenses may fluctuate from period to period depending upon the stage of certain projects and the level of preclinical and clinical trial-related activities.

Research and development expenses by program are summarized in the table below. During the fourth quarter of 2025, the Company announced that it decided to pause the clinical development of its SMARCA2 degrader program which is comprised of PRT3789 and PRT7732 and prioritize allocation of resources to advancing the JAK2 V617F and KAT6A selective degrader programs.

The expense included in other represents programs that the Company has paused or discontinued, including the previously mentioned SMARCA2 degrader programs. Corresponding program expenses for earlier periods have been recast. The following table summarizes the significant expense categories for the three months ended September 30, 2026 and 2025.

(in thousands)	Three months ended September 30, 2026	2025
JAK2 V617F	$ 2,398	$ 1,658
KAT6A	1,145	873
Discovery programs	528	418
Other	104	5,627
General costs, including personnel related	10,655	13,132
	$ 14,830	$ 21,708

General and Administrative Expenses

General and administrative expenses decreased from $5.2 million for the three months ended September 30, 2025 to $5.1 million for the three months ended September 30, 2026. The decrease was primarily driven by a decrease in professional fees and employee-related expenses.

Other Income, net

Other income, net increased from $0.7 million for the three months ended September 30, 2025, to $1.7 million for the three months ended September 30, 2026 primarily due to interest earned on the investment of our cash received from the April Offering.

Comparison of the Nine Months Ended September 30, 2026 and 2025

The following table sets forth our results of operations.

(in thousands)	Nine months ended September 30, 2026	2025	Change
Revenue	$ 15,931	$ 6,500	$ 9,431
Operating expenses:			
Research and development	44,562	76,308	(31,746)
General and administrative	15,265	17,410	(2,145)
Total operating expenses	59,827	93,718	(33,891)
Loss from operations	(43,896)	(87,218)	43,322
Other income, net	7,046	4,177	2,869
Net loss	$ (36,850)	$ (83,041)	$ 46,191

Revenue

Revenue for the nine months ended September 30, 2026 was related to our Exclusive Option Agreement with Incyte. Revenue for the nine months ended September 30, 2025 related to satisfying a single performance obligation in connection with the August 2025 amendment to the AbCellera collaboration agreement.

Research and Development Expenses

Research and development expenses decreased from $76.3 million for the nine months ended September 30, 2025 to $44.6 million for the nine months ended September 30, 2026. Included in research and development expenses for the nine months ended September 30, 2026, was $3.1 million of non-cash expense related to stock-based compensation expense, including employee stock options, compared to $5.9 million for the nine months ended September 30, 2025. Research and development expenses decreased primarily due to a decrease in expense related to our SMARCA2 clinical trials which we paused in 2025 along with a decrease in

stock-based compensation expense. Research and development expenses may fluctuate from period to period depending upon the stage of certain projects and the level of preclinical and clinical trial-related activities.

Research and development expenses by program are summarized in the table below. During the fourth quarter of 2025, the Company announced that it decided to pause the clinical development of its SMARCA2 degrader program which is comprised of PRT3789 and PRT7732 and prioritize allocation of resources to advancing the JAK2 V617F and KAT6A selective degrader programs. The expense included in other represents programs that the Company has paused or discontinued, including the previously mentioned SMARCA2 degrader programs. Corresponding program expenses for earlier periods have been recast. The following table summarizes the significant expense categories for the nine months ended September 30, 2026 and 2025.

	Nine months ended September 30,	
(in thousands)	**2026**	**2025**
JAK2 V617F	$ 6,076	$ 4,714
KAT6A	4,021	2,174
Discovery programs	811	1,817
Other	956	22,332
General costs, including personnel related	32,698	45,271
	$ 44,562	$ 76,308

General and Administrative Expenses

General and administrative expenses decreased from $17.4 million for the nine months ended September 30, 2025 to $15.3 million for the nine months ended September 30, 2026. The decrease was primarily driven by a $1.2 million decrease in non-cash expense related to stock-based compensation expense and a $0.7 million decrease in professional services fees.

Other Income, net

Other income, net increased from $4.2 million for the nine months ended September 30, 2025, to $7.0 million for the nine months ended September 30, 2026 primarily due to the receipt and recognition of research and development tax credits along with higher interest earned on the investment of our cash received from the April Offering.

Liquidity and Capital Resources

Overview

Since our inception, we have not recognized any product revenue and have incurred operating losses and negative cash flows from our operations. We have not yet commercialized any product and we do not expect to generate revenue from sales of any products for several years, if at all.

At September 30, 2026, the Company had cash, cash equivalents, restricted cash and marketable securities totaling $142.7 million and the Company believes these funds will be sufficient to fund its operating expenses and capital expenditure requirements for at least the next twelve months from the filing date of this Quarterly Report on Form 10-Q.

In April 2026, under the 2024 Shelf Registration Statement (defined below), we sold an aggregate of (a) 16,611,014 shares of our voting common stock, par value $0.0001 per share, at a price of $4.44 per share, and (b) pre-funded warrants to purchase up to 3,659,252 shares of our common stock, at a price of $4.4399 per pre-funded warrant with an exercise price of $0.0001 per share (collectively, the "April Offering"). We received net proceeds of approximately $85.4 million, after deducting underwriting discounts and commissions and offering expenses of approximately $4.6 million.

Since our inception, we have funded our operations primarily through the sale of convertible preferred stock, common stock, and pre-funded warrants. We will need to raise substantial additional capital to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from product sales, if ever, we plan to finance our operations through the sale of equity, debt financings or other capital sources, which may include collaborations with other companies or other strategic transactions. There are no assurances that we will be successful in obtaining an adequate level of financing as and when needed to finance our operations on terms acceptable to us or at all. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. If we are unable to secure adequate additional

funding, we may have to significantly delay, scale back or discontinue the development and commercialization of one or more product candidates or delay our pursuit of potential in-licenses or acquisitions.

Funding Requirements

Our primary use of cash is to fund operating expenses, primarily research and development expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable, accrued expenses and prepaid expenses.

Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the scope, timing, progress and results of discovery, preclinical development, laboratory testing and clinical trials for our product candidates;
- the costs of manufacturing our product candidates for clinical trials and in preparation for marketing approval and commercialization;
- the extent to which we enter into collaborations or other arrangements with additional third parties in order to further develop our product candidates;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- the costs and fees associated with the discovery, acquisition or in-license of additional product candidates or technologies;
- expenses needed to attract and retain skilled personnel;
- costs associated with being a public company;
- the costs required to scale up our clinical, regulatory and manufacturing capabilities;
- the costs of future commercialization activities, if any, including establishing sales, marketing, manufacturing and distribution capabilities, for any of our product candidates for which we receive marketing approval; and
- revenue, if any, received from commercial sales of our product candidates, should any of our product candidates receive marketing approval.

We will need additional funds to meet operational needs and capital requirements for clinical trials, other research and development expenditures, and business development activities. We currently have no credit facility or committed sources of capital. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical studies.

In May 2024, we filed a shelf registration statement (the "2024 Shelf Registration Statement") with the Securities and Exchange Commission for the issuance of common stock, preferred stock, debt securities, warrants, subscription rights and units up to an aggregate amount of $400 million. The 2024 Shelf Registration Statement was declared effective on June 10, 2024. The 2024 Shelf Registration Statement expires in May 2027. As of September 30, 2026, there was $310 million remaining under the 2024 Shelf Registration Statement.

In March 2023, we entered into an Open Market Sales Agreement (the "Sales Agreement") with Jefferies LLC, as the sales agent, pursuant to which we may offer and sell shares of our common stock. In accordance with the terms of the Sales Agreement on March 12, 2026, we filed a prospectus supplement under our 2024 Shelf Registration Statement, pursuant to which we may offer and sell shares of our common stock having an aggregate offering price of up to $25.0 million from time to time through Jefferies acting as sales agent. At September 30, 2026, there was $25.0 million remaining under the Sales Agreement.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our operations through a combination of equity offerings, debt financings, collaborations, strategic alliances and marketing, distribution or licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, ownership interests will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends. If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research

programs or product candidates, or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, limit, reduce or terminate our research, product development or future commercialization efforts, or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Cash Flows

The following table shows a summary of our cash flows for the periods indicated:

	Nine months ended September 30,	
(in thousands)	**2026**	**2025**
Net cash used in operating activities	$ (51,038)	$ (79,421)
Net cash (used in) provided by investing activities	(47,989)	113,798
Net cash provided by (used in) financing activities	86,673	(128)
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (12,354)	$ 34,249

Operating Activities

During the nine months ended September 30, 2026, we used $51.0 million of cash in operating activities. Cash used in operating activities reflected our net loss of $36.9 million and a $21.1 million decrease in our operating liabilities, partially offset by noncash charges of $7.1 million, which primarily consisted of stock-based compensation. The primary use of cash was to fund our operations related to the development of our product candidates.

During the nine months ended September 30, 2025, we used $79.4 million of cash in operating activities. Cash used in operating activities reflected our net loss of $83.0 million and a $8.7 million net decrease net decrease in our operating assets and liabilities, partially offset by noncash charges of $12.3 million, which primarily consisted of stock-based compensation. The primary use of cash was to fund our operations related to the development of our product candidates.

Investing Activities

During the nine months ended September 30, 2026, net cash used in investing activities of $48.0 million consisted primarily of $96.7 million in purchases of marketable securities, partially offset by $48.7 million in proceeds from maturities of marketable securities. During the nine months ended September 30, 2025, net cash provided by investing activities of $113.8 million consisted primarily of $148.0 million in proceeds from maturities of marketable securities, partially offset by $34.1 million in purchases of marketable securities.

Financing Activities

During the nine months ended September 30, 2026, net cash provided by financing activities primarily related to the proceeds received from the April Offering, partially offset by offering costs. During the nine months ended September 30, 2025, net cash used in financing activities was primarily for principal payments on our finance lease.

Critical Accounting Estimates

During the three months ended September 30, 2026, there were no other 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-Critical Accounting Estimates” in our 2025 Annual Report on Form 10-K.

Smaller Reporting Company Status

We are a “smaller reporting company,” as defined in Rule 405 under the Securities Act. We may continue to be a smaller reporting company in any given year if either (i) the market value of our stock held by non-affiliates is less than $250 million as of June 30 in the most recently completed fiscal year or (ii) our annual revenue is less than $100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700 million as of June 30 in the most recently completed fiscal year. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal

years of audited financial statements in our Annual Report on Form 10-K and smaller reporting companies have scaled disclosure obligations regarding executive compensation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item with respect to the period ending September 30, 2026.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedure

As of September 30, 2026, management, with the participation of our Principal Executive Officer and Principal Financial and Accounting Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Principal Executive Officer and the Principal Financial and Accounting Officer, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Principal Executive Officer and Principal Financial and Accounting Officer concluded that, as of September 30, 2026, the design and operation of our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

Management determined that, as of September 30, 2026, there were no changes in our internal control over financial reporting that occurred during the fiscal quarter then ended 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 be involved in legal proceedings arising in the ordinary course of our business. In addition, we may receive letters alleging infringement of patents or other intellectual property rights. We are not presently a party to any legal proceedings that, in the opinion of management, would have a material adverse effect on our business, operating results, cash flows or financial conditions should such litigation be resolved unfavorably. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputational harm, and other factors.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. Before making your decision to invest in shares of our common stock, you should carefully consider the risks and uncertainties described under Part I, Item 1A, “Risk Factors” in our 2025 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 10, 2026.

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

During the three months ended September 30, 2026, we did not issue or sell any unregistered securities not previously disclosed in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Furnish the exhibits required by Item 601 of Regulation S-K (§ 229.601 of this chapter).

Exhibit Number	Description	Form	File No.	Exhibit No.	Exhibit Filing Date	Filed/Furnished Herewith
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.					X
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.					X
32.1*	Certification 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.					X
32.2*	Certification 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.					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

**The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-Q and are not deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.*

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.

Prelude Therapeutics Incorporated

Date: November 16, 2026

By: /s/ Krishna Vaddi
Krishna Vaddi, PhD
Chief Executive Officer
(Principal Executive Officer)

Date: November 16, 2026

By: /s/ Bryant Lim
Bryant Lim
Chief Financial Officer
(Principal Financial and Accounting Officer)

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, Krishna Vaddi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prelude Therapeutics Incorporated;

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 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 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 16, 2026

By: /s/ Krishna Vaddi
Krishna Vaddi, PhD
Chief Executive Officer
(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, Bryant Lim, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prelude Therapeutics Incorporated;

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 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 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 16, 2026

By: /s/ Bryant Lim
Bryant Lim
Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 32.1

CERTIFICATION 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

I, Krishna Vaddi, Chief Executive Officer of Prelude Therapeutics Incorporated (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 16, 2026

By: /s/ Krishna Vaddi

Krishna Vaddi, PhD
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION 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

I, Bryant Lim, Chief Financial Officer of Prelude Therapeutics Incorporated (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 16, 2026

By: /s/ Bryant Lim
Bryant Lim
Chief Financial Officer
(Principal Accounting and Financial Officer)