

**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 June 30, 2025

OR

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

For the transition period from _____ to _____

Commission File Number: 001-39634

Foghorn Therapeutics Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

500 Technology Square, Ste 700
Cambridge MA
(Address of principal executive offices)

47-5271393
(I.R.S. Employer
Identification No.)

02139
(Zip Code)

Registrant's telephone number, including area code: **617-586-3100**

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, \$0.0001 par value per share	FHTX	The Nasdaq Global 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 July 28, 2025, the registrant had 56,529,969 shares of common stock, \$0.0001 par value per share, outstanding.

Table of Contents

	<u>Page</u>	
PART I.	FINANCIAL INFORMATION	2
Item 1.	Financial Statements (Unaudited)	2
	Condensed Consolidated Balance Sheets	2
	Condensed Consolidated Statements of Operations and Comprehensive Loss	3
	Condensed Consolidated Statements of Stockholders' Deficit	4
	Condensed Consolidated Statements of Cash Flows	5
	Notes to Unaudited Condensed Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	24
Item 4.	Controls and Procedures	24
PART II.	OTHER INFORMATION	25
Item 1.	Legal Proceedings	25
Item 1A.	Risk Factors	25
Item 5.	Other Information	25
Item 6.	Exhibits	26
Signatures		27

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that are based on management’s beliefs and assumptions and on information currently available to management. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words. Forward-looking statements include, but are not limited to, statements concerning:

- the initiation, timing, progress, enrollment, results, and timing of results and regulatory filings of our research and development programs and our preclinical and clinical studies, including those included in our collaboration with Eli Lilly and Company (“Lilly”);
- our ability to advance any product candidates that we may develop and to successfully complete preclinical and clinical studies;
- our ability to leverage our initial programs to develop additional product candidates using our Gene Traffic Control[®] platform;
- developments related to our competitors and our industry;
- our ability to expand the target populations of our programs and the availability of patients for clinical testing;
- our ability to obtain regulatory approval for FHD-909 and any future product candidates from the U.S. Food and Drug Administration (the “FDA”) and other regulatory authorities;
- our ability to identify and enter into future license agreements and collaborations;
- our ability to continue to rely on our contract development and manufacturing organizations (“CDMOs”) or contract research organizations (“CROs”), including those located outside the United States, such as those located in China, for our manufacturing and research needs;
- regulatory developments in the United States and foreign countries;
- general financial and economic conditions, including recessionary conditions, interest rates, monetary fluctuations, supply chain constraints, tariff uncertainty, and stock market volatility;
- the impact of inflation, interest rates, and stock market volatility on our operation and our ability to raise additional capital;
- the expected trends in our expenses and capital requirements as they relate to our ongoing activities;
- geopolitical instability and armed conflict, including those in Ukraine, Gaza, and the Red Sea;
- our ability to attract and retain key scientific and management personnel; and
- the scope of protection we are able to establish, maintain and enforce for intellectual property rights covering FHD-909, our future products and our Gene Traffic Control platform.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions and are based largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are subject to a number of known and unknown risks, uncertainties and assumptions, including those described under the section entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. Moreover, we operate in an evolving environment. New risks and uncertainties may emerge from time to time, and it is not possible for management to predict all risks and uncertainties. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Foghorn Therapeutics Inc.
Condensed Consolidated Balance Sheets
(In thousands, except share and per share amounts)
(Unaudited)

	June 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 72,572	\$ 55,454
Marketable securities	126,093	188,293
Restricted cash	1,250	—
Prepaid expenses and other current assets	3,927	5,854
Total current assets	203,842	249,601
Property and equipment, net	9,514	9,964
Restricted cash	2,000	1,708
Other assets	6	68
Operating lease right-of-use assets	10,874	22,641
Total assets	<u>\$ 226,236</u>	<u>\$ 283,982</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 3,322	\$ 3,785
Accrued expenses and other current liabilities	8,564	8,531
Operating lease liabilities	6,176	9,067
Deferred revenue	59,724	45,606
Total current liabilities	77,786	66,989
Operating lease liabilities, net of current portion	17,522	28,064
Deferred revenue, net of current portion	206,830	234,457
Other liabilities	757	—
Total liabilities	302,895	329,510
Commitments and contingencies (Note 10)		
Stockholders' deficit:		
Preferred stock, \$0.0001 par value; 25,000,000 shares authorized at June 30, 2025 and December 31, 2024; no shares issued and outstanding at June 30, 2025 and December 31, 2024	—	—
Common stock, \$0.0001 par value; 175,000,000 shares authorized at June 30, 2025 and December 31, 2024; 55,803,195 shares issued and outstanding at June 30, 2025 and 55,594,131 shares issued and outstanding at December 31, 2024	6	6
Additional paid-in capital	518,333	512,515
Accumulated other comprehensive gain (loss)	(44)	135
Accumulated deficit	(594,954)	(558,184)
Total stockholders' deficit	<u>\$ (76,659)</u>	<u>\$ (45,528)</u>
Total liabilities and stockholders' deficit	<u>\$ 226,236</u>	<u>\$ 283,982</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Foghorn Therapeutics Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Collaboration revenue	\$ 7,557	\$ 6,888	\$ 13,509	\$ 11,938
Operating expenses:				
Research and development	21,792	23,797	43,418	49,331
General and administrative	6,862	7,325	14,101	15,035
Impairment of long-lived assets	—	2,398	—	2,398
Total operating expenses	<u>28,654</u>	<u>33,520</u>	<u>57,519</u>	<u>66,764</u>
Loss from operations	(21,097)	(26,632)	(44,010)	(54,826)
Other income, net:				
Interest income	2,309	2,870	5,001	5,309
Other income, net	852	783	2,239	1,522
Total other income, net	<u>3,161</u>	<u>3,653</u>	<u>7,240</u>	<u>6,831</u>
Net loss	\$ (17,936)	\$ (22,979)	\$ (36,770)	\$ (47,995)
Net loss per share attributable to common stockholders—basic and diluted	\$ (0.28)	\$ (0.45)	\$ (0.58)	\$ (1.02)
Weighted average common shares outstanding—basic and diluted	<u>62,978,219</u>	<u>51,580,310</u>	<u>62,913,804</u>	<u>47,004,561</u>
Comprehensive loss:				
Net loss	\$ (17,936)	\$ (22,979)	\$ (36,770)	\$ (47,995)
Other comprehensive gain (loss):				
Unrealized gains (losses) on marketable securities	(58)	159	(179)	488
Total other comprehensive gain (loss)	<u>(58)</u>	<u>159</u>	<u>(179)</u>	<u>488</u>
Total comprehensive loss	<u>\$ (17,994)</u>	<u>\$ (22,820)</u>	<u>\$ (36,949)</u>	<u>\$ (47,507)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Foghorn Therapeutics Inc.
Condensed Consolidated Statements of Stockholders' Deficit
(In thousands, except share amounts)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount				
Balances at December 31, 2024	55,594,131	\$ 6	\$ 512,515	\$ 135	\$ (558,184)	\$ (45,528)
Issuance of common stock upon exercise of stock options and employee stock purchase plan	127,209	—	139	—	—	139
Stock-based compensation expense	—	—	2,692	—	—	2,692
Unrealized losses on marketable securities	—	—	—	(121)	—	(121)
Net loss	—	—	—	—	(18,834)	(18,834)
Balances at March 31, 2025	55,721,340	6	515,346	14	(577,018)	(61,652)
Issuance of common stock upon exercise of stock options and employee stock purchase plan	81,855	—	254	—	—	254
Stock-based compensation expense	—	—	2,733	—	—	2,733
Unrealized losses on marketable securities	—	—	—	(58)	—	(58)
Net loss	—	—	—	—	(17,936)	(17,936)
Balances at June 30, 2025	55,803,195	\$ 6	\$ 518,333	\$ (44)	\$ (594,954)	\$ (76,659)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount				
Balances at December 31, 2023	42,282,040	\$ 4	\$ 395,196	\$ (826)	\$ (471,564)	\$ (77,190)
Issuance of common stock upon exercise of stock options and employee stock purchase plan	303,576	—	1,167	—	—	1,167
Stock-based compensation expense	—	—	3,224	—	—	3,224
Unrealized gains on marketable securities	—	—	—	329	—	329
Net loss	—	—	—	—	(25,016)	(25,016)
Balances at March 31, 2024	42,585,616	4	399,587	(497)	(496,580)	(97,486)
Issuance of common stock and pre-funded warrants, net of underwriting discounts, commissions and offering costs	12,743,039	2	102,814	—	—	102,816
Issuance of common stock upon exercise of stock options and employee stock purchase plan	—	—	—	—	—	—
Stock-based compensation expense	—	—	3,168	—	—	3,168
Unrealized gains on marketable securities	—	—	—	159	—	159
Net loss	—	—	—	—	(22,979)	(22,979)
Balances at June 30, 2024	55,328,655	\$ 6	\$ 505,569	\$ (338)	\$ (519,559)	\$ (14,322)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Foghorn Therapeutics Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (36,770)	\$ (47,995)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	5,425	6,392
Depreciation and amortization expense	1,678	1,626
Impairment of long-lived assets	—	2,398
Noncash lease expense	2,967	2,869
Accretion of discount on marketable securities	(1,264)	(1,259)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	1,989	1,793
Accounts payable	(463)	(1,458)
Accrued expenses and other liabilities	(388)	(3,112)
Operating lease liabilities	(4,633)	(4,197)
Deferred revenue	(13,509)	(11,939)
Net cash used in operating activities	<u>(44,968)</u>	<u>(54,882)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(50)	(118)
Purchases of marketable securities	(93,264)	(97,367)
Proceeds from maturities of marketable securities	156,549	106,605
Net cash provided by investing activities	<u>63,235</u>	<u>9,120</u>
Cash flows from financing activities:		
Proceeds from offerings of common stock and pre-funded warrants, net of underwriting discounts and commissions	—	103,401
Payments of public offering costs	—	(195)
Proceeds from issuance of common stock upon exercise of stock options and employee stock purchase plan	393	1,167
Net cash provided by financing activities	<u>393</u>	<u>104,373</u>
Net increase in cash, cash equivalents and restricted cash	18,660	58,611
Cash, cash equivalents and restricted cash at beginning of period	57,162	82,044
Cash, cash equivalents and restricted cash at end of period	<u>\$ 75,822</u>	<u>\$ 140,655</u>
Supplemental disclosure and noncash investing and financing information:		
Cash paid for taxes	\$ 8	\$ 754
Purchases of property and equipment included in accounts payable and accrued expenses	\$ —	\$ 112
Asset acquired in finance lease	\$ 1,200	\$ —
Public offering costs in accounts payable and accrued expenses	\$ —	\$ 390
Decrease in operating lease liabilities and right-of-use assets due to lease remeasurement	\$ 8,800	\$ —
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 72,572	\$ 138,947
Restricted cash	3,250	1,708
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 75,822</u>	<u>\$ 140,655</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Foghorn Therapeutics Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Nature of Business, Going Concern and Basis of Presentation

Nature of Business

Foghorn Therapeutics Inc. (the “Company”) is a clinical-stage biopharmaceutical company discovering and developing a new class of medicines targeting genetically determined dependencies within the chromatin regulatory system. The Company uses its proprietary Gene Traffic Control platform to identify, validate and potentially drug targets within the system. The Company was founded in October 2015 as a Delaware corporation. The Company is headquartered in Cambridge, Massachusetts.

The Company is subject to risks similar to those of other clinical-stage companies in the biopharmaceutical industry, including dependence on key individuals, the need to develop commercially viable products, competition from other companies, many of whom are larger and better capitalized, and the need to obtain adequate additional financing to fund the development of its products. There can be no assurance that the Company’s research and development will be successfully completed, that adequate protection for the Company’s intellectual property will be maintained, that any products developed will obtain required regulatory approval or that any approved products will be commercially viable. Even if the Company’s development efforts are successful, it is uncertain when, if ever, the Company will generate significant revenue from the sale of its products.

In May 2024, the Company entered into an underwriting agreement with Jefferies LLC, TD Securities (USA) LLC and Evercore Group LLC relating to the issuance and sale of an aggregate of 12,743,039 shares of its common stock at a public offering price of \$5.51 per share to certain investors. In addition, the Company issued and sold pre-funded warrants to purchase 7,220,794 shares of its common stock (the “Pre-funded Warrants”) at a public offering price of \$5.5099 per pre-funded warrant, which equals the public offering price per share of the common stock less the \$0.0001 exercise price per share of each pre-funded warrant. The offering closed on May 22, 2024, resulting in net proceeds of \$102.8 million, after deducting underwriting discounts, commissions and other offering expenses.

Going concern

The accompanying unaudited condensed consolidated financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities and commitments in the ordinary course of business. Since inception, the Company has funded its operations primarily with proceeds from sales of preferred stock, upfront and milestone payments from collaboration agreements, public offerings and a stock purchase agreement. The Company has incurred recurring losses, including net losses of \$36.8 million and \$48.0 million for the six months ended June 30, 2025 and 2024, respectively. As of June 30, 2025, the Company had an accumulated deficit of \$595.0 million. The Company expects to continue to generate operating losses in the foreseeable future. As of the issuance date of these interim unaudited condensed consolidated financial statements the Company expects that its cash, cash equivalents and marketable securities will be sufficient to fund its operating expenses and capital expenditure requirements for at least 12 months.

The Company will need to obtain additional funding through public or private equity offerings, debt financings, collaborations, strategic alliances and/or licensing arrangements to continue to fund its operations. 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 collaborative or strategic alliances or licensing arrangements. The terms of any financing may adversely affect the holdings or the rights of the Company’s stockholders. Arrangements with collaborators or others may require the Company to relinquish rights to certain of its technologies or programs. If the Company is unable to obtain funding, the Company could be forced to delay, reduce or eliminate some or all of its research and development programs, pipeline expansion or commercialization efforts, which could adversely affect its business prospects. Although management will continue to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient funding in the future on terms acceptable to the Company to fund continuing operations when needed or at all.

Basis of presentation

The Company’s unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the United States Securities and Exchange Commission for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation. Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting

Standards Codification (“ASC”) and Accounting Standards Update (“ASU”) of the Financial Accounting Standards Board (“FASB”).

2. Summary of Significant Accounting Policies

The accounting policies of the Company are set forth in Note 2, *Summary of Significant Accounting Policies*, to the consolidated financial statements contained in the Company’s 2024 Annual Report on Form 10-K, and the accounting policies followed by the Company for interim financial reporting are consistent with the accounting policies therein.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that the Company adopts as of the specified effective date. The Company qualifies as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 and has elected not to “opt out” of the extended transition related to complying with new or revised accounting standards, which means that when a standard is issued or revised and it has different application dates for public and nonpublic companies, the Company can adopt the new or revised standard at the time nonpublic companies adopt the new or revised standard and can do so until such time that the Company either (i) irrevocably elects to opt out of such extended transition period or (ii) no longer qualifies as an emerging growth company.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures*, which is intended to improve disclosures about a public company’s expenses including the disclosure of certain expenses included and aggregated in captions such as cost of sales, selling general & administrative and research and development expenses on the consolidated financial statements on an interim and annual basis. The standard is effective for annual periods beginning after December 15, 2026 and interim periods within annual periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of the standard on the presentation of its condensed consolidated financial statements and footnotes.

3. Marketable Securities and Fair Value Measurements

As of June 30, 2025, available for sale marketable securities by security type consisted of (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. treasury notes (due within one year)	\$ 11,470	\$ —	\$ (2)	\$ 11,468
Commercial paper (due within one year)	27,063	—	(15)	27,048
Corporate notes and bonds (due within one year)	87,604	14	(41)	87,577
Total	<u>\$ 126,137</u>	<u>\$ 14</u>	<u>\$ (58)</u>	<u>\$ 126,093</u>

As of December 31, 2024, available for sale marketable securities by security type consisted of (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. treasury notes (due within one year)	\$ 35,366	\$ 28	\$ —	\$ 35,394
Commercial paper (due within one year)	44,959	35	—	44,994
Corporate notes and bonds (due within one year)	100,662	112	(30)	100,744
Corporate notes and bonds (due after one year through two years)	7,171	—	(10)	7,161
Total	<u>\$ 188,158</u>	<u>\$ 175</u>	<u>\$ (40)</u>	<u>\$ 188,293</u>

The following tables present the Company's fair value hierarchy for its assets and liabilities, which are measured at fair value on a recurring basis (in thousands):

	Fair Value Measurements at June 30, 2025 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	\$ 47,786	\$ —	\$ —	\$ 47,786
Commercial paper	—	24,302	—	24,302
Marketable securities:				
U.S. treasury notes	—	11,468	—	11,468
Commercial paper	—	27,048	—	27,048
Corporate notes and bonds	—	87,577	—	87,577
Total	\$ 47,786	\$ 150,395	\$ —	\$ 198,181
Fair Value Measurements at December 31, 2024 Using:				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	\$ 28,027	\$ —	\$ —	\$ 28,027
U.S. treasury notes	—	14,500	—	14,500
Commercial paper	—	2,748	—	2,748
Marketable securities:				
U.S. treasury notes	—	35,394	—	35,394
Commercial paper	—	44,994	—	44,994
Corporate notes and bonds	—	107,905	—	107,905
Total	\$ 28,027	\$ 205,541	\$ —	\$ 233,568

For the three and six months ended June 30, 2025 and 2024, there were no transfers between Level 1, Level 2 and Level 3.

4. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	June 30, 2025	December 31, 2024
Laboratory equipment	\$ 8,326	\$ 7,119
Furniture and fixtures	839	839
Computer equipment and software	46	67
Leasehold improvements	17,023	17,023
Assets not yet placed in service	14	—
	26,248	25,048
Less: Accumulated depreciation and amortization	(16,734)	(15,084)
	\$ 9,514	\$ 9,964

Depreciation and amortization expense was \$0.9 million and \$0.8 million for the three months ended June 30, 2025 and 2024, respectively, and \$1.7 million and \$1.6 million for the six months ended June 30, 2025 and 2024, respectively. The Company recognized a non-cash impairment of leasehold improvements of \$0.8 million for the three and six months ended June 30, 2024, see Note 10 *Commitments and Contingencies* for additional information.

5. Accrued Expenses and Other Current Liabilities

Accrued expenses consisted of the following (in thousands):

	June 30, 2025	December 31, 2024
Accrued external research and development expenses	\$ 4,562	\$ 3,076
Accrued employee compensation and benefits	2,922	4,742
Accrued professional fees	688	712
Other	392	1
	<u>\$ 8,564</u>	<u>\$ 8,531</u>

6. Common Stock and Net Loss Per Share

Common Stock

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are not entitled to receive dividends, unless declared by the board of directors.

In May 2024, the Company entered into an underwriting agreement with Jefferies LLC, TD Securities (USA) LLC and Evercore Group LLC relating to the issuance and sale of an aggregate of 12,743,039 shares of its common stock at a public offering price of \$5.51 per share to certain investors. In addition, the Company issued and sold to certain investors in lieu of common stock the Pre-funded Warrants to purchase 7,220,794 shares of its common stock at a public offering price of \$5.5099 per pre-funded warrant, which represents the public offering price per share of the common stock less the \$0.0001 exercise price per share of each pre-funded warrant. The offering closed on May 22, 2024, resulting in net proceeds of \$102.8 million after deducting underwriting discounts and commissions and other offering expenses.

As the Pre-funded Warrants are indexed to the Company's common stock (and otherwise meet the requirements to be classified in equity), the Company recorded the consideration received from the issuance of the pre-funded warrants as additional paid-in capital on the Company's condensed consolidated balance sheets and statements of stockholders' equity.

The Pre-funded Warrants are exercisable at any time.

Net Loss Per Share

The following pre-funded warrants outstanding at each period end were included in the basic and diluted net loss per share calculation:

	June 30,	
	2025	2024
Pre-funded warrants to purchase common stock	7,220,794	7,220,794

During the three and six months ended June 30, 2025, no pre-funded warrants were exercised.

The following common stock equivalents presented based on amounts outstanding at each period end have been excluded from the calculation of diluted net loss per share because including them would have had an anti-dilutive impact:

	June 30,	
	2025	2024
Stock options to purchase common stock	10,813,194	9,227,882
Warrants to purchase common stock	18,445	18,445
	<u>10,831,639</u>	<u>9,246,327</u>

7. Stock-Based Compensation

2020 Equity Incentive Plan

The Company's 2020 Equity Incentive Plan (the "2020 Plan") provides for the grant of incentive stock options, non-qualified options, stock appreciation rights, restricted stock awards, restricted stock units and other stock-based awards. The number of shares initially reserved for issuance under the 2020 Plan was (i) 2,200,000 shares (the "share pool"), plus (ii) the number of shares of common stock available for issuance under the Company's 2016 Stock Incentive Plan (the "2016 Plan") as of the

effective date of the 2020 Plan, plus the number of shares of common stock underlying awards under the 2016 Plan that on or after the date of adoption expire or become unexercisable without delivery of shares, are forfeited to, or repurchased for cash, are settled in cash, or otherwise become available again for grant under the 2016 Plan, in each case, in accordance with its terms (up to an aggregate of 5,078,295 shares). As of June 30, 2025, 2,946,661 shares remained available for future grant under the 2020 Plan.

The share pool will automatically increase on January 1 of each year from 2021 to 2030 by the lesser of (i) four percent of the number of shares of our common stock outstanding as of the close of business on the immediately preceding December 31 and (ii) the number of shares determined by the board of directors on or prior to such date for such year. The number of shares reserved for issuance under the 2020 Plan was increased by 2,223,765 shares effective January 1, 2025.

The 2020 Plan is administered by the board of directors or, at the discretion of the board of directors, by a committee of the board of directors. The exercise prices, vesting and other restrictions are determined at the discretion of the board of directors, or its committee if so delegated. Stock options granted with service-based vesting conditions generally vest over four years and expire after ten years. The exercise price for stock options granted is not less than the fair value of common stock on the date of grant. The Company bases fair value of common stock on the quoted market price.

2020 Employee Stock Purchase Plan

On October 21, 2020, the Company's board of directors adopted and its stockholders approved the 2020 Employee Stock Purchase Plan (the "ESPP"), which became effective on October 21, 2020. The aggregate number of shares of common stock available for purchase pursuant to the exercise of options under the ESPP is 360,000 shares, plus an automatic annual increase, as of January 1 of each year from 2021 to 2030, equal to the lesser of one percent of the number of shares of common stock outstanding as of the close of business on the immediately preceding December 31 and (ii) the number of shares determined by the board of directors on or prior to such date for such year (up to a maximum of 3,220,520 shares). The number of shares reserved for issuance under the ESPP was increased by 555,941 shares effective January 1, 2025. As of June 30, 2025, 2,088,924 shares remained available for future grant under the ESPP.

Eligible employees may authorize payroll deductions of up to 15% of their eligible compensation during an offering period. The purchase of shares is done at a 15% discount on the lesser of (i) the Fair Market Value of a share of Stock on the first day of the offering period and (ii) the Fair Market Value of a share of Stock on the last day of the offering period. The Company currently holds two offering periods, September 1 and March 1, respectively. The Company recognized a de minimis amount of expense related to the ESPP for the three and six months ended June 30, 2025 and 2024.

Stock-Based Compensation

Stock-based compensation expense was classified in the condensed consolidated statements of operations and comprehensive loss as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Research and development expenses	\$ 1,129	\$ 1,324	\$ 2,279	\$ 2,666
General and administrative expenses	1,604	1,844	3,146	3,726
	<u>\$ 2,733</u>	<u>\$ 3,168</u>	<u>\$ 5,425</u>	<u>\$ 6,392</u>

As of June 30, 2025, total unrecognized compensation cost related to unvested options was \$18.2 million, which is expected to be recognized over a weighted average period of 2.3 years.

8. Collaboration Agreement

Lilly Collaboration Agreement and Stock Purchase Agreement

In December 2021, the Company entered into a collaboration agreement (the "Lilly Collaboration Agreement") with Eli Lilly and Company ("Lilly") to create novel oncology medicines by applying Foghorn's proprietary Gene Traffic Control platform. The collaboration includes a co-development and co-commercialization agreement for the Company's selective SMARCA2 (BRM) oncology target, consisting of two programs, and one additional undisclosed oncology target (collectively, the "Joint Programs"). The collaboration also includes three additional discovery targets or programs (collectively, the "Discovery Programs") for a total of six programs directed at five targets.

With respect to the Joint Programs, the Company will lead discovery and early research activities through the successful completion of dose finding toxicity studies for the identified compound, while Lilly will lead development and commercialization activities of the identified compound with participation from the Company in development activities and

50% cost sharing until registrational clinical trials. The Company and Lilly may jointly develop and commercialize the Joint Program compound though the Company may, in its sole discretion, opt-out on a program-by-program basis of further participation in the development and commercialization efforts prior to the first registrational clinical trial. If the Company does not opt-out, Lilly and the Company will continue to share in the costs to further develop and commercialize the Joint Program compound on a worldwide basis, equally share in the U.S. profits on product sales, subject to certain adjustments and receive royalties on sales outside of the United States (“Ex-U.S.”) at royalty rates ranging from low double digits to high twenties. If the Company opts-out of further development and commercialization efforts, it will have no further obligations to share in the development and commercialization costs, will receive royalties rather than profit share on U.S. sales and will receive royalties at a lower rate on Ex-U.S. sales.

With respect to the Discovery Programs, the Company will lead discovery and early research activities through the successful completion of dose finding toxicity studies for the identified compounds. The Company may, in its sole discretion, opt-in on a program-by-program basis after the successful completion of dose finding toxicity to participate in the further development and commercialization efforts of the Discovery Program compounds. If the Company opts-in to the development and commercialization of the Discovery Program compounds, it will be eligible to receive milestone payments of up to \$10.0 million per program upon specified research and development milestones and up to \$180.0 million per program upon achievement of specified regulatory and commercial milestones and will also be eligible to share in the U.S. profits at pre-determined percentages on product sales. The Company would also be eligible to receive tiered Ex-U.S. royalty rates, calculated on a product-by-product and country-by-country basis, on net sales outside of the United States, if any, ranging from low single digits to low double digits, but less than teens. If the Company does not opt-in to further development and commercialization efforts for the Discovery Programs, it will be eligible to receive milestone payments of up to \$70.0 million per program upon specified research and development milestones and up to \$360.0 million per program upon achievement of specified regulatory and commercial milestones per approved product, if any. The Company would also be eligible to receive tiered royalties on net sales of products worldwide at royalty rates ranging from low single digits to low double digits, but less than teens.

Lilly has the right to make substitutions for each of the five targets during the research term of each program, subject to certain limitations. Pursuant to the Lilly Collaboration Agreement, the Company will also participate in joint decision-making through the joint steering committee and subcommittees. Unless terminated earlier, the Lilly Collaboration Agreement will continue on a product-by-product basis until the expiration of all royalty obligations under the Lilly Collaboration Agreement and when neither the Company nor Lilly is developing, commercializing or manufacturing any product under the Lilly Collaboration Agreement. The Company or Lilly may terminate the Lilly Collaboration Agreement upon an uncured material breach by the other party. Lilly may also terminate the Lilly Collaboration Agreement in its entirety or on a target-by-target, program-by-program or product-by-product basis for any reason upon certain notice to the Company.

The Company determined that (1) the research activities performed by the Company for both the Joint Programs and the Discovery Programs (2) the development activities and cost sharing for the Joint Program development efforts after dose finding toxicity until registrational clinical trials (3) the research, development, manufacture and commercialization licenses and (4) service on the joint steering committee and subcommittees represent a single performance obligation under the Lilly Collaboration Agreement. The Company determined that Lilly cannot benefit from the licenses separately from the research activities, the development activities until registrational clinical trials and participation on the joint steering committee and subcommittees because these services are specialized and rely on the Company’s expertise such that these activities are highly interrelated and therefore not distinct. Accordingly, the promised goods and services represent one combined performance obligation, and the entire transaction price was allocated to that single combined performance obligation. The performance obligation will be satisfied over time as the Company performs the research activities, participates and shares in the cost of the development activities for the Joint Programs and participates in a joint steering committee and subcommittees to oversee these activities.

The Company’s options to share in further development and commercialization efforts via its opt-in/opt-out rights will be assessed and accounted for as separate units of accounting under the relevant guidance if, and when, such options are exercised by the Company.

During the third quarter of 2023, the Company has transitioned the SMARCA2 (BRM) Selective inhibitor, FHD-909, into development activities for which Lilly will lead and the Company will participate and share in 50% of the costs until at least registrational trials. Costs incurred will continue to be included in research and development expenses on the condensed consolidated statements of operations and comprehensive loss.

As of June 30, 2025, the aggregate amount of the transaction price related to the unsatisfied portion of the performance obligation was \$266.6 million, which is expected to be recognized as revenue through 2029 or beyond depending on the timing of certain clinical development activities. The Company does not expect collaboration revenue to be recognized evenly over this period as it will be recognized on a percentage of completion basis (using a cost-to-cost method) as the Company performs the research and development activities and participates on the joint steering committee and subcommittees, which will likely

vary from period to period. In estimating the total costs to satisfy its single performance obligation pursuant to the Lilly Collaboration Agreement, the Company is required to make significant estimates including an estimate of the number of target substitutions Lilly may elect to make and the expected time and expected costs to fulfill the performance obligation. The cumulative effect of revisions to the total estimated costs to complete the Company's single performance obligation will be recorded in the period in which the changes are identified, and amounts can be reasonably estimated. While such revisions will have no impact on the Company's cash flows, a significant change in these assumptions and estimates could have a material impact on the timing and amount of revenue recognized in future periods and the classification of deferred revenue between short-term and long-term.

For the three months ended June 30, 2025 and 2024, the Company recorded \$7.6 million and \$6.9 million, respectively, of revenue under the Lilly Collaboration Agreement, which was included in deferred revenue at the beginning of the respective periods. For the six months ended June 30, 2025 and 2024, the Company recorded \$13.5 million and \$11.9 million, respectively, of revenue under the Lilly Collaboration Agreement, which was included in deferred revenue at the beginning of the respective periods. As of June 30, 2025 and December 31, 2024, the Company had a payable to Lilly of \$2.2 million and \$0.6 million, respectively, recorded in accrued expenses and other current liabilities on the Company's condensed consolidated balance sheets.

9. Leases

The Company currently occupies space in 500 Tech Square, Cambridge, Massachusetts under a lease agreement for 81,441 square feet of office and laboratory space that expires in September 2028 (the "Office Lease") as described in Note 10, *Leases*, to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. In June 2025, the Company entered into a new lease agreement with its existing landlord for 72,846 square feet of laboratory and office space in Watertown, Massachusetts with a term of approximately ten years (the "New Lease"). The term of the New Lease commences once the landlord has completed its building improvements as defined in the New Lease (the "New Premises Delivery Date"). The estimated minimum lease payments under the New Lease total \$61.0 million over the term, inclusive of free and reduced rent periods in the first three years of the term. Prior to the New Premises Delivery Date, the landlord is required to construct certain building improvements. The lease also contains a tenant improvement allowance of \$3.6 million. The Company will account for the New Lease as a right-of-use asset and lease liability at the time the landlord makes the premises available to the Company for its use. The Company currently expects to gain access to the space under the New Lease to perform tenant improvements in the fourth quarter of 2025.

In conjunction with the New Lease, the Company amended its existing Office Lease to reduce the fixed lease payments and to shorten the remaining term for a portion of the leased space from September 2028 to December 31, 2026, which resulted in a reduction of lease payments of \$8.5 million. The amended Office Lease also provides for the termination of the portion of space that the Company is currently subleasing upon the New Premises Delivery Date if the landlord enters into a direct lease agreement with the subtenant and the Company's sublease is terminated. Furthermore, the Office Lease was amended to shorten the term of the remaining portions of the lease that the Company currently occupies from September 2028 to the date the landlord provides a 15-day notice of termination, which the landlord can provide at the later of (i) February 1, 2026 or (ii) 30 days after the New Premises Delivery Date, with an outside termination date of December 31, 2026 if the New Premises Delivery Date has been met on or before that date. The construction of the building improvements to be made prior to the New Premises Delivery Date is being conducted by the landlord.

In connection with the shortened term to December 31, 2026 for a portion of the leased space and the reduction of fixed payments, the Company remeasured the ROU asset and lease liability related to the Office Lease for the non-contingent modification at the modification date using the updated payment schedule and a discount rate of 8.3%, which resulted in a reduction to the ROU asset and lease liability of \$8.8 million. With respect to the contingent early terminations of the other portions of the lease, as the construction of the landlord improvements and New Premises Delivery Date and the related Office Lease termination dates are not in the control of the Company, the Company will not remeasure the term for these portions of the Office Lease for financial accounting purposes until the time the contingencies that are outside of the control of the Company are resolved.

The components of lease expense were as follows for the three and six months ended June 30, 2025 and 2024 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Operating lease cost	\$ 1,881	\$ 2,006	\$ 3,813	\$ 4,007
Variable lease cost	699	771	1,507	1,599
	<u>\$ 2,580</u>	<u>\$ 2,777</u>	<u>\$ 5,320</u>	<u>\$ 5,606</u>

Supplemental disclosure of cash flow information related to leases was as follows (in thousands):

	Six Months Ended June 30,	
	2025	2024
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 5,480	\$ 5,354
Financing lease liabilities arising from obtaining right-of-use assets	1,200	—
Decrease in operating lease liabilities and right-of-use assets due to lease remeasurement	8,800	—

The weighted average remaining lease term and discount rate was as follows:

	June 30, 2025	December 31, 2024
Weighted-average remaining lease term—operating leases (in years)	3.0	3.7
Weighted-average discount rate—operating leases	7.53 %	5.30 %

Future annual minimum lease payments under the Office Lease as of June 30, 2025 were as follows (in thousands):

Remainder of 2025 (six months)	\$ 3,631
2026	8,274
2027	8,476
2028	6,512
2029	—
Total future minimum lease payments	26,893
Less: imputed interest	(3,195)
Total operating lease liabilities	<u>\$ 23,698</u>

Included in the consolidated balance sheets (in thousands):

	June 30, 2025
Current operating lease liabilities	\$ 6,176
Operating lease liabilities, net of current portion	17,522
Total operating lease liabilities	<u>\$ 23,698</u>

The tables above do not include lease payments related to the Company's New Lease because as of June 30, 2025, the New Premises Delivery Date has not occurred and the rent commencement date is uncertain. Additionally, the tables above do not include the impact of modified term dates that are not yet known and are contingent upon events not in the Company's control

Sublease agreements

On August 2, 2022, the Company entered into a sublease (the "Sublease") with another party (the "Sublessee") to sublease 19,823 square feet of office space under the Office Lease, as amended. The Sublease became effective during the fourth quarter of 2022 and has an initial term of 18 months. During the year ended December 31, 2023, the Sublessee notified the Company that they will exercise the 12-month renewal option, extending the Sublease through April 28, 2025. As of June 30, 2025, no rent payments due to the Company under the Sublease remain.

On May 10, 2024, the Company entered into a sublease with a new subtenant (the "New Sublease") to sublease 15,700 square feet at the Company's main office in Cambridge, Massachusetts (the "Subleased Space"). The New Sublease commenced

during the third quarter of 2024 and has a term from July 1, 2024 through September 29, 2028. As of June 30, 2025, the remaining rent payments due to the Company under the New Sublease were \$5.2 million.

The New Sublease qualified as a triggering event that could indicate that the carrying amount of the asset group related to the Subleased Space, which includes the Operating Lease right-of-use asset and related leasehold improvements, may not be recoverable. The Company tested for impairment by comparing the carrying amount of the asset group to the future undiscounted net cash flows expected to be generated by the asset group. The impairment test indicated that the asset group was impaired and the Company measured the impairment loss as the excess of the asset group's carrying value over its fair value.

The fair value of this asset group was calculated as the present value of the estimated future cash flows of the sublease income discounted at a rate of 9%. The fair value of this asset group was classified in level 3 of the fair value hierarchy and was nonrecurring.

For the three and six months ended June 30, 2024, the Company recognized a non-cash impairment charge of \$2.4 million on the condensed consolidated statements of operations and comprehensive loss of which \$1.6 million was allocated to the Operating Lease right-of-use asset and \$0.8 million was allocated to leasehold improvements.

For the three months ended June 30, 2025 and 2024, the Company recorded other income of \$0.9 million and \$0.8 million, respectively, related to its subleases. For the six months ended June 30, 2025 and 2024, the Company recorded other income of \$2.3 million and \$1.6 million, respectively, related to its subleases.

10. Commitments and Contingencies

Leases

The Company's commitments under its lease are described in Note 9.

License agreements

The Company has entered into various exclusive and non-exclusive license agreements for certain technologies. Under the terms of these license agreements, the Company could be required to reimburse the licensors for patent expenses and remit amounts in the low single-digit as sales-based royalties upon the occurrence of specific events as outlined in the corresponding license agreements. The Company is also required to make annual license maintenance fees of less than \$0.3 million and pay up to \$1.1 million in regulatory milestones on each licensed product upon the occurrence of specific events as outlined in one of the license agreements. None of our current product candidates utilizes technologies covered by these licenses.

Indemnification agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, contract research organizations, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and its executive officers that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. The Company has not incurred any material costs as a result of such indemnifications and is not currently aware of any indemnification claims.

Legal Proceedings

From time to time, the Company may become involved in litigation or other legal proceedings. The Company is not currently a party to any material litigation or legal proceedings.

11. Related Parties

In October 2015, the Company entered into a five-year consulting agreement with a scientific founder of the Company who is also a shareholder. This agreement was amended and extended to January 1, 2026 and is subject to automatic one-year renewal terms until terminated if notice is provided more than 30 days before the current end of term date. During the three months ended June 30, 2025 and 2024, the Company paid the scientific founder a de minimis amount and \$0.1 million, respectively. During the six months ended June 30, 2025 and 2024, the Company paid the scientific founder \$0.1 million. As of June 30, 2025 and December 31, 2024, the Company had no accounts payable due to the scientific founder.

On December 10, 2021, we entered into the Lilly Collaboration Agreement with Lilly. Concurrent with the Lilly Collaboration Agreement the Company also entered into a stock purchase agreement with Lilly (the "Lilly SPA") where the Company issued and sold Lilly 4,000,000 shares of our common stock at a price of \$20.00 per share, making them a 5% or greater shareholder in

the Company for the six months ended June 30, 2025 and 2024. We are obligated to make certain payments to Lilly pursuant to the Lilly Collaboration Agreement. During the three months ended June 30, 2025 and 2024, the Company paid Lilly \$1.4 million and \$1.2 million, respectively. During the six months ended June 30, 2025 and 2024, the Company paid Lilly \$2.0 million and \$2.9 million, respectively. As of June 30, 2025 and December 31, 2024, the Company had a payable of \$2.2 million and \$0.6 million, respectively, due to Lilly.

12. Segment Reporting

Operating segments are defined as components of an entity for which separate discrete financial information is made available and that is regularly evaluated by the chief operating decision maker (“CODM”) in making decisions regarding resource allocation and assessing performance. The Company manages its operations as a single segment (the “Segment”) for the purposes of assessing performance and making operating decisions. The CODM of the Segment is the Company’s chief executive officer. The Segment is focused on pioneering the discovery and development of a new class of medicines targeting genetically determined dependencies within the chromatin regulatory system. The Segment’s revenue is derived entirely from the recognition of deferred revenue related to our collaboration agreement upfront and milestone payment and funds received under the Lilly SPA (see Note 8, Collaboration Agreement).

The CODM assesses the performance of the Segment and decides how to allocate resources based on net loss that is reported on the condensed consolidated statements of operations and comprehensive loss. Further, the following represents information about segment revenue, segment loss and significant segment expenses (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Collaboration revenue	\$ 7,557	\$ 6,888	\$ 13,509	\$ 11,938
Less:				
Research and development:				
Personnel expenses	5,618	5,449	11,962	11,736
FHD-286	757	3,261	1,748	6,787
Lilly partnered programs	5,558	3,712	10,183	7,598
Proprietary programs	3,810	4,928	7,257	10,214
Research and development operating and administrative costs	1,858	1,541	3,525	3,166
General and administrative:				
Personnel expenses	2,716	2,463	5,643	5,006
External expenses	1,937	2,171	4,009	4,745
Facilities and IT related expenses, net of sublease income	1,946	2,822	3,823	5,537
Other expenses ⁽¹⁾	3,602	6,390	7,130	10,453
Plus:				
Interest income	2,309	2,870	5,001	5,309
Net loss	\$ (17,936)	\$ (22,979)	\$ (36,770)	\$ (47,995)

(1) Inclusive of \$2.7 million and \$3.2 million of stock compensation expense for the three months ended June 30, 2025 and 2024, respectively; \$0.9 million and \$0.8 million of depreciation and amortization expense for the three months ended June 30, 2025 and 2024, respectively. Inclusive of \$5.4 million and \$6.4 million of stock compensation expense for the six months ended June 30, 2025 and 2024, respectively; \$1.7 million and \$1.6 million of depreciation and amortization expense for the six months ended June 30, 2025 and 2024, respectively.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes to those statements included elsewhere in this Quarterly Report on Form 10-Q. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Some of the numbers included herein have been rounded for the convenience of presentation. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and in this Quarterly Report on Form 10-Q.

Overview

Foghorn is a clinical stage, precision therapeutics biotechnology company pioneering a new class of medicines that treat serious diseases by correcting abnormal gene expression through selectively targeting the chromatin regulatory system, an untapped opportunity for therapeutic intervention in oncology and with potential in a wide spectrum of other diseases including immunology and inflammation.

The chromatin regulatory system orchestrates gene expression—the turning on and off of genes—which is fundamental to how all our cells function. The chromatin regulatory system is implicated in approximately 50 percent of all cancers, and understanding how this system works could lead to an entirely new class of precision medicines. To our knowledge, we are the only company with the ability to study and target the chromatin regulatory system at scale, in context, and in an integrated way.

Our proprietary Gene Traffic Control platform provides an integrated and mechanistic understanding of how the various components of the chromatin regulatory system interact, allowing us to identify, validate and potentially drug targets within this system. We have developed unique capabilities that have yielded new insights and scalability in drugging this new, previously untapped and promising area.

At present, we are working on more than eight programs with one clinical-stage drug candidate currently in Phase 1 development. We have discovered highly selective chemical matter for some of the most challenging targets in oncology including SMARCA2 (BRM), CBP, EP300, and ARID1B as well as other undisclosed targets. We believe our current pipeline has the potential to help more than 500,000 cancer patients. We take a small molecule, modality agnostic approach to drugging targets which includes protein degraders, allosteric enzymatic inhibitors, and transcription factor disruptors. We are a biology-first company, which means we focus first on the underlying genetics and biology of a disease relevant target and then leverage the most appropriate drugging approach to impact the disease biology.

In December 2024, we announced our decision to discontinue the independent development of FHD-286 in combination with decitabine in patients with relapsed and/or refractory acute myeloid leukemia.

In October 2024, the Phase 1 dose escalation study of FHD-909, a selective allosteric ATPase inhibitor of SMARCA2, developed in collaboration with Eli Lilly and Company (“Lilly”), dosed its first patient.

FHD-909 was transitioned to Lilly during the third quarter of 2023, which triggered the 50/50 cost share for the SMARCA2 programs. Costs related to the cost-share are included in research and development expenses on the condensed consolidated statements of operations and comprehensive loss.

Since our inception, we have focused substantially all of our resources on building our Gene Traffic Control platform, organizing and staffing our company, business planning, conducting discovery and research activities, raising capital, protecting our trade secrets, filing patent applications, identifying potential product candidates, undertaking preclinical studies and clinical trial activities, establishing arrangements with third parties for the manufacture of initial quantities of our product candidates and component materials and initiating two strategic collaborations. We do not have any products approved for sale and have not generated any revenue from product sales.

On December 10, 2021, we entered into a collaboration agreement (the “Lilly Collaboration Agreement”) with Lilly, for which we received an upfront payment of \$300.0 million in January 2022 (see Note 8 to our notes to unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q). Concurrent with the Lilly Collaboration Agreement, we also entered into a stock purchase agreement (the “Lilly SPA”) with Lilly whereby we issued and sold Lilly 4,000,000 shares of our common stock at a price of \$20.00 per share, resulting in net proceeds of \$80.0 million, of which \$42.2 million was allocated to equity upon the issuance of our common stock.

In May 2024, the Company entered into an underwriting agreement with Jefferies LLC, TD Securities (USA) LLC and Evercore Group LLC relating to the issuance and sale of an aggregate of 12,743,039 shares of its common stock at a public offering price of \$5.51 per share to certain investors. In addition, the Company issued and sold to certain investors in lieu of common stock pre-funded warrants to purchase 7,220,794 shares of its common stock (the “Pre-funded Warrants”) at a public offering price of \$5.5099 per pre-funded warrant, which represents the public offering price per share of the common stock less

the \$0.0001 exercise price per share of each pre-funded warrant. The offering (the “May 2024 Offering”) closed on May 22, 2024, resulting in net proceeds of \$102.8 million, after deducting underwriting discounts, commissions and other offering expenses.

We have incurred significant operating losses since our inception. For the six months ended June 30, 2025 and the year ended December 31, 2024, we reported net losses of \$36.8 million and \$86.6 million, respectively. As of June 30, 2025, we had an accumulated deficit of \$595.0 million. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. Our ability to generate any product revenue or product revenue sufficient to achieve profitability will depend on the successful development and eventual commercialization of one or more product candidates we are developing or may develop.

We expect that our expenses and capital requirements will increase substantially in connection with our ongoing activities, particularly if and as we:

- advance FHD-909 and other product candidates partnered with Lilly, and continue preclinical and clinical development of product candidates from our current portfolio;
- identify and advance additional research programs and additional product candidates;
- initiate preclinical testing for any new product candidates we identify and develop;
- obtain, maintain, expand, enforce, defend and protect our trade secrets and intellectual property portfolio and provide reimbursement of third-party expenses related to our patent portfolio;
- hire additional research and development personnel;
- add operational, legal, compliance, financial and management information systems and personnel to support our research, product development and operations;
- expand the capabilities of our platform;
- acquire or in-license product candidates, intellectual property and technologies;
- experience significant operating cost increases as a result of increased inflation or increased tariffs;
- operate as a public company;
- seek marketing approvals for any product candidates that successfully complete clinical trials; and
- ultimately establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval.

We will not generate revenue from product sales unless and until we successfully commercialize one of our product candidates, after completing clinical development and obtaining regulatory approval. If we obtain regulatory approval for any of our product candidates, we expect to incur significant expenses related to developing our commercialization capability to support product sales, marketing, manufacturing and distribution. Further, we expect to incur additional costs associated with operating as a public company.

As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until we can generate significant revenue from product sales, if ever, we expect to finance our operations through a combination of equity offerings, debt financings and collaborations or licensing arrangements and the Lilly Collaboration Agreement. We may be unable to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as, and when, needed, we may have to significantly delay, scale back our development or commercialization plans for one or more of our product candidates.

Because of the numerous risks and uncertainties associated with pharmaceutical product development and the current geopolitical and economic and trade environment, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve or maintain profitability. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

Components of Our Results of Operations

Collaboration Revenue

To date, we have not generated any revenue from product sales and do not expect to do so in the near future. If our development efforts for our product candidates are successful and result in regulatory approval or licenses with third parties, we may

generate revenue in the future from product sales, milestone payments under our existing collaboration agreement or payments from other license agreements that we may enter into with third parties.

In December of 2021, we entered into a strategic collaboration with Lilly to create novel oncology medicines by applying Foghorn's proprietary Gene Traffic Control platform. The collaboration includes a co-development and co-commercialization agreement for the aforementioned selective SMARCA2 oncology program and an additional undisclosed oncology target. In addition, the collaboration includes three additional discovery programs using Foghorn's proprietary Gene Traffic Control platform. Under the terms of the collaboration, Foghorn received upfront consideration of \$300.0 million in cash pursuant to the Lilly Collaboration Agreement, together with an equity investment by Lilly of \$80.0 million in shares of Foghorn common stock pursuant to the Lilly SPA.

For the SMARCA2 selective program and the additional undisclosed target program, Foghorn will lead discovery and early research activities, while Lilly will lead development and commercialization activities with participation from Foghorn in operational activities and cost sharing. Foghorn and Lilly will share 50/50 in the U.S. economics, and Foghorn is eligible to receive royalties on ex-U.S. sales starting in the low double-digit range and escalating into the twenties based on revenue levels.

For the additional discovery programs, Foghorn will lead discovery and early research activities. Foghorn may receive up to a total of \$1.3 billion in potential development and commercialization milestones. Additionally, Foghorn will have an option to participate in a percentage of the U.S. economics and is eligible to receive tiered royalties from the mid-single digit to low-double digit range on sales outside the U.S. that may be exercised after the successful completion of the dose-finding toxicity studies.

We cannot provide assurances as to the timing of future milestones, royalty payments and economics associated with the strategic collaboration with Lilly, if any.

In the third quarter of 2023, we transitioned the SMARCA2 Selective inhibitor, FHD-909, to Lilly, for which Lilly will lead and we will participate and share in 50% of the costs until at least registrational trials. Costs incurred will continue to be included in research and development expenses on the condensed consolidated statements of operations and comprehensive loss.

We recognized total deferred revenue of \$337.8 million related to the Lilly Collaboration Agreement and the Lilly SPA, which included the \$300.0 million upfront payment under the Lilly Collaboration Agreement as well as \$37.8 million allocated to deferred revenue from the gross proceeds of the Lilly SPA to be recognized over the performance period. For the three months ended June 30, 2025 and 2024, we recognized \$7.6 million and \$6.9 million, respectively, of revenue under the Lilly Collaboration Agreement. For the six months ended June 30, 2025 and 2024, we recognized \$13.5 million and \$11.9 million, respectively, of revenue under the Lilly Collaboration Agreement. As of June 30, 2025, we had \$266.6 million of deferred revenue related to the above mentioned upfront payment and revenue allocation remaining on our condensed consolidated balance sheets.

Operating Expenses

Our operating expenses are comprised of research and development expenses and general and administrative expenses.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred to progress our proprietary and partnered pipeline, including our discovery efforts, which include:

- personnel-related costs, including salaries, benefits and stock-based compensation expense, for employees engaged in research and development functions;
- expenses incurred in connection with our research programs and preclinical and clinical development of our product candidates, including under agreements with third parties, such as consultants and contractors and contract research organizations ("CROs"), and our collaboration partner;
- the cost of manufacturing drug substance and drug product for use in our research and preclinical studies and clinical trials under agreements with third parties, such as consultants and contractors and contract development and manufacturing organizations ("CDMOs");
- laboratory supplies and research materials;
- facilities, depreciation and amortization and other expenses, which include direct and allocated expenses for rent and maintenance of facilities and insurance; and
- payments made under third-party licensing agreements.

We track our direct external research and development expenses on a program-by-program basis. These consist of costs that include fees, reimbursed materials, and other costs paid to consultants, contractors, CDMOs, and CROs in connection with our

preclinical, clinical and manufacturing activities. We do not allocate employee costs, costs associated with our discovery efforts, laboratory supplies, and facilities expenses, including depreciation or other indirect costs, to specific product development programs because these costs are deployed across multiple programs and our platform and, as such, are not separately classified.

We expect that our research and development expenses may increase in the future as we advance our programs into clinical development and continue our discovery, research and preclinical activities in the near term and in the future. At this time, we cannot accurately estimate or know the nature, timing and costs of the efforts that will be necessary to complete the preclinical and clinical development of any product candidates we may develop. A change in the outcome of any number of variables with respect to product candidates we may develop could significantly change the costs and timing associated with the development of that product candidate. We may never succeed in obtaining regulatory approval for any product candidates we may develop. In addition, given the uncertainties associated with the current geopolitical and economic and trade environment, our research and development expenses may increase in an unpredictable manner.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related costs, including salaries, benefits and stock-based compensation, for employees engaged in executive, finance and accounting, legal, and other administrative functions. General and administrative expenses also include professional fees for legal, patent, consulting, investor and public relations, human resources, and accounting and audit services as well as direct and allocated facility-related costs.

We anticipate that our general and administrative expenses may increase in the future as we continue to support our continued research activities and development of our programs and platform. We also anticipate that we will continue to incur increased accounting, audit, legal, regulatory, compliance, director and officer insurance costs and investor and public relations expenses associated with operating as a public company.

Other Income, Net

Interest Income

Interest income consists of interest earned on our invested cash balances.

Other Income, Net

Other income, net consists of sublease income and miscellaneous expense unrelated to our core operations.

Income Taxes

As of December 31, 2024, we had federal net operating loss carryforwards of \$52.3 million, which may be available to offset future taxable income. The federal net operating loss can be carried forward indefinitely but are limited to offset 80% of annual taxable income. As of December 31, 2024, we also had federal and state research and development tax credit carryforwards of \$7.2 million and \$3.7 million, respectively, which may be available to reduce future tax liabilities and expire at various dates beginning in 2043 and 2037, respectively. Due to our history of cumulative net losses since inception and uncertainties surrounding our ability to generate future taxable income, we have recorded a full valuation allowance against our net deferred tax assets at each balance sheet date. We do not expect to have taxable income in the current year.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. We are currently assessing its impact on our consolidated financial statements.

Critical Accounting Estimates

Our unaudited condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). The preparation of our unaudited condensed consolidated financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, costs and expenses and the disclosure of contingent assets and liabilities in our unaudited condensed consolidated financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in Note 2 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 as well as elsewhere in this Quarterly Report on Form 10-Q, we believe that revenue recognition and accrued research and development expenses are those most critical to the judgments and estimates used in the preparation of our unaudited condensed consolidated financial statements. There have been no material changes to our critical accounting policies and estimates detailed in the *Critical Accounting Policies and Significant Judgements* section of *Item 7. Management's Discussion and Analysis of financial Condition and Results of Operations* in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Results of Operations

Comparison of the Three and Six Months Ended June 30, 2025 and 2024

The following table summarizes our results of operations for three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
	(in thousands)			(in thousands)		
Collaboration revenue	\$ 7,557	\$ 6,888	\$ 669	\$ 13,509	\$ 11,938	\$ 1,571
Operating expenses:						
Research and development	21,792	23,797	(2,005)	43,418	49,331	(5,913)
General and administrative	6,862	7,325	(463)	14,101	15,035	(934)
Impairment of long-lived assets	—	2,398	(2,398)	—	2,398	(2,398)
Total operating expenses	28,654	33,520	(4,866)	57,519	66,764	(9,245)
Loss from operations	(21,097)	(26,632)	5,535	(44,010)	(54,826)	10,816
Other income, net:						
Interest income	2,309	2,870	(561)	5,001	5,309	(308)
Other income, net	852	783	69	2,239	1,522	717
Total other income, net	3,161	3,653	(492)	7,240	6,831	409
Net loss	\$ (17,936)	\$ (22,979)	\$ 5,043	\$ (36,770)	\$ (47,995)	\$ 11,225

Collaboration Revenue

Under our collaboration agreement, revenue is recognized based on the work performed during the period. Collaboration revenue was \$7.6 million for the three months ended June 30, 2025, compared to \$6.9 million for the three months ended June 30, 2024. The increase in collaboration revenue is attributed to continued advancement of programs under the Lilly Collaboration Agreement.

Collaboration revenue was \$13.5 million for the six months ended June 30, 2025, compared to \$11.9 million for the six months ended June 30, 2024. The increase in collaboration revenue is attributed to continued advancement of programs under the Lilly Collaboration Agreement.

Research and Development Expenses

Lilly partnered programs were previously included in Early development and other research external costs, but are now presented as a separate line under Research and development program expenses with prior periods adjusted accordingly.

The following table summarizes our research and development expenses for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
	(in thousands)			(in thousands)		
Research and development program expenses:						
FHD-286	\$ 757	\$ 3,261	\$ (2,504)	\$ 1,748	\$ 6,787	\$ (5,039)
Lilly partnered programs	5,558	3,712	1,846	10,183	7,598	2,585
Platform, research and discovery, and unallocated expenses:						
Early development and other research external costs	3,810	4,927	(1,117)	7,257	10,214	(2,957)
Personnel related (including stock-based compensation)	6,826	6,886	(60)	14,370	14,596	(226)
Facilities and IT related expenses and other	4,841	5,011	(170)	9,860	10,136	(276)
Total research and development expenses	<u>\$ 21,792</u>	<u>\$ 23,797</u>	<u>\$ (2,005)</u>	<u>\$ 43,418</u>	<u>\$ 49,331</u>	<u>\$ (5,913)</u>

Research and development expenses were \$21.8 million for the three months ended June 30, 2025, compared to \$23.8 million for the three months ended June 30, 2024. The decrease is attributed to the following:

- a decrease in FHD-286 costs of \$2.5 million due to the decision to discontinue both the independent development of FHD-286 in combination with decitabine in patients with relapsed and/or refractory AML, resulting in the wind down of the Phase 1 clinical trial, and independent development of FHD-286 in patients with uveal melanoma;
- a decrease in early development and other research external costs of \$1.1 million, which was primarily driven by a decrease in preclinical research costs due to program progression; and
- an increase in Lilly partnered programs of \$1.8 million, primarily driven by initiation of the Phase 1 dose escalation study of FHD-909. We expect these costs to continue to increase with increasing enrollment of FHD-909.

Research and development expenses were \$43.4 million for the six months ended June 30, 2025, compared to \$49.3 million for the six months ended June 30, 2024. The decrease is attributed to the following:

- a decrease in FHD-286 costs of \$5.0 million due to the decision to discontinue both the independent development of FHD-286 in combination with decitabine in patients with relapsed and/or refractory AML, resulting in the wind down of the Phase 1 clinical trial, and independent development of FHD-286 in patients with uveal melanoma;
- a decrease in early development and other research external costs of \$3.0 million, which was primarily driven by a decrease in FHD-609 spend due to the shutdown of the Phase 1 clinical trial in synovial sarcoma and SMARCB1-loss tumors, in addition to a decrease in preclinical research costs due to program progression; and
- an increase in Lilly partnered programs of \$2.6 million, primarily driven by initiation of the Phase 1 dose escalation study of FHD-909. We expect these costs to continue to increase with increasing enrollment of FHD-909.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
	(in thousands)			(in thousands)		
Personnel related (including stock-based compensation)	\$ 4,404	\$ 4,408	\$ (4)	\$ 8,944	\$ 8,878	\$ 66
Professional and consulting	1,375	1,673	(298)	2,912	3,617	(705)
Facilities and IT related expenses and other	1,083	1,244	(161)	2,245	2,540	(295)
Total general and administrative expenses	\$ 6,862	\$ 7,325	\$ (463)	\$ 14,101	\$ 15,035	\$ (934)

General and administrative expenses were \$6.9 million for the three months ended June 30, 2025, compared to \$7.3 million for the three months ended June 30, 2024. The decrease is primarily attributed to a decrease in professional and consulting costs of \$0.3 million and a decrease in facilities and IT related expenses and other costs of \$0.2 million.

General and administrative expenses were \$14.1 million for the six months ended June 30, 2025, compared to \$15.0 million for the six months ended June 30, 2024. The decrease is primarily attributed to a decrease in professional and consulting costs of \$0.7 million and a decrease in facilities and IT related expenses and other costs of \$0.3 million.

Impairment of Long-Lived Assets

For the three and six months ended June 30, 2024, the Company recorded a non-cash impairment of long-lived assets charge of \$2.4 million related to the sublease of office space at the Company's main office in Cambridge, MA (see Note 9 to our notes to unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q). There were no impairment charges for the three and six months ended June 30, 2025.

Other Income, Net

Other income, net was \$3.2 million for the three months ended June 30, 2025, compared to \$3.7 million for the three months ended June 30, 2024. The decrease was due to decreased interest income due to a lower average balance of marketable securities during the period.

Other income, net was \$7.2 million for the six months ended June 30, 2025, compared to \$6.8 million for the six months ended June 30, 2024. The increase was primarily due to increased sublease income related to the new sublease entered into in 2024, partially offset by decreased interest income during the period.

Liquidity and Capital Resources

Since our inception in October 2015, we have incurred significant operating losses. We expect to incur significant expenses and operating losses for the foreseeable future as we support our continued research activities and development of our programs and platform. Through June 30, 2025, we have funded our operations with proceeds from our initial public offering ("IPO") in October 2020, sales of preferred stock, term loans, an upfront payment of \$15.0 million we received in July 2020 under the Research Collaboration and Exclusive License Agreement (the "Merck Collaboration Agreement") with Merck Sharp & Dohme Corp. ("Merck"), proceeds we received in December 2021 under the Lilly SPA of \$80.0 million; an upfront payment of \$300.0 million received in January 2022 under the Lilly Collaboration Agreement; a payment of \$5.0 million received from Merck under the Merck Collaboration Agreement in the third quarter of 2022 for the achievement of a research milestone; and net proceeds of \$102.8 million, after deducting underwriting discounts, commissions and other offering expenses, from the May 2024 Offering. As of June 30, 2025, we had cash, cash equivalents and marketable securities of \$198.7 million.

Cash Flows

The following table summarizes our sources and uses of cash for each of the periods presented:

	Six Months Ended June 30,	
	2025	2024
	(in thousands)	
Net cash used in operating activities	\$ (44,968)	\$ (54,882)
Net cash provided by investing activities	63,235	9,120
Net cash provided by financing activities	393	104,373
Net increase in cash, cash equivalents and restricted cash	<u>\$ 18,660</u>	<u>\$ 58,611</u>

Operating Activities

During the six months ended June 30, 2025, operating activities used \$45.0 million of cash, resulting from our net loss of \$36.8 million to fund our operations and by changes in our operating assets and liabilities of \$17.0 million partially offset by net non-cash charges of \$8.8 million. Net cash used by changes in our operating assets and liabilities for the six months ended June 30, 2025 consisted primarily of a decrease of \$13.5 million in deferred revenue resulting from the recognition of revenue on the upfront payments received in connection with the Lilly Collaboration Agreement, a \$4.6 million decrease in operating lease liabilities partially offset by a \$1.1 million net increase in working capital.

During the six months ended June 30, 2024, operating activities used \$54.9 million of cash, resulting from the net cash used to fund our net loss of \$48.0 million and changes in our operating assets and liabilities of \$18.9 million partially offset by net non-cash charges of \$12.0 million. Net cash used by changes in our operating assets and liabilities for the six months ended June 30, 2024 was primarily driven by a \$11.9 million decrease in deferred revenue resulting from the recognition of revenue on the upfront payments received in connection with the Lilly Collaboration Agreement, a \$4.2 million decrease in operating lease liabilities and a \$2.8 million net decrease in working capital.

Investing Activities

During the six months ended June 30, 2025, net cash provided by investing activities was \$63.2 million consisting of \$156.5 million of marketable securities maturing partially offset by \$93.3 million of purchases of marketable securities

During the six months ended June 30, 2024, net cash provided by investing activities was \$9.1 million consisting of \$106.6 million of maturities of marketable securities partially offset by \$97.4 million of purchases of marketable securities and \$0.1 million in purchases of property and equipment.

Financing Activities

During the six months ended June 30, 2025, net cash provided by financing activities was \$0.4 million consisting of net proceeds from the exercise of common stock options and the 2020 Employee Stock Purchase Plan ("ESPP").

During the six months ended June 30, 2024, net cash provided by financing activities was \$104.4 million consisting of net proceeds from the offering of our common stock and prefunded warrants of \$103.2 million, after deducting underwriting discounts, commissions and other offering expenses that had been paid during the six months ended June 30, 2024, and net proceeds from the exercise of common stock options and the ESPP of \$1.2 million.

Funding Requirements

We expect our expenses to increase substantially in connection with our ongoing activities, particularly as we continue to fund on-going and potential future clinical activities, including the Phase 1 clinical trial of FHD-909 partnered with Lilly, advance preclinical programs, and initiate clinical trials for our product candidates in development, including those partnered with Lilly. As of the issuance date of the interim unaudited condensed consolidated financial statements included in this Quarterly Report, we expect that our cash, cash equivalents and marketable securities will be sufficient to fund our operating expenses and capital expenditure requirements for at least twelve months. We have based this estimate on assumptions that may prove to be inaccurate. We could use our available capital resources sooner than we currently expect, in which case we would be required to obtain additional financing sooner than planned, which may not be available to us on acceptable terms, or at all, especially in light of recent stock market volatility, particularly impacting the biotech industry. Our failure to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our long-term business strategy. We will be required to obtain further funding through public or private equity offerings, debt financings, collaborations and licensing arrangements or other sources.

If we are unable to raise sufficient capital as and when needed, we may be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of any product candidate we may develop, or be unable to expand our operations or otherwise capitalize on our business opportunities. If we raise additional funds through collaborations or licensing arrangements with third parties, we may have to relinquish valuable rights to future revenue streams or product candidates or grant licenses on terms that may not be favorable to us.

See “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 for additional risks associated with our substantial capital requirements.

Off-balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the Securities and Exchange Commission.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our unaudited condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company, as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, for this reporting period and are not required to provide the information required under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Principal Executive Officer (our Chief Executive Officer) and Principal Accounting and Financial Officer (our Chief Financial Officer), has evaluated the effectiveness of our disclosure controls and procedures as of period end. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2025, our Principal Executive Officer and Principal Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended June 30, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in litigation or other legal proceedings. We are not currently a party to any litigation or legal proceedings that, in the opinion of our management, are probable to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on our business, financial condition, results of operations and prospects because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors.

For a discussion of potential risks or uncertainties, please see “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024. There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Item 5. Other Information.

During the three months ended June 30, 2025, none of our directors or officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) entered into, modified (as to amount, price or timing of trades) or terminated any “Rule 10b5-1 trading arrangements” or any “non-Rule 10b5-1 trading arrangements,” as such terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Description
10.1	Lease Agreement, by and between Foghorn Therapeutics Inc. and ARE-MA Region No. 77, LLC, dated June 27, 2025 (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K (File No. 001-39634), filed July 1, 2025)
10.2	Lease Termination Agreement and Voluntary Surrender of Premises, by and between Foghorn Therapeutics Inc. and ARE-Tech Square, LLC, dated June 27, 2025 (Incorporated by reference to 10.2 of the Registrant's Current Report on Form 8-K (File No. 001-39634), filed July 1, 2025)
31.1 *	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 *	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 **	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.
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.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished herewith.

^ Indicates management contract or compensatory plan, contract or arrangement.

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.

Date: August 5, 2025

FOGHORN THERAPEUTICS, INC.

By: /s/ Kristian Humer

Kristian Humer
Chief Financial Officer
(Principal Accounting and Financial Officer)

**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, Adrian Gottschalk, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Foghorn Therapeutics Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2025

/s/ Adrian Gottschalk

Adrian Gottschalk

President, Chief Executive Officer and Director
(Principal Executive Officer)

**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, Kristian Humer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Foghorn Therapeutics Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2025

/s/ Kristian Humer

Kristian Humer
Chief Financial Officer
(Principal Accounting and Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Foghorn Therapeutics Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 5, 2025

/s/ Adrian Gottschalk

Adrian Gottschalk
President, Chief Executive Officer and Director
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

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

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 5, 2025

/s/ Kristian Humer

Kristian Humer

Chief Financial Officer

(Principal Accounting and Financial Officer)