TERNS
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Company Overview

NASDAQ: TERN

May 2022

Forward-Looking Statements

This presentation contains forward-looking statements about Terns Pharmaceuticals, Inc. (the "Company," "we," "us," or "our") and its industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this presentation, including statements regarding the Company's strategy, future financial condition, future operations, projected costs, prospects, plans, objectives of management and expected market growth, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "contemplate," "continue," "could," "design," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "positioned," "potential," "predict," "seek," "should," "target," "will," "would" and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. The Company has based these forward-looking statements largely on its current expectations, estimates, forecasts and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. In light of the significant uncertainties in these forward-looking statements, you should not rely upon forward-looking statements as predictions of future events. Although the Company believes that it has a reasonable basis for each forward-looking statement contained in this presentation, it cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur at all. These risks are not exhaustive. For a detailed discussion of the risk factors that could affect our actual results, please refer to the risk factors identified in our SEC reports, including but not limited to our Annual Report on Form 10-K for the year ended December 31, 2021. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in, or implied by, any forward-looking statements. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this presentation.

This presentation discusses product candidates that are investigational only and have not yet been approved for marketing by the U.S. Food and Drug Administration. No representation is made as to the safety or effectiveness of these product candidates for the use for which such product candidates are being studied.

The trademarks included herein are the property of the owners thereof and are used for reference purposes only. Such use should not be construed as an endorsement of such products.

Terns Has an Experienced Leadership Team and Strong Shareholder Base

Management Team

Senthil Sundaram – CEO
20+ years of biotech strategy, BD/M&A and finance experience
Prior: Nightstar, Intercept, Lehman, Lazard

Erin Quirk, M.D. – President and CMO
17+ years of clinical development experience, developed multiple combo drugs
Prior: Gilead, Merck

Mark Vignola, Ph.D. – CFO
10+ years of biotech IR, development and finance experience
Prior: Intercept, Needham, Applied Therapeutics

Bryan Yoon – COO & General Counsel
16+ years of legal and operational experience with pharma / biotech
Prior: LogicBio, Nightstar, Intercept, Mintz

Diana Chung – SVP, CDO
20+ years of drug discovery and clinical development experience
Prior: Gilead, Theravance, Genentech

Board of Directors

David Fellows – Chairman of the Board
Board member of Jaguar Gene Therapy and Oxular; previously CEO & Board member of Nightstar, Board member of Gyroscope and VP of J&J Vision Care

Carl Gordon, PhD, CFA – Director
Board member of Adicet, Compass, Gemini, Keros, Kinnate and Theseus; founding member, managing partner and co-head of Global Private Equity at OrbiMed

Jeff Kindler, JD – Director
Board member of Perrigo, Precigen, CEO of Centrexion, operating partner of ARTIS Ventures; previously Chairman and CEO of Pfizer

Hongbo Lu, PhD, MBA – Director
Board member of Rgenta, Ribox, RareStone, Ronovo, managing partner at Vivo Capital; previously Board member of Turning Point, Avedro

Jill Quigley, JD – Director
Previously COO at Passage Bio, CEO and GC of Nutrinia, Senior Counsel of NPS Pharma

Senthil Sundaram – Director
Board member of Social Capital Suvretta I (DNAA) and Sio Gene Therapies; previously CFO of Nightstar

Ann Taylor, MD – Director
Board member of Unlearn.AI; previously CMO of AstraZeneca, Head of Clinical Biologics at MedImmune

Top Shareholders

Lilly Asia Ventures 礼来亚洲基金
OrbiMed Healthcare Fund Management
Fidelity Investments
VIVO Capital
DEERFIELD
SUVRETTA Capital Management
ANTARA CAPITAL
SAMSARA BIOCAPITAL
Lilly

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Building the Leading Pipeline to Address Serious Diseases

Differentiated, wholly-owned programs in multiple indications

Multiple Validated Mechanisms

THR-β: improved selectivity & improved PK/PD for NASH
GLP-1: oral small-molecule for obesity
BCR-ABL: potent, allosteric BCR-ABL inhibitor for chronic myeloid leukemia

Near-term Clinical Milestones

THR-β/FXR: Ph2a initiated, patient screening in June, top-line data in 2H23
GLP-1: Initiate Phase 1 obesity trial in 2023
BCR-ABL: Initiated Phase 1 trial in China in CML, patient dosing underway

Experienced Team

GILEAD · MERCK · Takeda · Intercept · nightstar THERAPEUTICS

BIKTARVY® bictegravir 50mg/emtricitabine 200mg/tenofovir alafenamide 25mg tablets
Odefsey® emtricitabine 200mg/rilpivirine 25mg/tenofovir alafenamide 25mg tablets
Descovy® emtricitabine 200mg/tenofovir alafenamide 25mg tablets
Genvoya® elvitegravir 150mg/cobicistat 150mg/emtricitabine 200mg/tenofovir alafenamide 10mg tablets

Strong Balance Sheet and IP

- Cash balance ($151 MM*); pipeline prioritization extended runway into 2025
- Worldwide development and commercial rights to all pipeline programs
- IP estate includes patents and patent applications potentially into 2040s
- Leading institutional and strategic investors

*Cash balance as of March 31st, 2022

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Terns Pipeline: 3 Key Expected Readouts in 3 Indications

Worldwide rights to multiple wholly-owned opportunities targeting serious diseases

PROGRAM	PRECLINICAL	PHASE 1	PHASE 2A	PHASE 2B	PHASE 3	MILESTONES: RECENT	MILESTONES: UPCOMING
Nonalcoholic steatohepatitis (NASH)							
TERN-501 (THR-β Agonist)						✓ Phase 2a Initiated (May 2022)	Phase 2a Top-line (2H23)
TERN-501/TERN-101 (Combo) (THR-B/FXR Combo)							
Obesity							
TERN-601 (Oral GLP-1R Agonist)						✓ IND-enabling Activities Initiated (1Q22)	Phase 1 Initiation (2023)
Oncology – Chronic Myeloid Leukemia (CML)							
TERN-701 (Allosteric BCR-ABL Inhibitor)		HANSOH PHARMA				✓ Phase 1 Initiated[1] (2Q22)	Phase 1 Top-Line (TBD)

1. Out-licensed to Hansoh Pharma in the Greater China region. Phase 1 trial currently ongoing in China.

Note: TERN-201 AVIATION Trial Part 2 (20 mg) remains ongoing

Peer Landscape: Many Peer Molecules Have Limitations that are Addressed by Terns' Pipeline

Treatment Approaches	Clinical Trial Findings[1]	Observed Limitations[1]	Terns Differentiation
THR-β agonists (NASH)	▪ Significant reductions in liver fat and atherogenic lipids	▪ THR-β selectivity ▪ Tolerability profile (cardiac, bone) ▪ Variable pharmacokinetics	✓ **TERN-501**: superior selectivity for THR-β over THR-α; enhanced metabolic and PK stability
GLP-1 agonists (Obesity)	▪ Activation of GLP-1 has shown to be effective in driving weight loss	▪ Frequent injections ▪ Cost / supply constraints ▪ Tolerability profile	✓ **TERN-601**: Small molecule with potential for once-daily oral administration and co-formulation with other oral therapies
Tyrosine Kinase Inhibitors (CML)	▪ ATP-competitive and allosteric TKIs effective on molecular response and improving survival	▪ Tolerability/safety profile ▪ Resistance to mutations ▪ Dosing limitations ▪ Cost	✓ **TERN-701**: Designed with goal of achieving superior tumor suppression, overcoming BCR-ABL TKI resistance mutations and simplified dosing
FXR agonists (NASH)	▪ Improvements in liver fibrosis and markers of liver function	▪ Tolerability profile (pruritus/lipids) ▪ Limited monotherapy efficacy	✓ **TERN-101**: high liver distribution, no discontinuations due to pruritis and differentiated lipid profile[2]

1. Represents clinical trial findings or other observations from other sponsors
2. No differences from placebo in LDL-c and HDL-c percentage change from baseline to Week 12 in 5 and 10 mg groups

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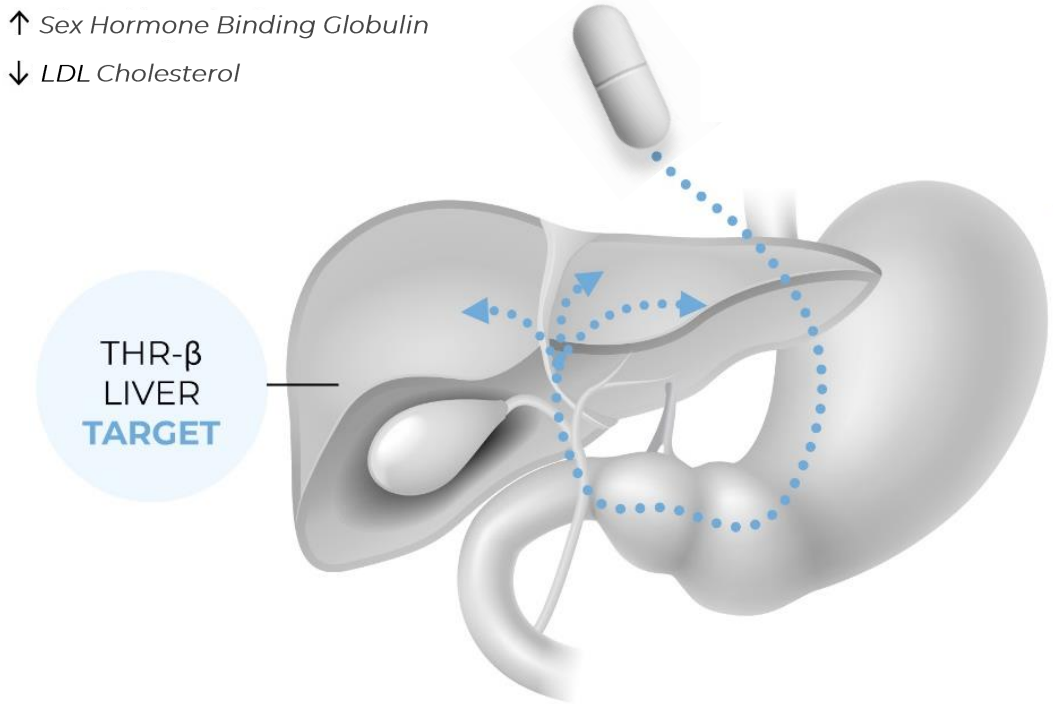
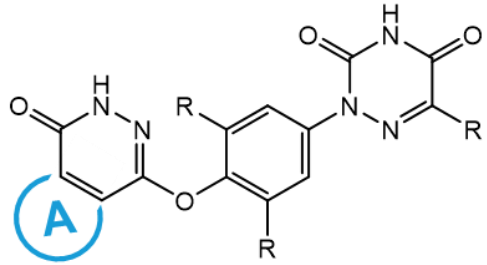
TERN-501: Highly-Selective THR-β Agonist for NASH

TERN-501: Differentiated THR-β Agonist for NASH

THR-β regulates key aspects of energy metabolism (e.g., fatty acid & lipid synthesis, liver fat removal through fatty acid oxidation)



- Other THR-β agonists have demonstrated significant benefits in NASH, but face limitations with off-target effects or unpredictable PK due to CYP metabolism



TERN-501

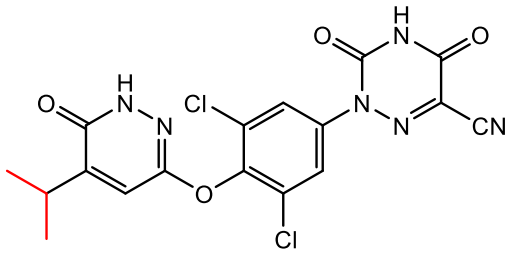
- TERN-501 was screened for **greater selectivity and enhanced metabolic and PK stability**
  - Expected low clinical dose
  - Attractive for monotherapy or combination therapy
- Positive proof-of-concept top-line data announced in November 2021

Source: Sinha et al. Thyroid 2019; TERN-501 EASL 2020 Poster

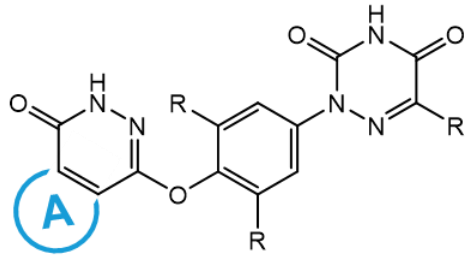
TERN-501: Improved PK & THR-β Selectivity

Differentiated and excellent candidate for co-formulation

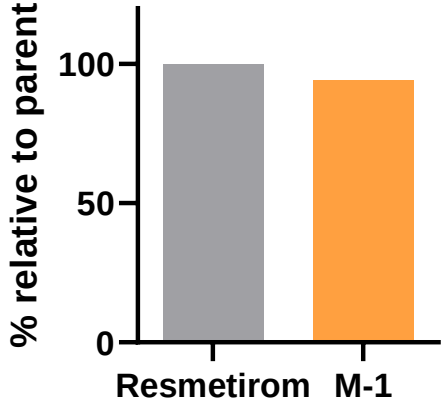
TERN-501: Improved Pharmacokinetics

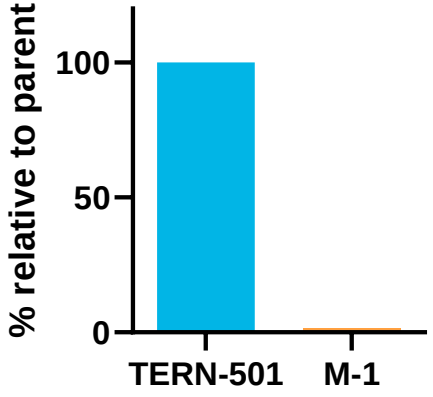


resmetirom

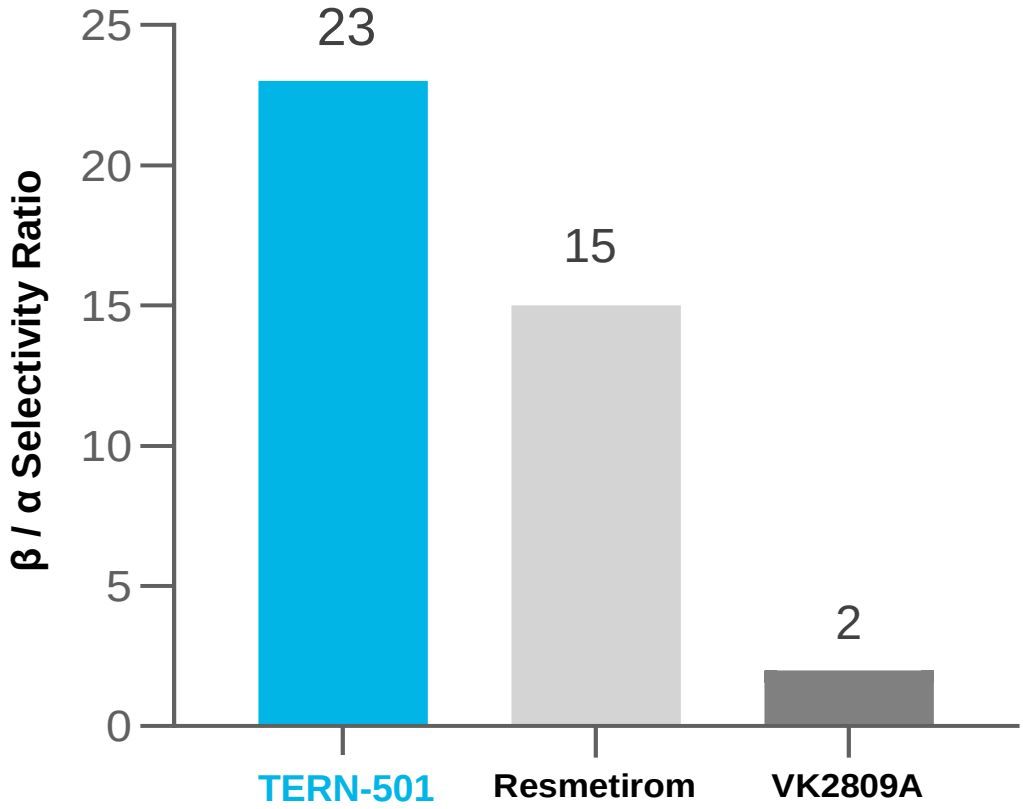


TERN-501





TERN-501: Improved THR-β ratio



Source: (Left) TERN-501 metabolite data in hepatocytes from pre-clinical Terns ADME study, resmetirom metabolite data in human (80mg/day) from US provisional 62/516,594
(Right) using methods described in J. Med. Chem. 2014, 57, 3912−3923

TERN-501 Phase 1 Study Design

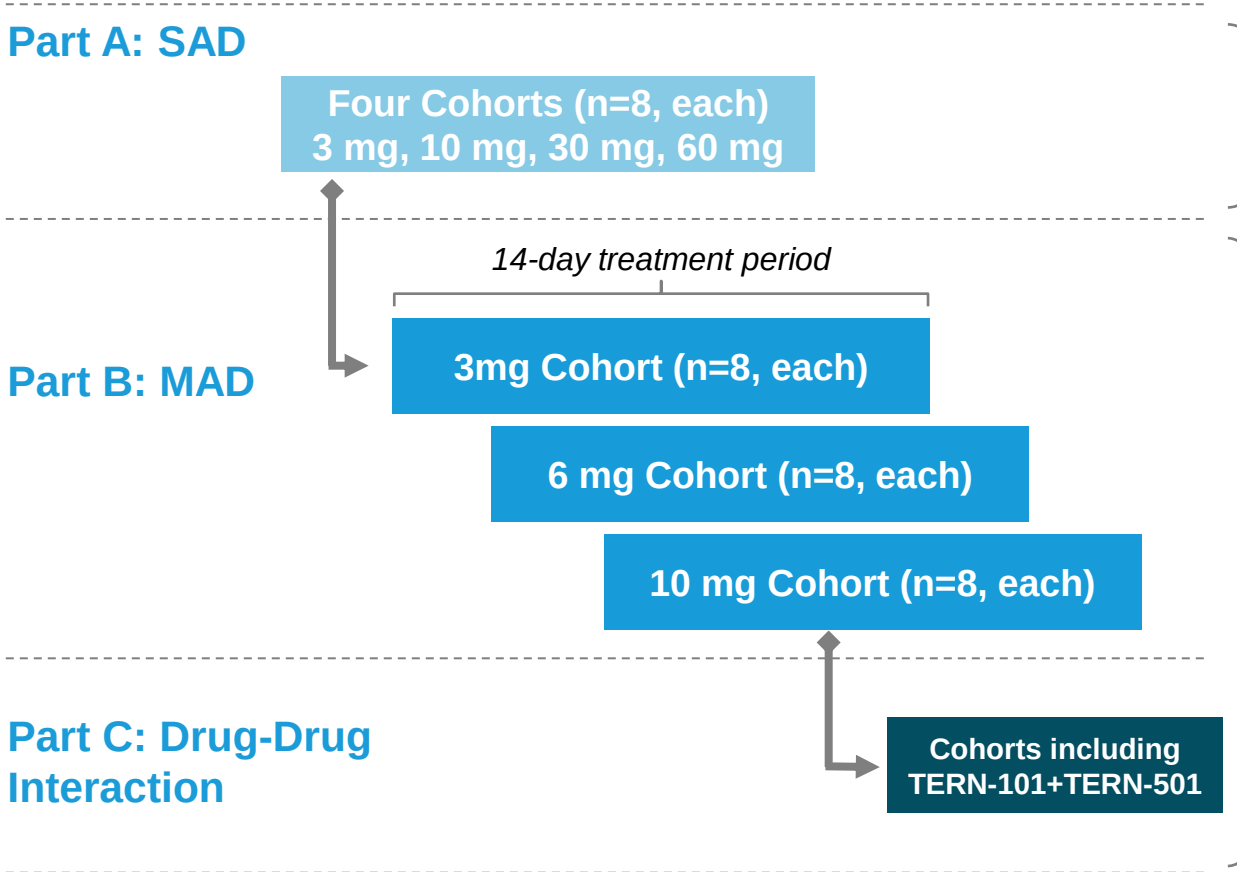
Trial Design

Population

- Healthy volunteers with mildly elevated LDL[1]

Endpoints

✓ Safety, tolerability
✓ PD (LDL, SHBG)
✓ PK



Data presented at AASLD 2021

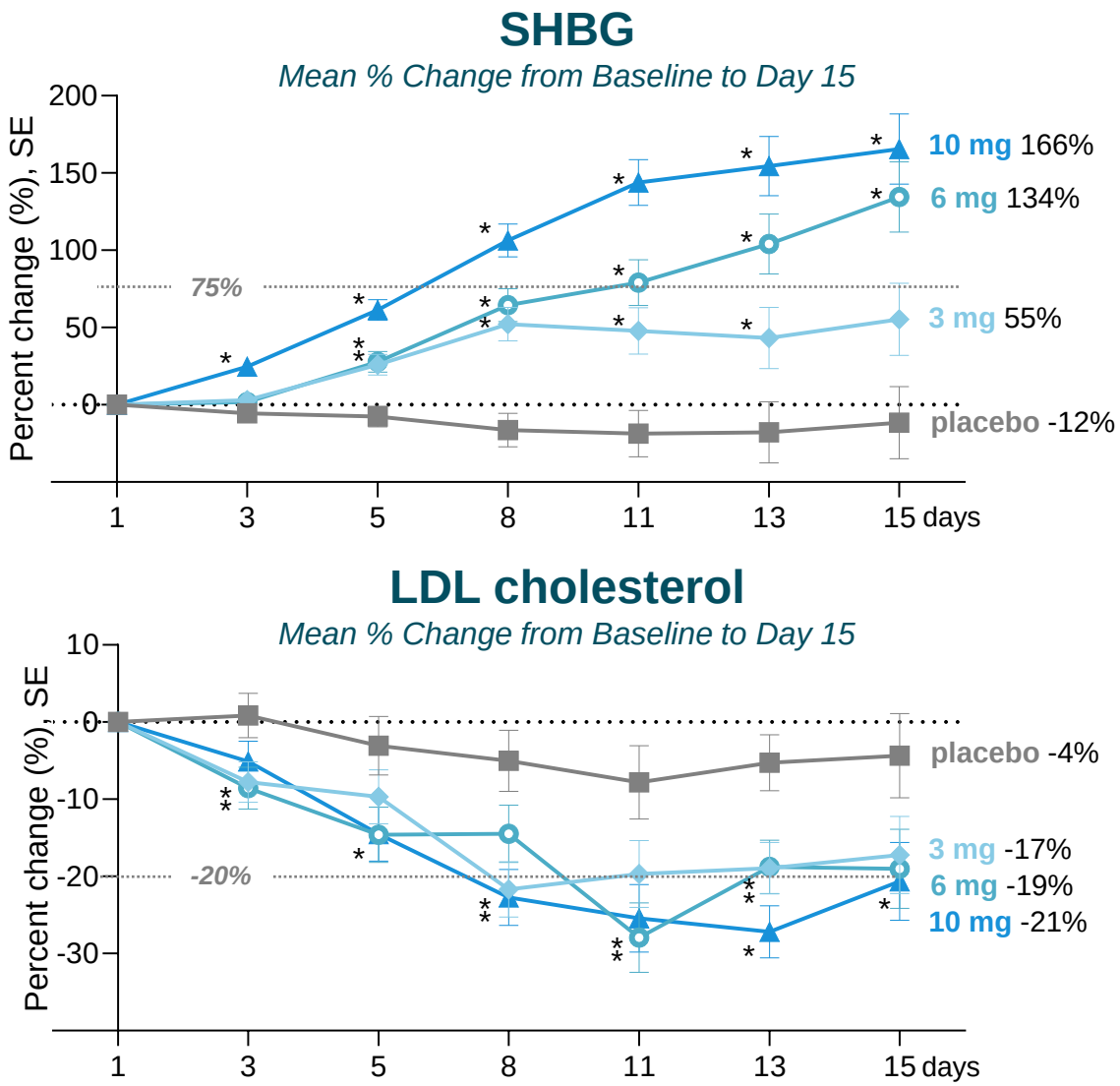
Positive data announced November 2021

1. SAD LDL > 80 mg/dL, MAD LDL > 100 mg/dL
LDL: low-density lipoprotein, PD: pharmacodynamics, PK: pharmacokinetics, SHBG: sex hormone binding globulin, SAD: single ascending dose, MAD: multiple ascending dose

TERN-501 Phase 1 Top-line Results

Positive clinical proof-of-concept data

- Well-tolerated with **predictable PK profile** and **low variability**
- Achieved **significant dose-dependent changes in PD markers** of THR-β engagement, including SHBG and LDL-c
- SAD / MAD results provide **proof of concept** and support the first NASH trial of a THR-β agonist in combination with an FXR agonist, initiated in 1H 2022



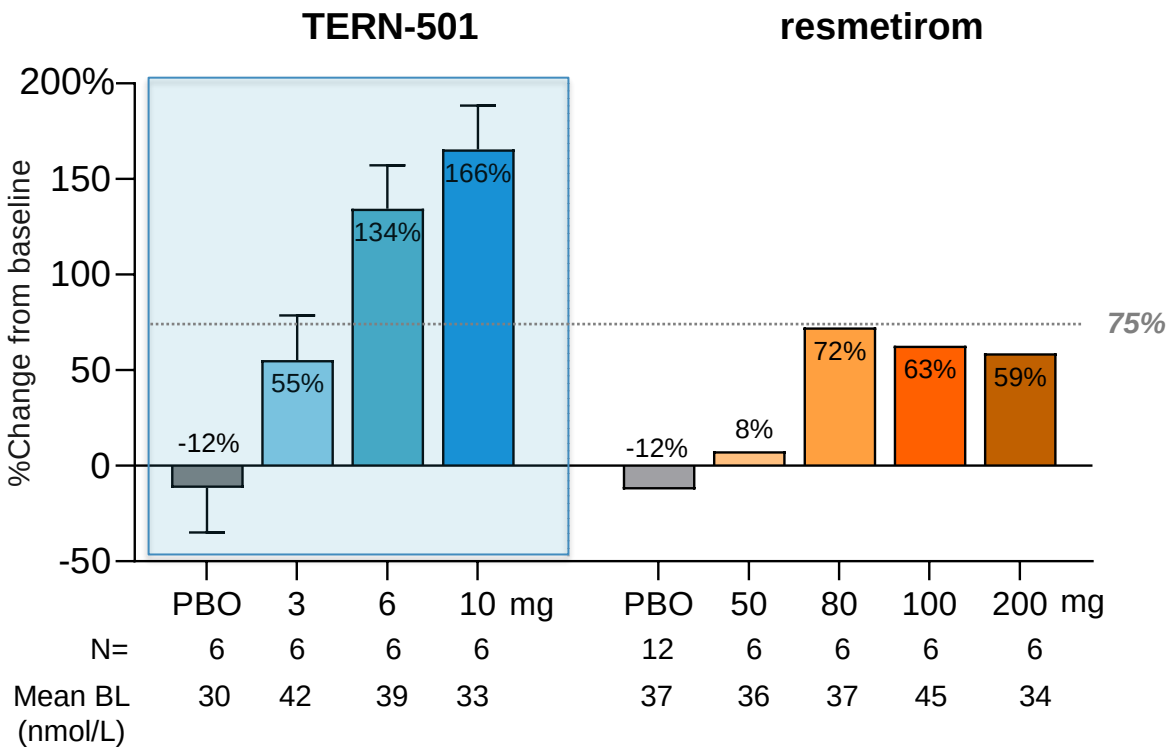
N =	Placebo	3 mg	6 mg	10 mg
	6	6	6	6

*p < 0.05

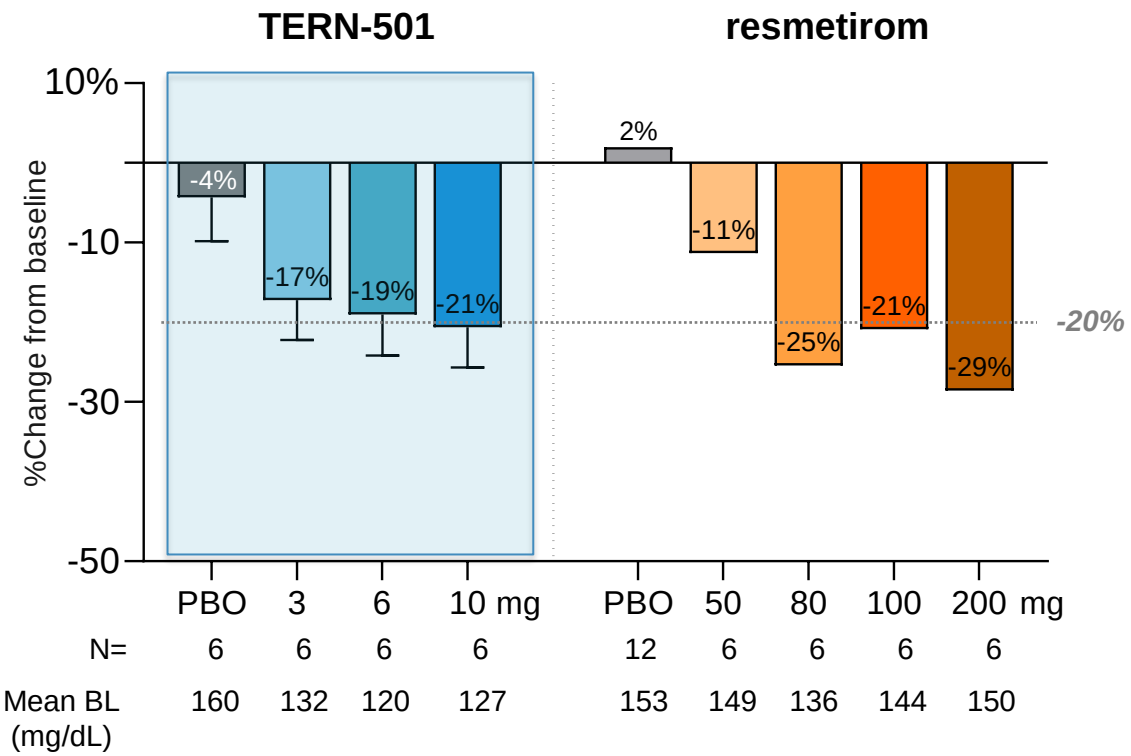
SHBG: sex hormone binding globulin, LDL-c: low-density lipoprotein cholesterol, PD: pharmacodynamics, PK: pharmacokinetics, SAD: single ascending dose, MAD: multiple ascending dose, DDI: drug-drug interaction
Note: Day 15 represents 24 hours following the last dose of TERN-501

TERN-501 Pharmacodynamic Results in Context of Precedent THR-β Agonist

SHBG (Day 15)



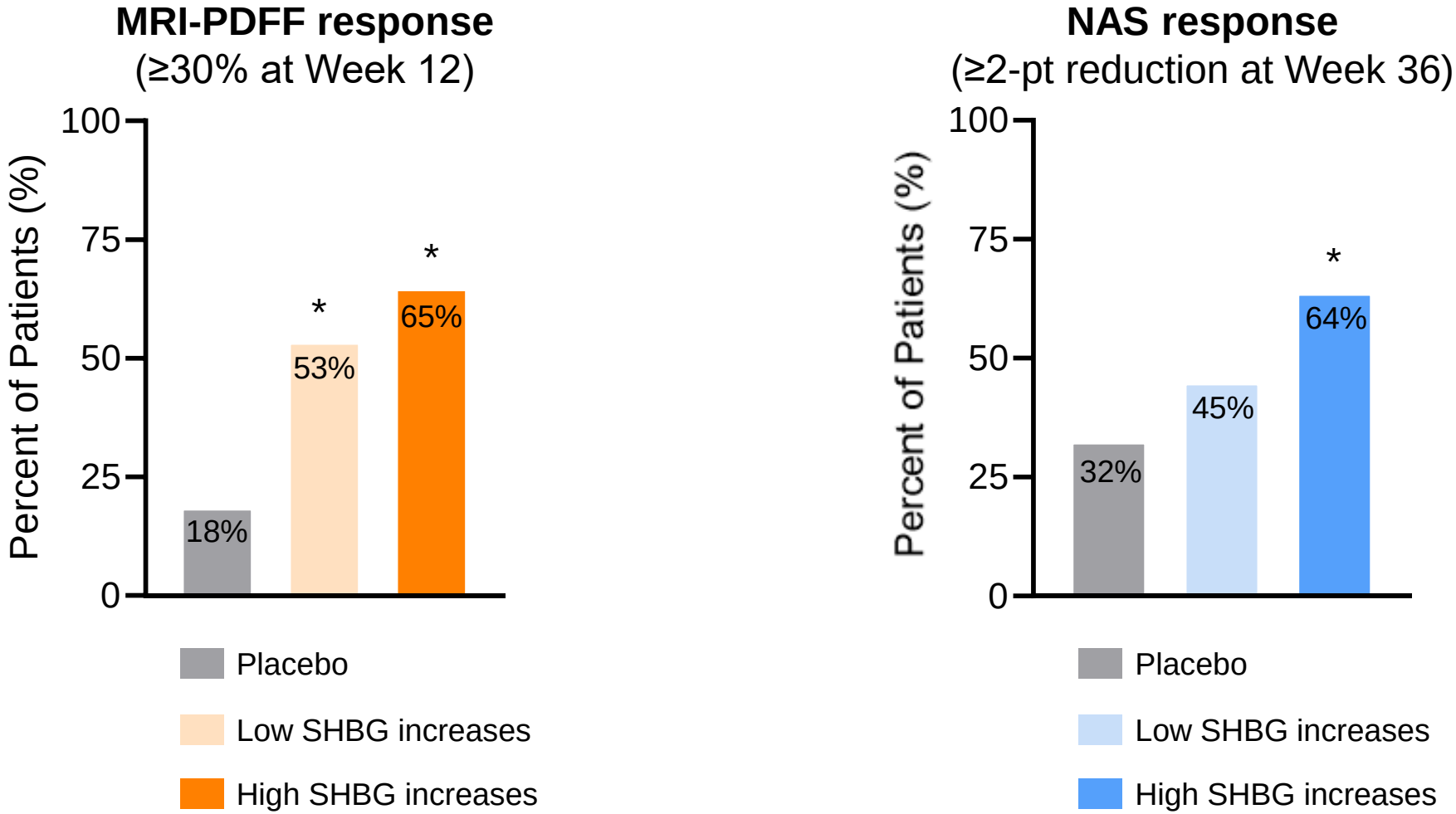
LDL-c (Day 15)



Source (resmetirom data): Taub et al 2013

SHBG Correlates with MRI-PDFF and Histologic NAFLD Activity Score in NASH Patients Treated with THR-β

Resmetirom Phase 2 NASH study



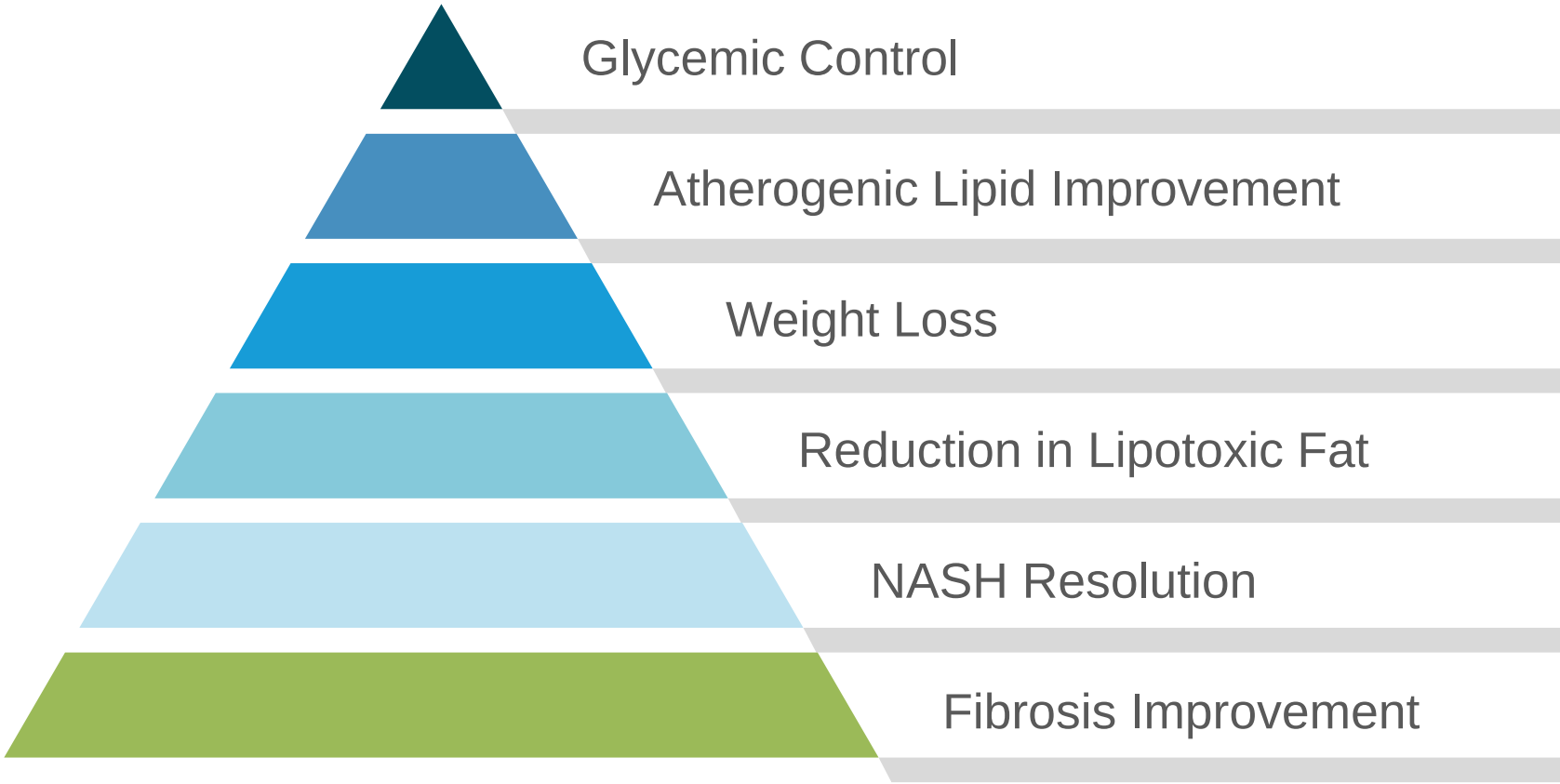
Source: Harrison et al (2019) Lancet
Note: resmetirom SHBG high and low cutoffs were predefined before data analysis at Week 12 (high SHBG defined as ≥75%) and Week 36 (high SHBG defined as ≥88%)
SHBG: sex hormone binding globulin, MRI-PDFF: magnetic resonance imaging – proton density fat fraction, NAS: NAFLD Activity Score

***p < 0.05**

Physicians Increasingly Want a NASH Therapeutic Solution that Meets a Variety of Criteria

Physicians' Ideal Combination

- Oral administration
- Well-tolerated and safe
- Synergistic
  - Improves liver health
  - Improves extrahepatic metabolic profiles
- Enhances long term outcomes

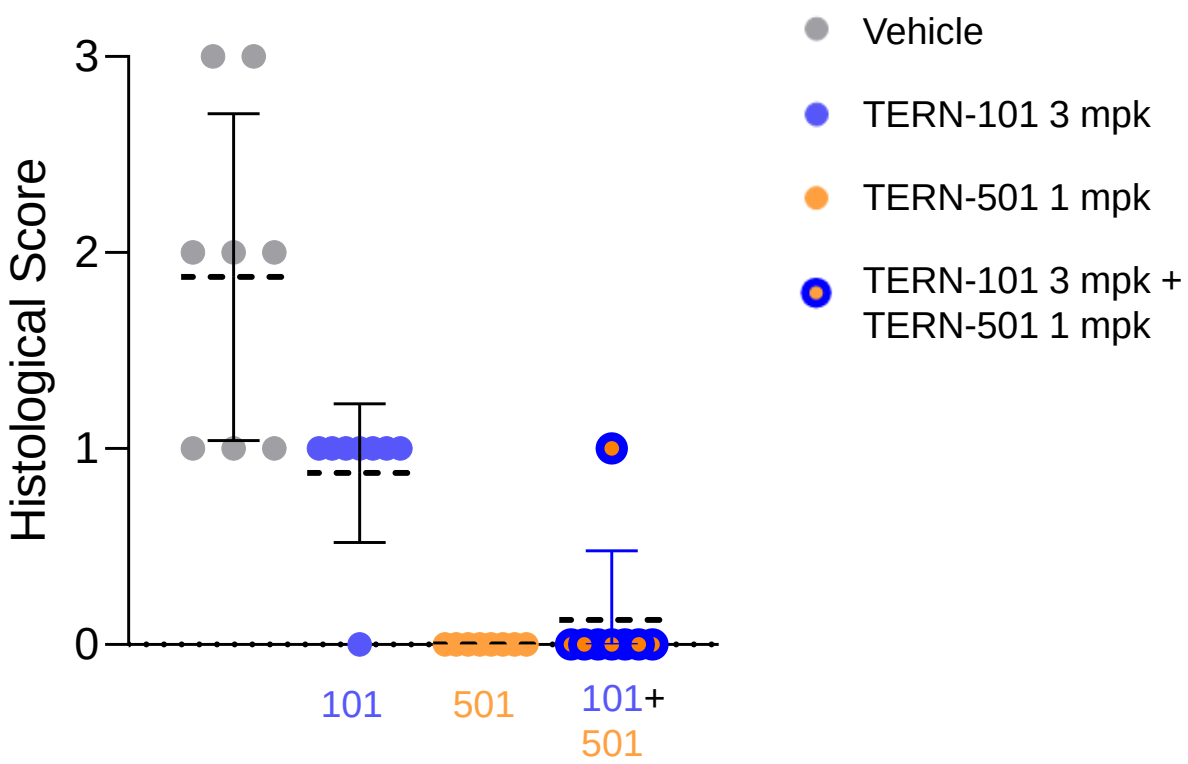


Adapted with permission from Stephen Harrison, M.D.

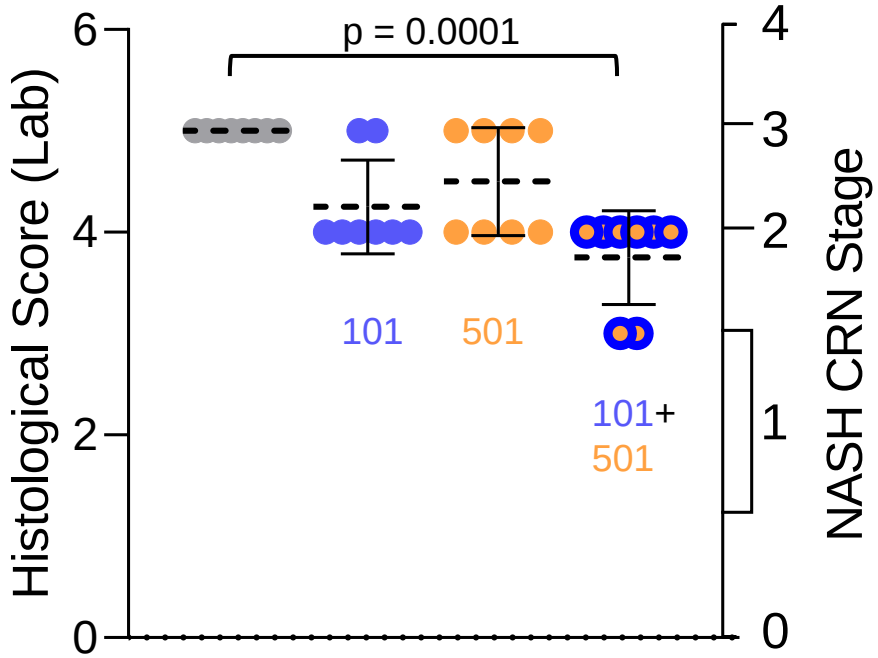
TERN-501+TERN-101 Combination NASH Model

Combination shows additional effects on steatosis and fibrosis improvement

101+501: Improvement in Steatosis



101+501: Improvement in Fibrosis



Source: TERNS 2020 AASLD Poster

DIO/CCl4 NASH mouse model: 10 weeks of high fat diet; followed by 4 weeks of high fat diet, i.p. CCl4 (2x weekly) and drug treatment; DIO: diet-induced obesity

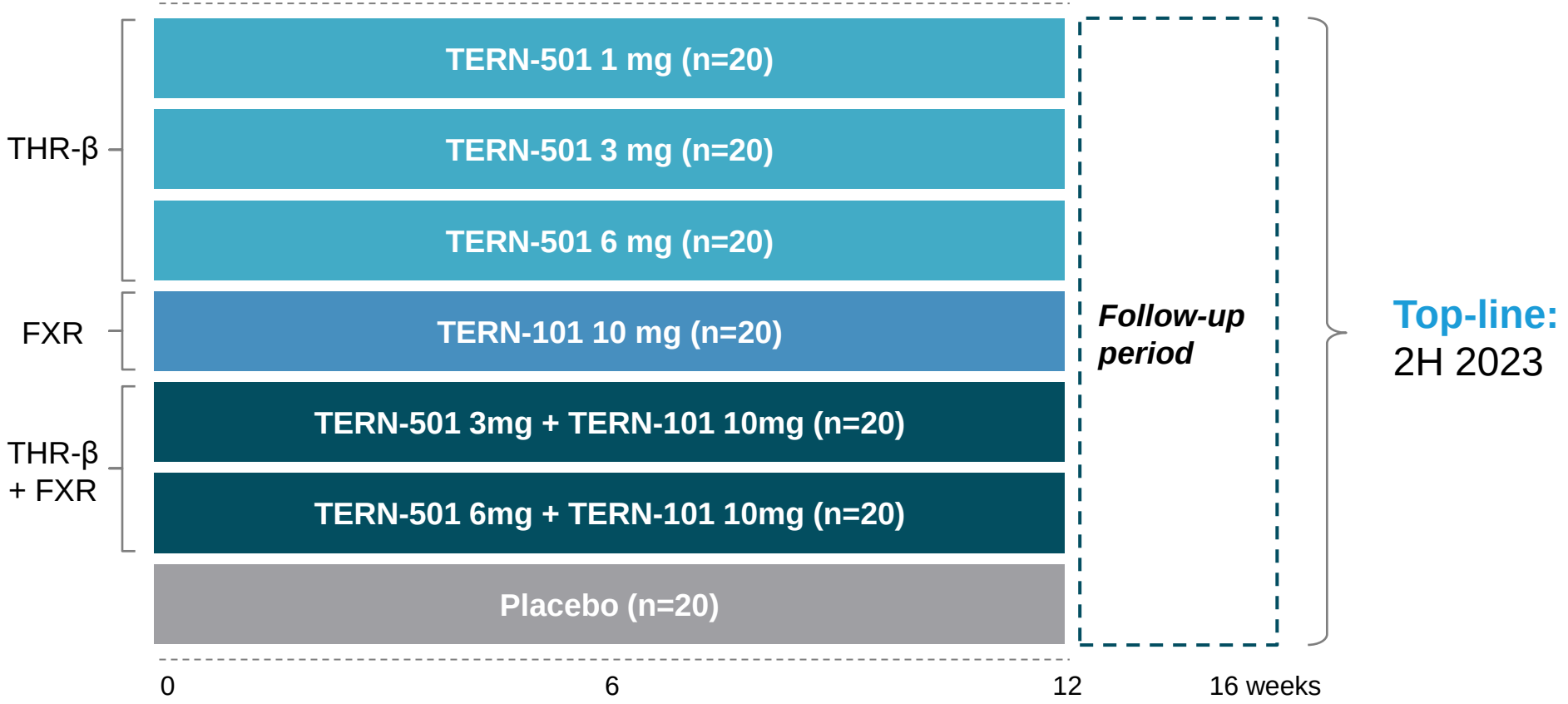
Phase 2a Combo Trial of TERN-501 in NASH

IND opened; trial initiated with screening expected to start in June 2022 and top-line data expected 2H 2023

Trial Design

Population
- NASH patients (non-cirrhotic)
- BMI ≥ 25 kg/m^2
- MRI-PDFF ≥10%

Key Endpoints
- MRI-PDFF
- MRI cT1
- Safety, tolerability



BMI: body mass index; MRI-PDFF: magnetic resonance imaging-proton density fat fraction; cT1: corrected T1

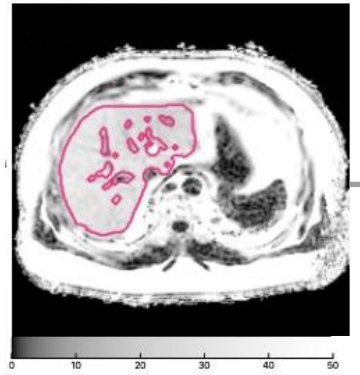
Multi-Parametric MRI for NASH Assessment

Provides information on steatosis, inflammation and fibrosis

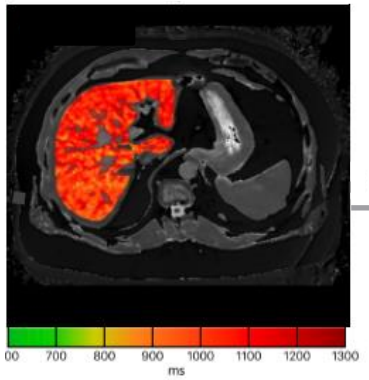
LiverMultiScan

Quantitative MRI metrics that correlate with histological markers of liver disease

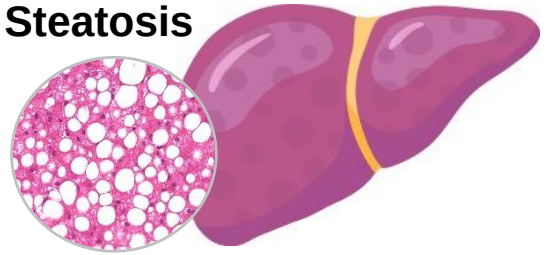
PDFF



Corrected T1

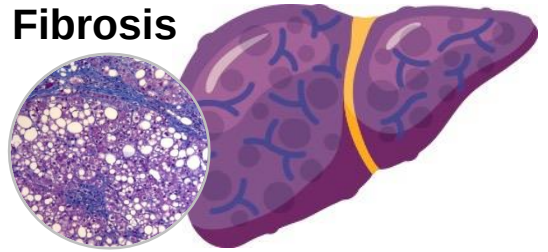


Steatosis



Inflammation

Fibrosis



MRI-PDFF

Shown to correspond to histological measures of ***steatosis***

Corrected T1

Free-water content in tissue shown to increase in ***inflammation and fibrosis***

88 msec △ cT1 ∝ 2 point △ NAS[1]

Source: Perspectum Diagnostics

1. Dennis, et al 2021 Front. Endocrinol.

Perspectum

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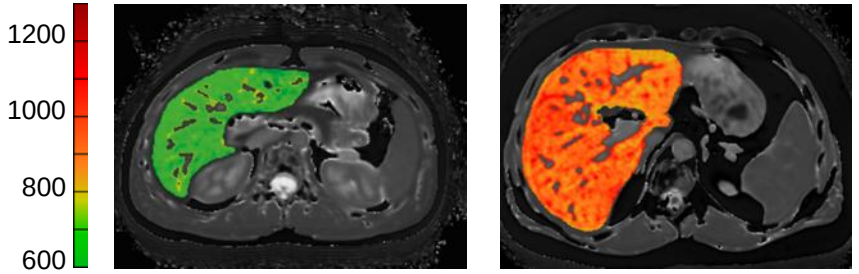
cT1 is Correlated with Liver Histology in NASH

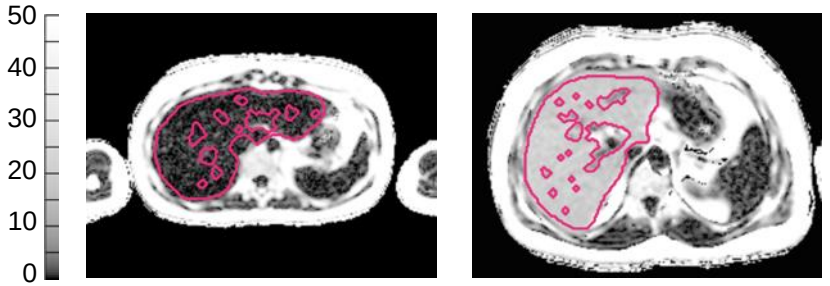
Both PDFF and cT1 correlate with NAFLD Activity Score, but only cT1 correlates with fibrosis

Example cT1 and PDFF Maps for Range of Values



cT1 = 631 ms

cT1 = 925 ms



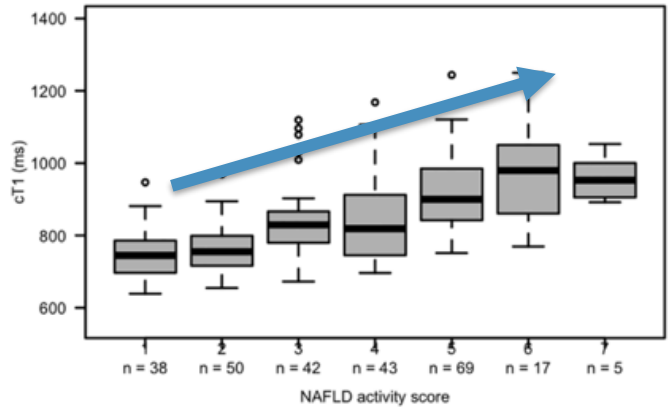
PDFF = 1 %

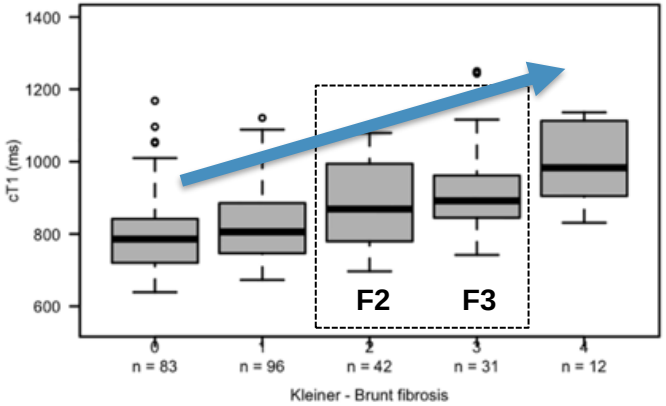
PDFF = 20 %

NAFLD Activity Score

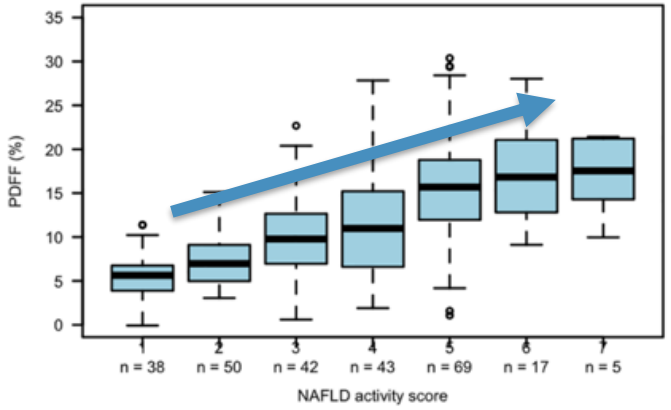
Fibrosis Score

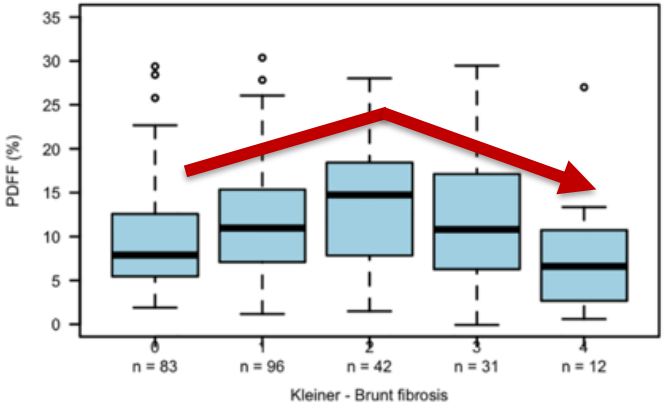
cT1





PDFF



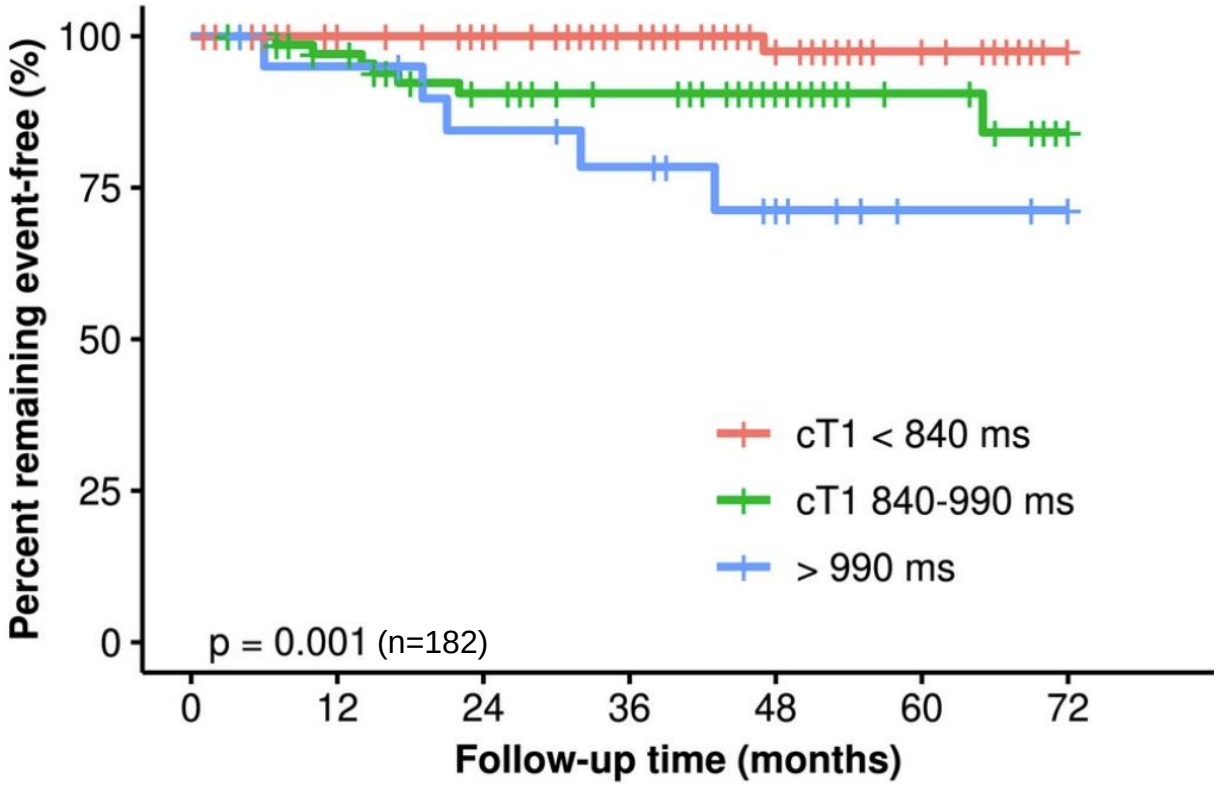


cT1 was correlated with fibrosis and was *superior to PDFF* for detection of fibrosis and inflammation

Source: Dennis, et al 2021 Front. Endocrinol.

cT1 is Significantly Correlated with NASH Clinical Outcomes

Event-free survival stratified by cT1 groups

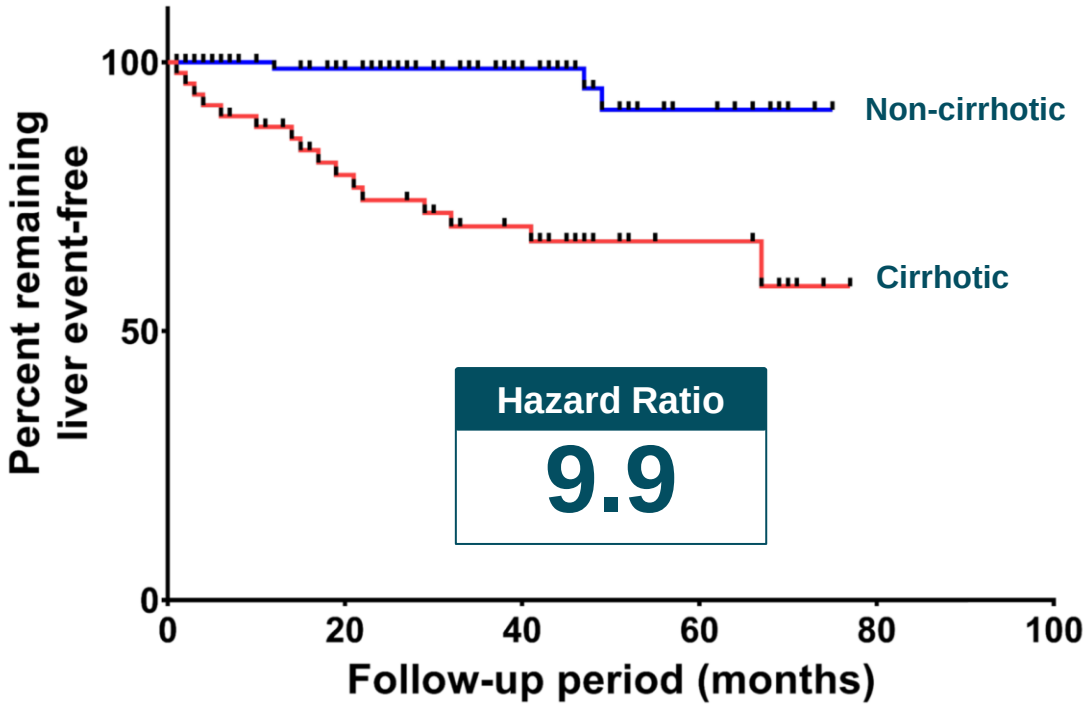


- cT1 has established correlation with clinical outcomes[1]
  - Liver cT1 (but not PDFF) is shown to strongly predict clinical outcomes in patients with chronic liver disease including NAFLD
  - Long-term outcomes being tracked in UK Biobank Imaging study of 100,000 individuals

1. Based on third-party study Liver International. 2020;40:3071–3082

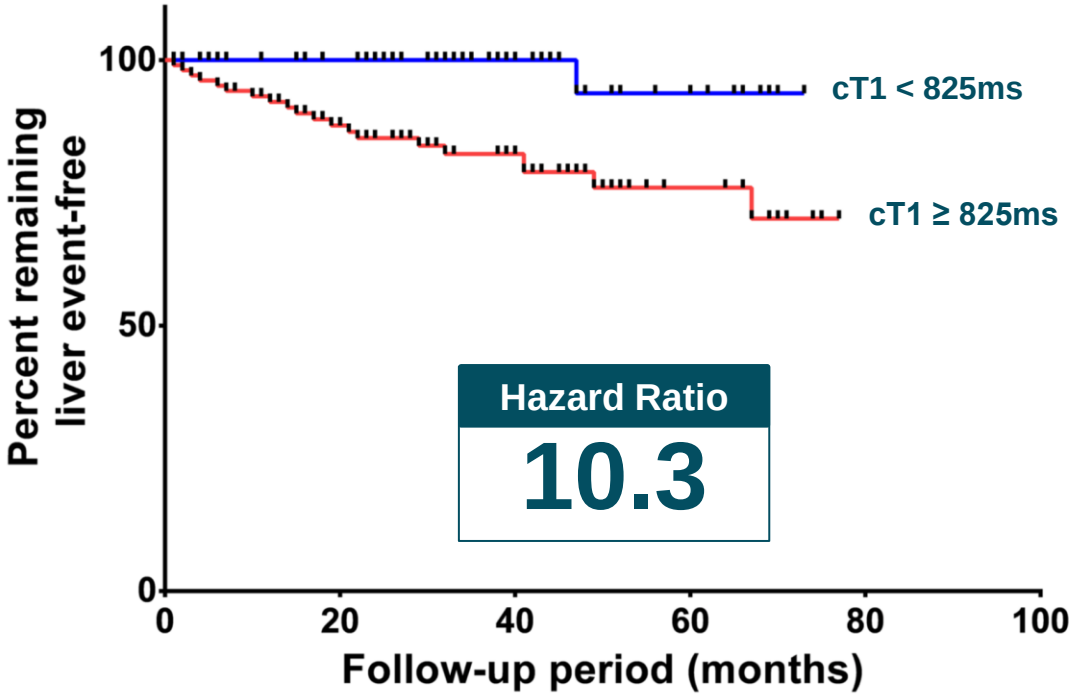
cT1 Equivalent to Biopsy in Predicting NASH Clinical Outcomes

Liver Events by Cirrhosis Status



Kaplan-Meier curve for liver-related event free survival with patients stratified according to ISHAK score*
(n=150, median follow-up period: 35 months)

Liver Events by cT1 Status



Kaplan-Meier curve for liver-related event free survival with patients stratified according to cT1
(n=166, median follow-up period: 35 months)

Source: Jayaswal et al. AASLD 2018
* Non-cirrhotic (ISHAK<F5), Cirrhotic (ISHAK F5-6)

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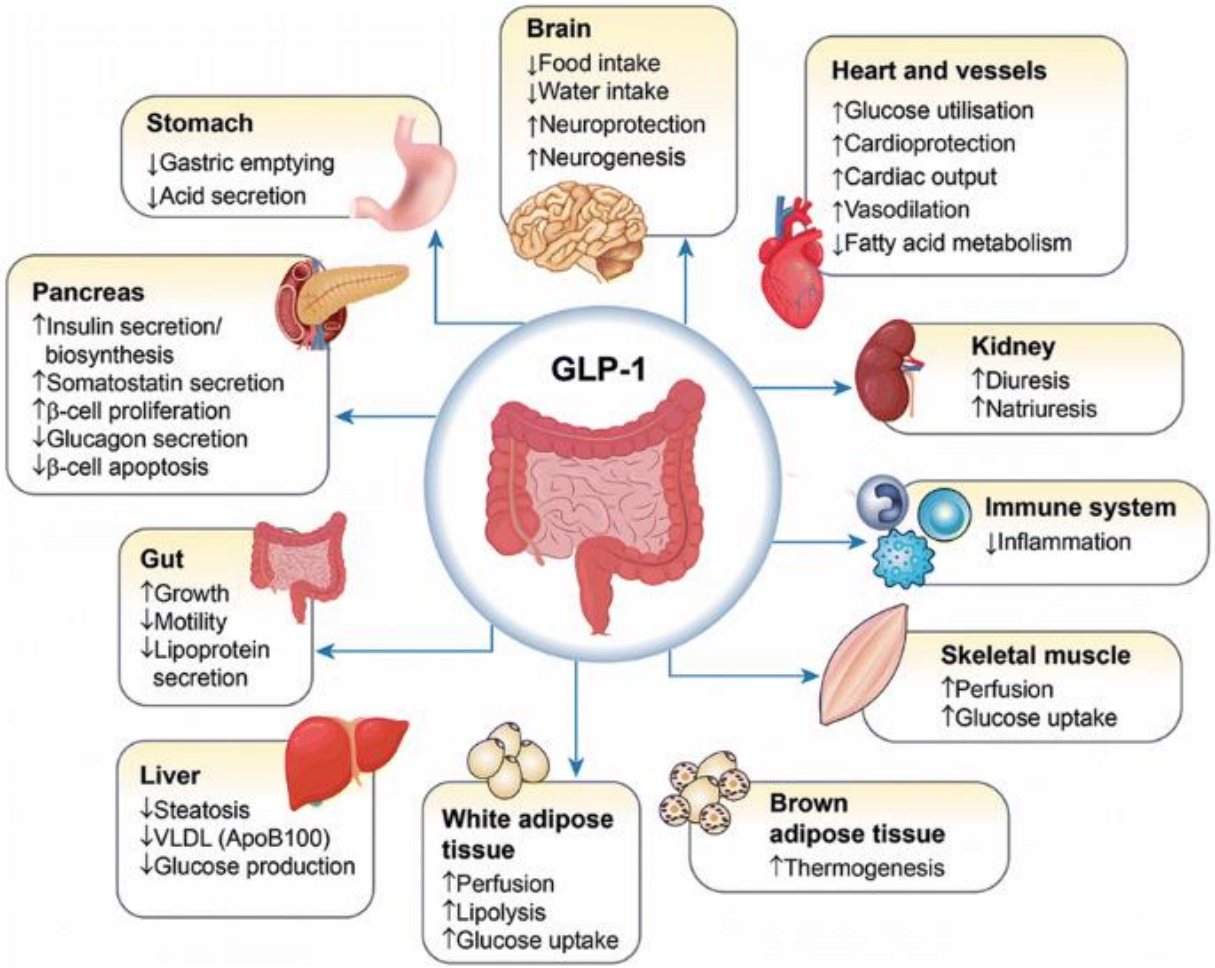
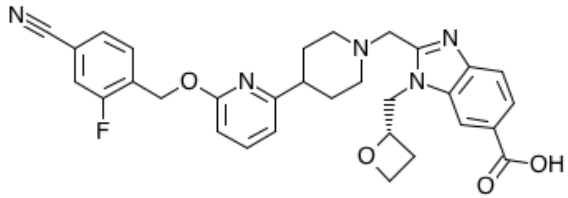
TERN-601: Oral GLP-1 Agonist with Differentiated Profile for Obesity

TERN-601: Differentiated Oral GLP-1 Agonist

GLP-1 has demonstrated broad metabolic benefits in T2DM and obesity



- Other oral GLP-1 agonists have demonstrated efficacy on weight loss, HbA1c over 28-days, but are limited by dosing/tolerability



Reference standard: danuglipron

- Terns' GLP-1 agonist program focused on:
  - Potent, safe and effective small molecule (non-peptide) with **oral once-daily dosing**
  - Suitable for **combination / co-formulation**
  - Applicability to **obesity, NASH and other indications**

- IND-enabling studies underway; **Phase 1 clinical trial initiation expected in 2023**

Source: Kalra, S., Das, A.K., Sahay, R.K. et al. Consensus Recommendations on GLP-1 RA Use in the Management of Type 2 Diabetes Mellitus: South Asian Task Force. Diabetes Ther 10, 1645–1717 (2019). https://doi.org/10.1007/s13300-019-0669-4 ; Reference standard source: Saxena 2021; PubChem

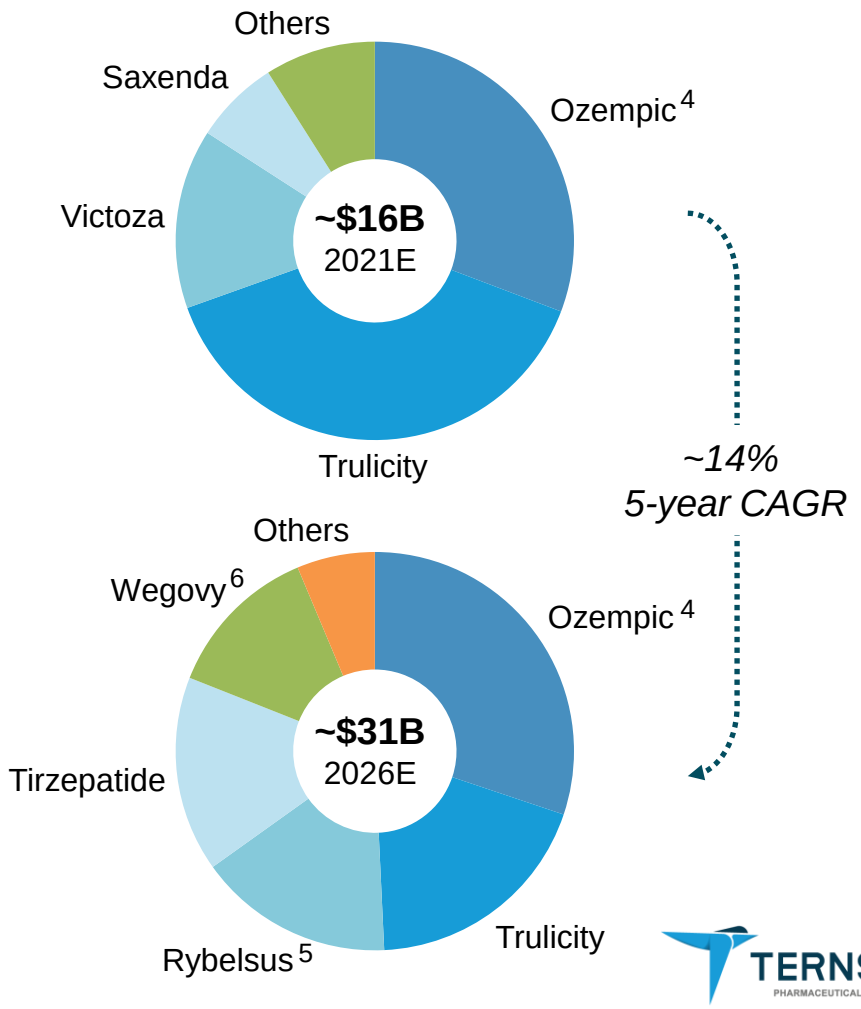
Obesity Represents a Large Unmet Medical Need…

Obesity Market Overview

- Recent studies have estimated the aggregate U.S. national cost of obesity to exceed **$260 billion**[1]
- While ~50% of Americans meet the criteria for medical obesity pharmacotherapy, **only 2% of adults** receive medications for weight loss[2]
- Recently-approved Wegovy appears to be expanding the market for obesity treatment
  - 75% of patients starting Wegovy are treatment-naïve to anti-obesity medication[2]

GLP-1 Category Sales[3]

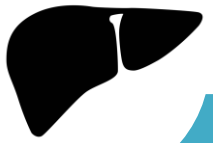
(2021E – 2026E)



1. J. Cawley et al. Direct medical costs of obesity in the United States and the most populous states
2. Novo Nordisk Capital Markets Day 2022
3. Consensus estimates from EvaluatePharma, includes GLP-1 mono and combination therapies across all indications
4. semaglutide subcutaneous admin. for diabetes; 5. semaglutide oral admin. for diabetes; 6. semaglutide subcutaneous admin. for obesity

…with Significant Overlap with NAFLD / NASH

Strong clinical associations between obesity, NAFLD and NASH



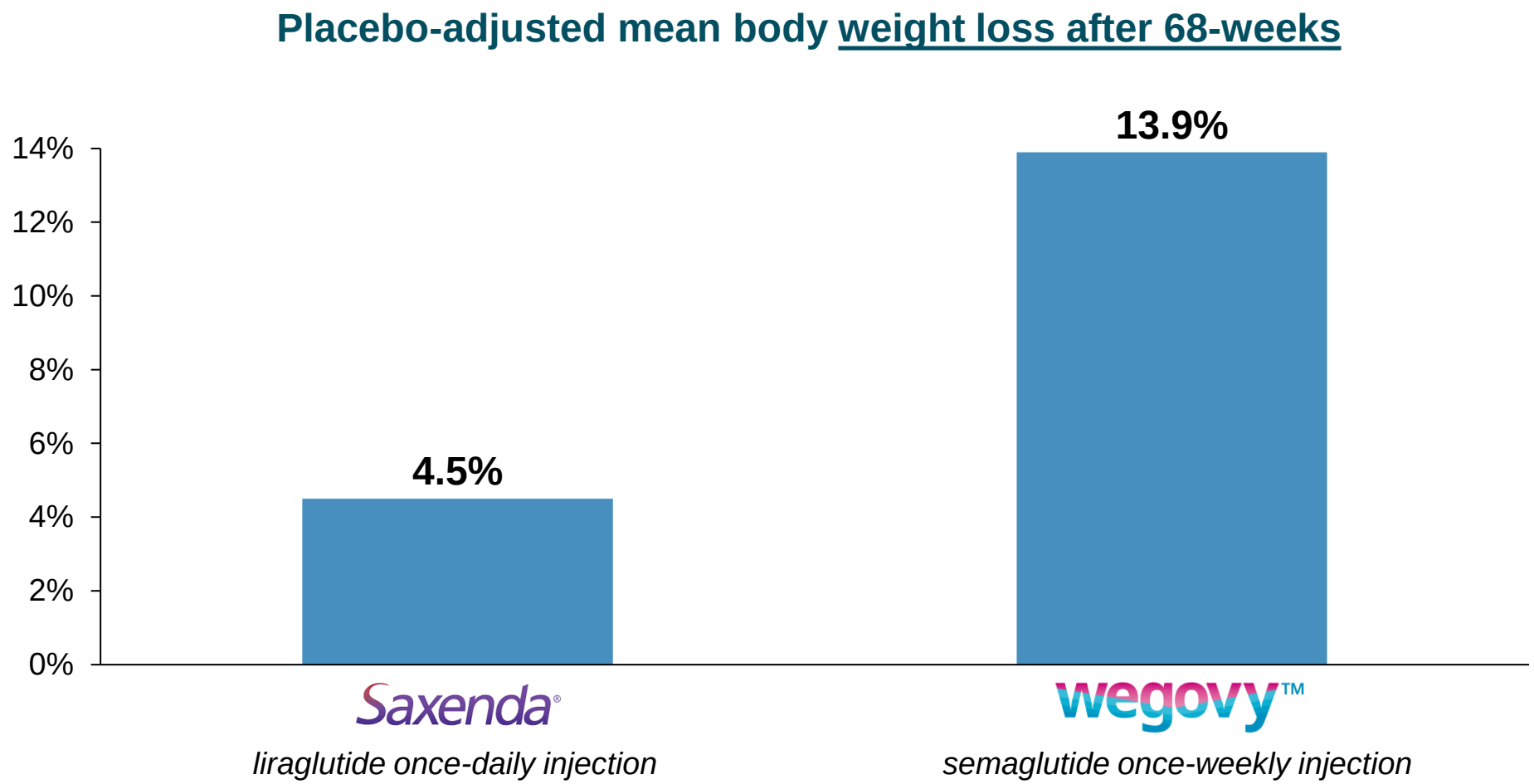
70% to 90% of obese patients have NAFLD → obesity is the **most common risk factor for NAFLD**

NAFLD is **4x more prevalent** in individuals with obesity

Increased BMI and waist circumference are **predictive of the presence of NASH** and advanced fibrosis

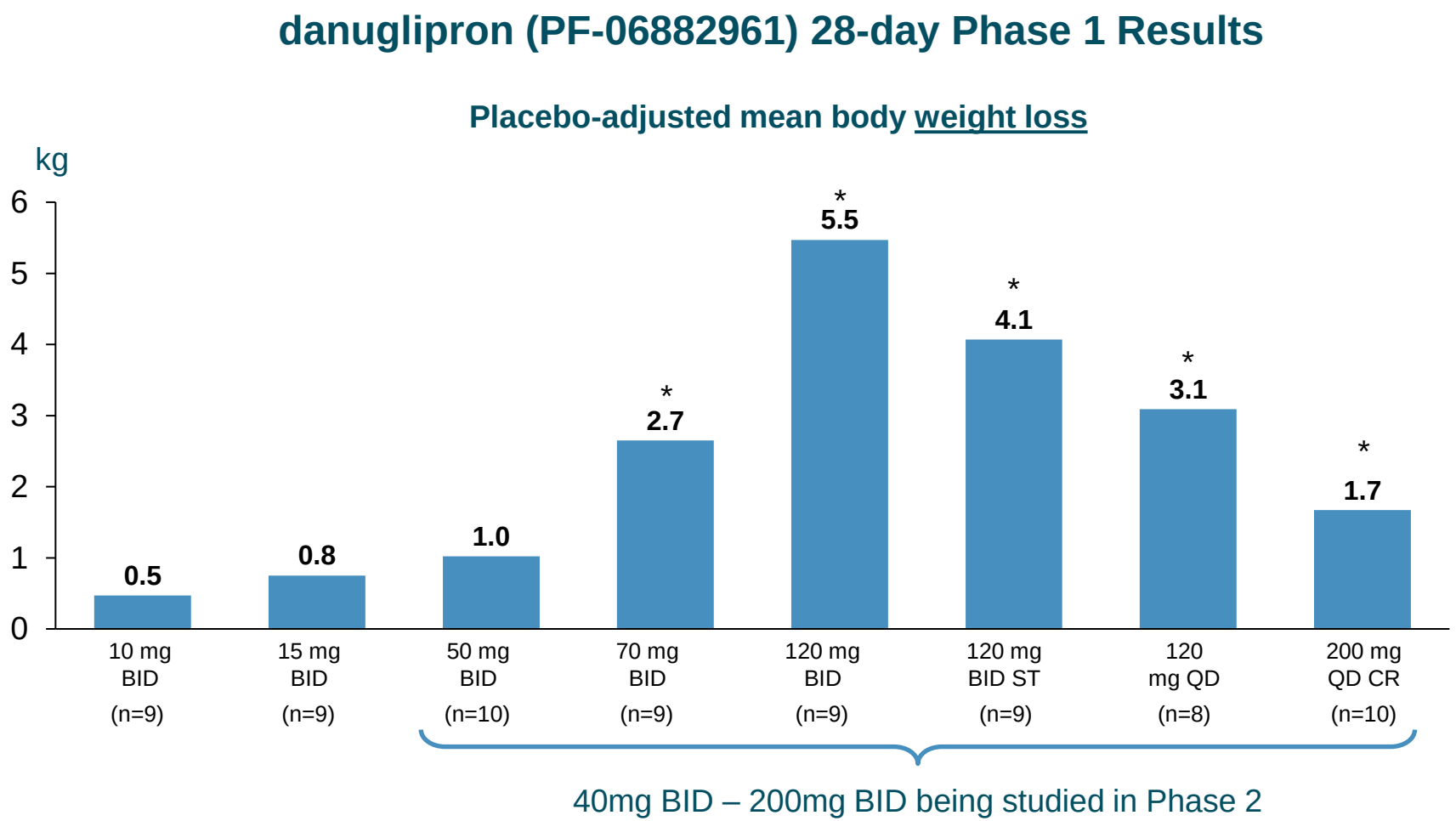
 Source: L. Glass et al.

FDA Approvals Granted for GLP-1 Receptor Agonists Based on Weight Loss Endpoint at 1-Year…



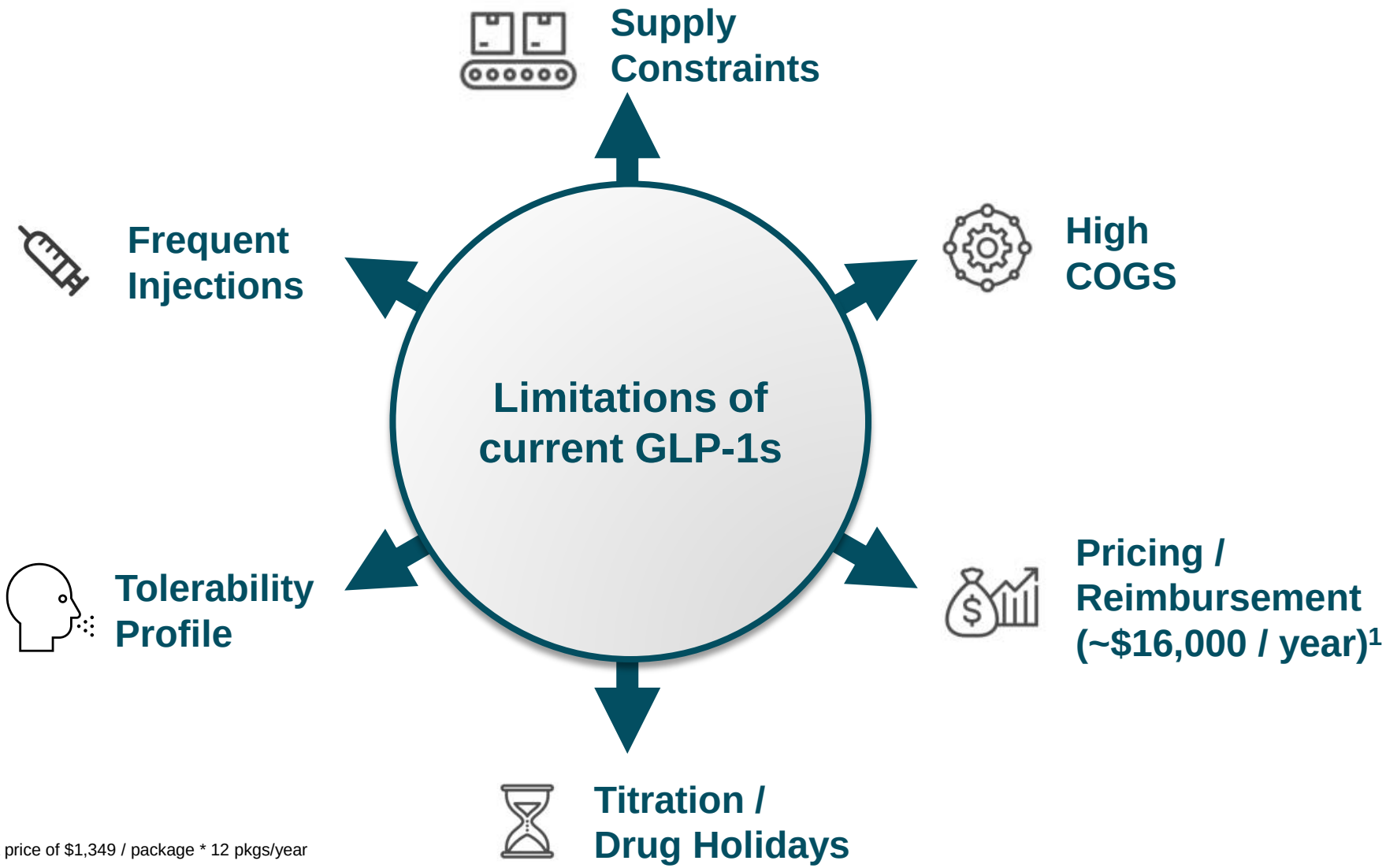
Source: STEP 8 Clinical Trial (NCT04074161): open-label 68-week Phase 3b trial of once-weekly subcutaneous 2.4mg semaglutide (16-week dose escalation + 52-weeks therapy) vs. once-daily subcutaneous 3.0mg liraglutide (4-week dose escalation)

…Though Proof Of Concept / Efficacy Can Be Shown in Shorter Trials as Short as 1 Month



Source: https://www.nature.com/articles/s41591-021-01391-w
QD, once daily; BID, twice daily; ST, slow titration; CR, controlled-release; HbA1c, glycated hemoglobin
* Statistically significant vs placebo

TERN-601: An Oral, Small-Molecule Compound has Potential for Improved Convenience, Tolerability & Cost

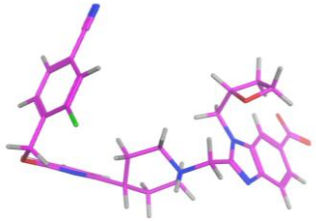


1. Novocare: Wegovy has a list price of $1,349 / package * 12 pkgs/year

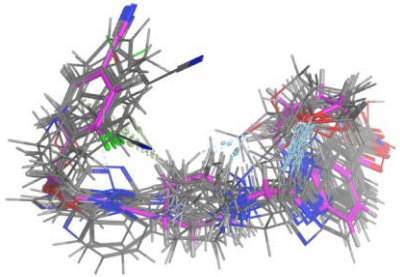
TERN-601 Discovery Process

Terns screened >20,000 structures using a combination of *in silico, in vitro*, and *in vivo* methods

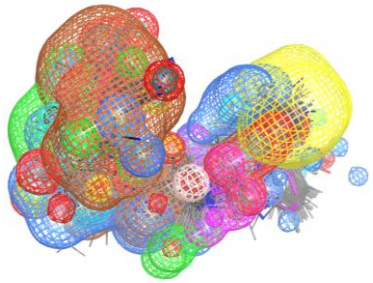
1. Begin with original reference molecule…



2. … overlay with GLP-1 molecules with known EC_{50} data and active site binding properties…



3. … to build a 3D QSAR model (proprietary screening tool)



- Terns' 3D QSAR model correlates binding site space to measured EC_{50} values and defines the type / relative contribution of each interaction (each colored bubble represents a different interaction type)
- Proprietary QSAR model predicts new GLP-1R agonist molecular activity with significantly greater accuracy than traditional physics-based evaluations
- Terns screened >20,000 molecular permutations using the model to identify optimal GLP-1 agonist candidates, focusing on in vitro activity, PK, metabolic stability, etc.
- TERN-601 was nominated as Terns' lead GLP-1 receptor agonist candidate at YE 2021

QSAR: Quantitative Structure Activity Relationship

Next Steps for TERN-601 in Obesity

2022: IND-enabling activities

- Informs dose selection and safety margins

2023: Initiate Phase 1 program

- First-in-human clinical trial program expected to start in 2023
  - Single ascending dose study (Phase 1a)
  - Multiple ascending dose proof-of-concept trial (Phase 1b)
- Potential endpoints include body weight and HbA1c

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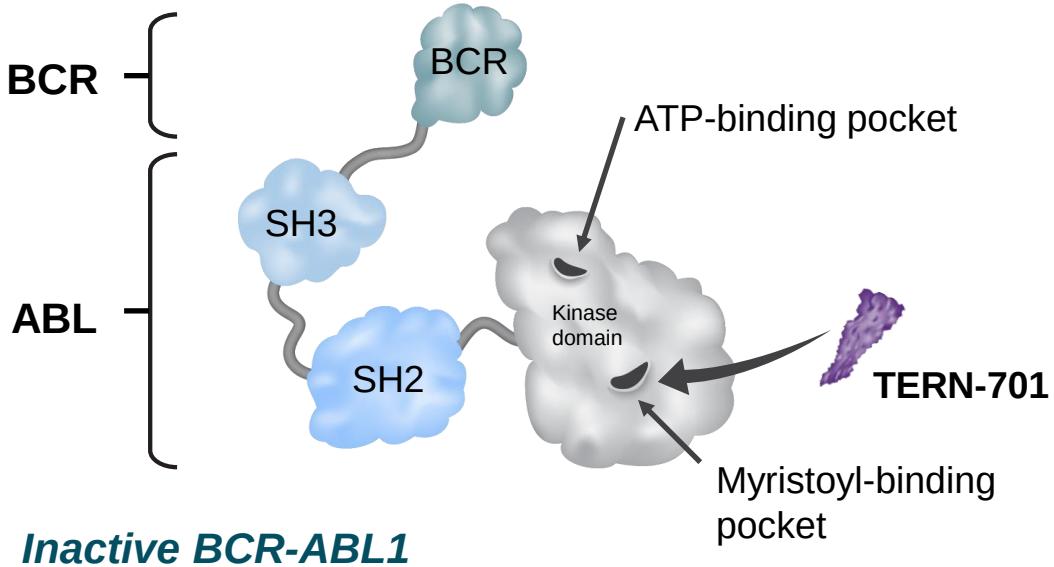
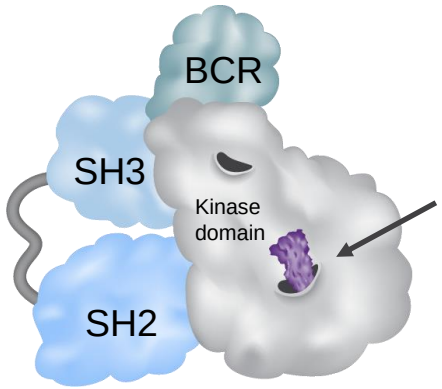
TERN-701: Allosteric BCR-ABL TKI for Chronic Myeloid Leukemia

TERN-701: Allosteric TKI for Chronic Myeloid Leukemia

Active BCR-ABL1 ➔ Cell proliferation / reduced apoptosis



Inactive BCR-ABL1



TERN-701 specifically binds the myristoyl pocket, inhibiting BCR-ABL

- TKIs are effective as the current standard of care, but:
  - 55% of CML patients are intolerant to active-site TKIs
  - >30% of patients suffer from TKI-related AEs
  - ~15% of patients progress to 3rd line (failure rates up to 75%)
- Sizeable unmet medical need ranging from 10,000 patients (3rd line) to 64,000 patients (1st line)
- TERN-701 program focused on:
  - Superior efficacy (wild type and T315i)
  - Potential for once-daily administration (w/o food restriction)
  - Tolerability / safety
- **Phase 1 trial in CML patients initiated in 2Q 2022[1]**

TKI: tyrosine kinase inhibitor.

1. Phase 1 trial being conducted by Hansoh in China. Sources: García-Gutiérrez & Hernández-Boluda 2019 Front. Oncol., Hochhaus et al 2020 Leukemia, Cortes & Lang 2021 J Hematol. Oncol. and Novartis.

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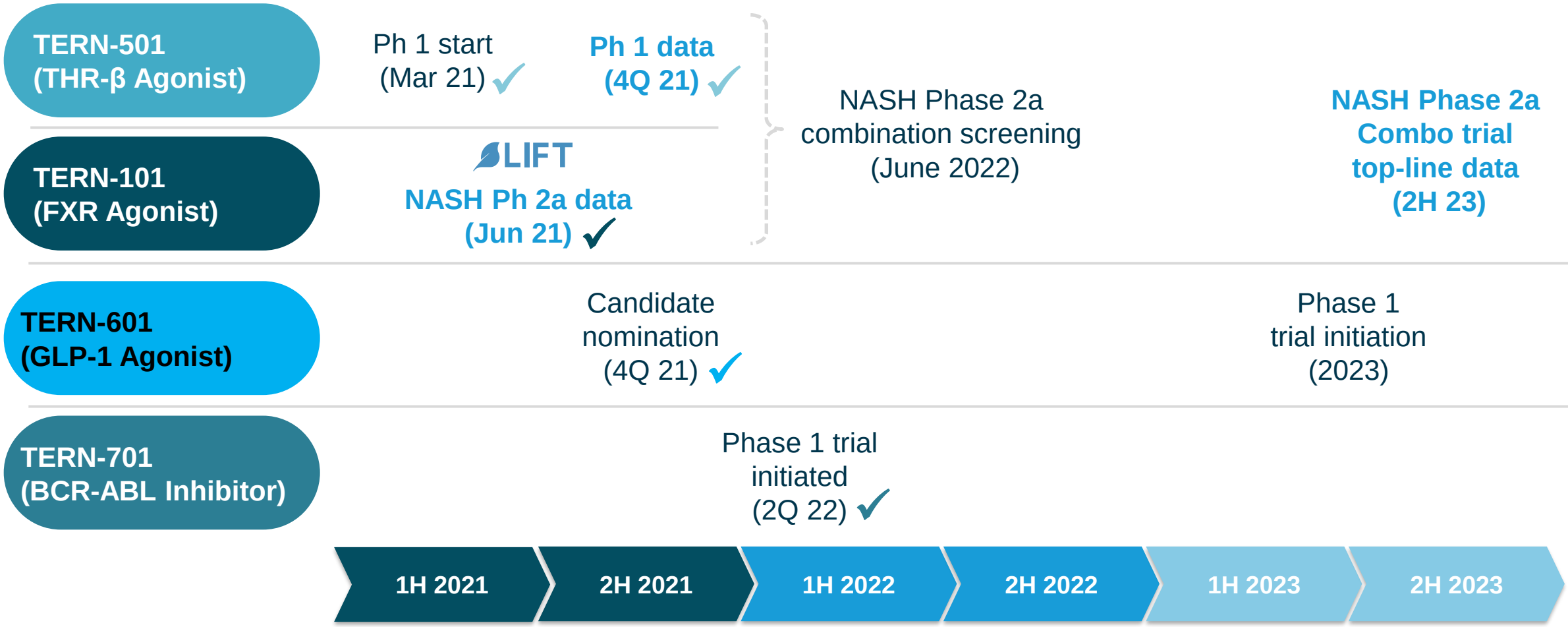
Milestones, Finance and IP

Key Completed and Upcoming Milestones

Multiple clinical milestones expected across Terns' pipeline



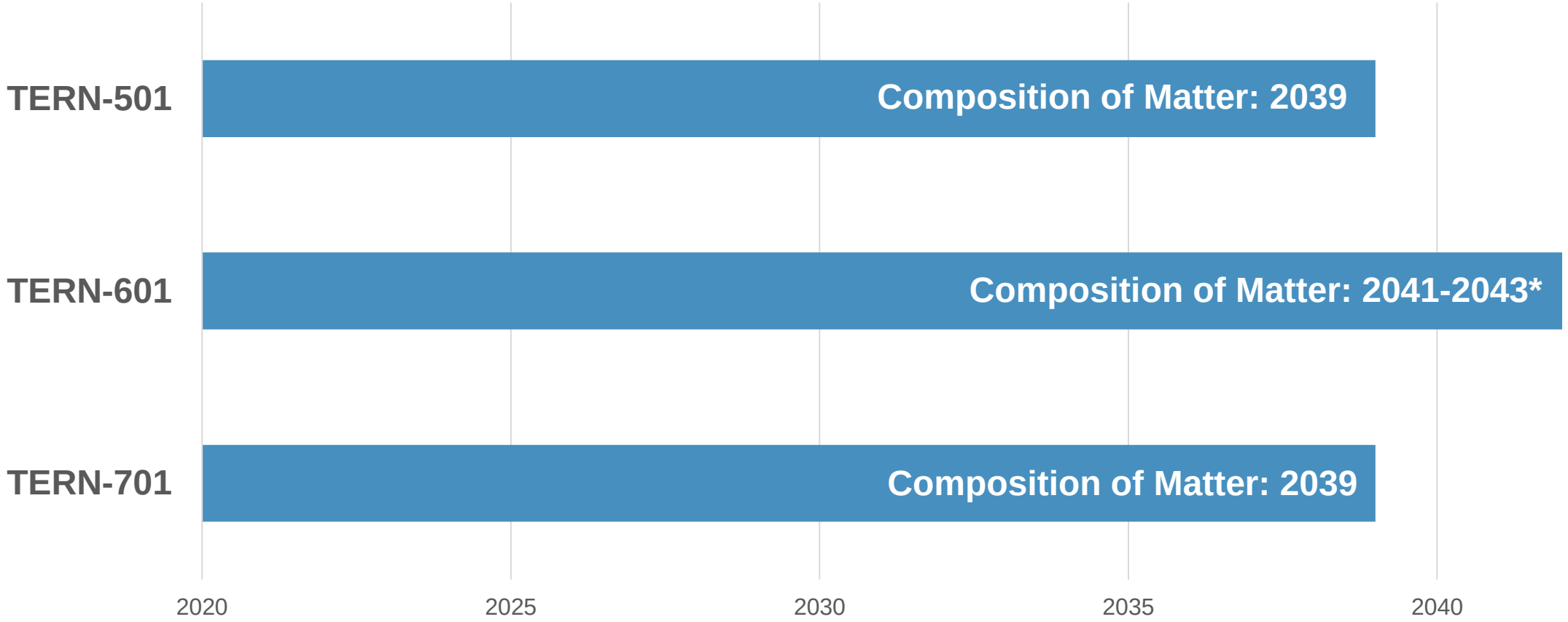
Note: Check mark (✓) denotes completed milestones, all other milestones are anticipated future milestones. Relative position of completed or expected milestones on illustration does not denote or imply chronological order

Strong Financial Position Supports Upcoming Milestones

* Cash and cash equivalents as of March 31, 2022. Primary shares outstanding as of May 6, 2022.

Terns: Robust Intellectual Property

- In addition to patents, 5-year NCE exclusivity (plus 30 month stay) expected to apply after approval
- Patent applications cover polymorphs, drug product formulation and combo approach



All figures above denote US timelines only, similar coverage periods assumed for other territories. * We own multiple composition of matter patent application families directed to our GLP-1R agonist compounds, including TERN-601, for which claims have not yet been granted. Any patents that may issue from applications in these families are generally projected to expire in 2041-2043, not including any patent term adjustments and/or patent term extensions that may be available.

Terns: Three Key Differentiating Factors

Why this pipeline?

Three indications with clinically-validated mechanisms

Why now?

Three key upcoming clinical trial readouts

Why this team?

Broad monotherapy and combination development experience

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Mission. Vision. Core Values.

MISSION

To advance transformative medicines that address serious diseases

VISION

To pioneer significant innovations across the lifecycle of drug development

TRUST
EVOLVE
RESPECT
NURTURE
SOAR

Trust: empowered and accountable to do the right thing

Evolve: learning and growing from our successes, failures and changes in the environment

Respect: celebrating the diversity of our backgrounds, opinions and experiences

Nurture: fostering internal and external relationships

Soar: aiming high and being your best

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Appendix

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TERN-701: Additional Background

TERN-701: A Potent Inhibitor **S**pecifically **T**argeting the **A**BL **M**yristoyl **P**ocket (STAMP)

- Focused on achieving a differentiated profile from existing CML treatments
  - Leverage allostery by targeting myristoyl pocket versus ATP-binding site to overcome drug resistance
  - Achieve superior clinical efficacy (both wild type CML and T315i mutation) compared to Novartis' asciminib
  - Support QD oral administration through differentiated PK properties
  - Maintain superior safety and tolerability
  - Exhibit low potential for DDI suitable for co-administration with active-site TKIs

- First patient dosed in China Phase 1 clinical trial in CML patients (announced May 2022)
  - China development by Hansoh, Terns' development partner in China
  - Hansoh designation for TERN-701 is HS-10382

- Terns retains worldwide rights (excl. greater China)
  - Terns has right to refer to regulatory materials and data generated by Hansoh for ex-China development

- U.S. composition of matter patent granted in Jan 2021

CML: Significant Unmet Medical Need

- Chronic myeloid leukemia (CML) is a myeloproliferative neoplasm driven by the constitutive activity of the BCR-ABL1 fusion oncoprotein leading to dysregulated differentiation, growth and survival of leukemic cells
  - CML accounts for approximately 15% of newly diagnosed cases of leukemia in adults[1]
  - The prevalence of CML in the U.S. is estimated to reach 180,000 cases by 2030[1] (currently ~90,000)

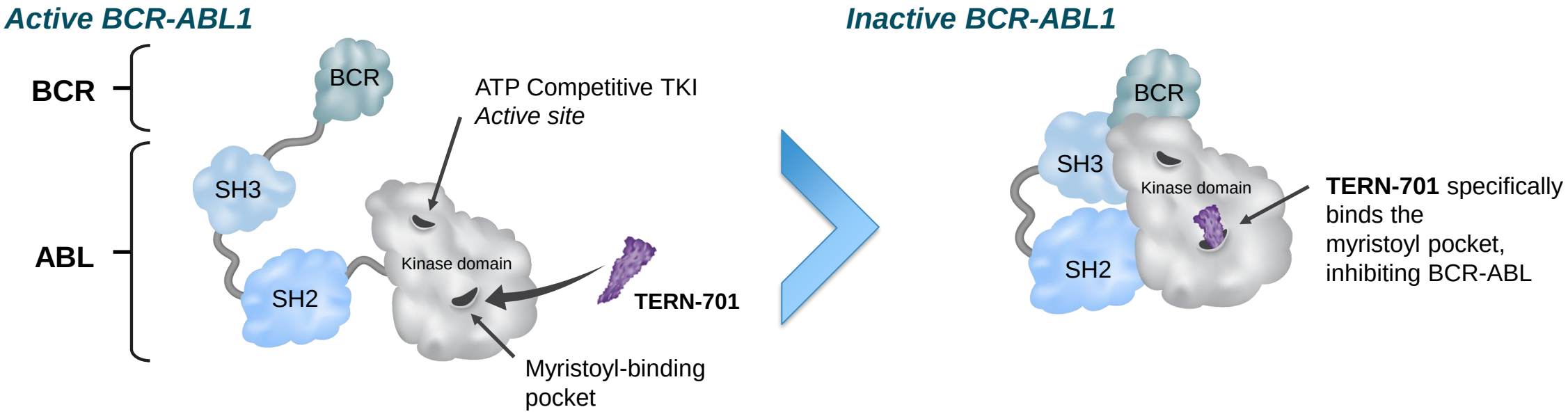
- Standard of care (SOC): Active-site tyrosine kinase inhibitors (TKI) including imatinib, nilotinib, dasatinib, bosutinib

- Unmet need and challenges with SOC:
  - Increasing number of patients becoming refractory or intolerant to current SOC, with a need for new treatment options that can achieve **long-term disease control**
  - T315i mutation has proven challenging to target for active-site TKIs
  - Ponatinib effectively overcomes T315i in CML patients, but there are safety concerns (black box warning: arterial and venous thromboses)

1. Jabbour and Kantarjian, American Journal of Hematol. 2017

Allosteric BCR-ABL Inhibitor Addresses Common Mutations by Binding to a Different Pocket than TKIs

Schematic of How the Allosteric Inhibitor Works



- When BCR fuses, the myristoyl arm (which auto-regulates ABL) is lost and ABL becomes constitutively active ➔ **cell proliferation / reduced apoptosis**
- TERN-701 binds in the myristyol pocket and acts like a myristoyl-mimetic and inactivates ABL

- Distinct resistance profile from active-site TKI
- Potential for combination treatment with active-site TKI

Clinical Validation: Asciminib Approved by FDA for CML

- Asciminib approved by FDA in Oct 2021 for third line Philadelphia chromosome positive (Ph+) CML-CP patients (accelerated approval) and for Ph+ CML-CP patients with T315I mutations (full approval)
  - Marketing authorization submissions in U.S. and EU announced July 2021 (NVS 2021 2Q update)
  - Breakthrough Therapy Designation was awarded by U.S. FDA in Feb 2021

- ASCEMBL Phase 3 trial provided basis for accelerated approval in third line Ph+ CML-CP patients
  - CML-CP patients with ≥ 2 prior TKI treatments: asciminib (40 mg BID) vs bosutinib (500 mg QD)
  - At 24 weeks, asciminib nearly doubled the major molecular response (MMR) rate vs. bosutinib (25.5% vs. 13.2%, p=0.029)
  - Grade ≥3 AEs: 50.6% (asciminib) vs. 60.5% (bosutinib)

- Open label Phase 1 trial provided basis for approval in CML-CP patients with T315i mutation
  - 45 patients with Ph+ CML-CP and T315i mutation included in open label trial: 200 mg BID
  - MMR for T315i patients was 42% at 24 weeks and 49% at 96 weeks
  - Serious adverse reactions in 23% of patients, with 31% of patients requiring dose adjustment and 10% discontinuing treatment due to AEs

Upside Opportunity: Ongoing Asciminib Trials Could Support 1st and/or 2nd line use

Asciminib trials
Phase 3 – Asciminib compared to investigator selected active site TKI in adults with newly diagnosed Ph+ CML-CP (completion 2024)
Phase 2 (ASC4MORE) - Asciminib added to imatinib versus continued imatinib versus switch to nilotinib in patients with CML-CP who have been previously treated with imatinib and have not achieved deep molecular response (completion 2022)
Phase 2 - Frontline asciminib combination in chronic phase CML. Combination with imatinib, nilotinib and dasatinib to achieve MR4 deep molecular response (completion 2022)
Phase 1 - Asciminib + dasatinib and prednisone for ALL or CML (completion 2024)
Phase 1 - Open-label study of oral asciminib in patients with chronic myelogenous leukemia (CML). Asciminib + nilotinib / imatinib / dasatinib (completion 2024)

Novartis views both 3L and 1L CML as potential blockbuster opportunities[1]

*"Asciminib has entered our wildcard box on the bottom here in **first-line setting**, where asciminib is going against investigator choice of TKI. Our hope is… we would be able to once again transform the care of CML patients with a **multi-blockbuster potential** indication for asciminib" – 2Q21 Earnings*

*"And just to remind you that asciminib has blockbuster potential in the **third-line**" -3Q21 Earnings*

1. NVS 2Q21 Earnings; 3Q21 Earnings

TERN-701: Active Against Mutants Resistant to Active Site Tyrosine Kinase Inhibitors

TERN-701 was highly potent against BCR-ABL mutations commonly acquired by patients treated with active-site TKIs

Mutation	EC50 asciminib (μM)	EC50 TERN-701 (μM)
BCR-ABL WT	+	++
T315I*	+	+
G250H	+	++
Y253H	+	+
E459K	+	+
V299L	+	+
E355G	+	+
P223S	++	+
I502L	+	+
A337V**	-	-

++ **<0.01 μM**
+ **0.01- 0.1 μM**
- **0.1 – 1.0 μM**

*T135I mutant: nilotinib EC50 = 2.3 **μM**; dasatanib EC50 >10 **μM**
**A337 myristoyl pocket mutation

TERN-701 is a Clinical Stage Asset

- **First patient dosed in China Phase 1 trial in CML patients (announced May 2022)**
- **Target superior clinical anti-tumor activity over asciminib**
- **Support QD dosing through differentiated PK properties**
  - Ongoing Phase 1 clinical trial focused on QD dosing
- **Aim for superior safety and tolerability**
- **Potential co-administration with active site TKIs through suitable DDI profile**
- **Investment in CMC process has led to optimization of synthetic manufacturing route**

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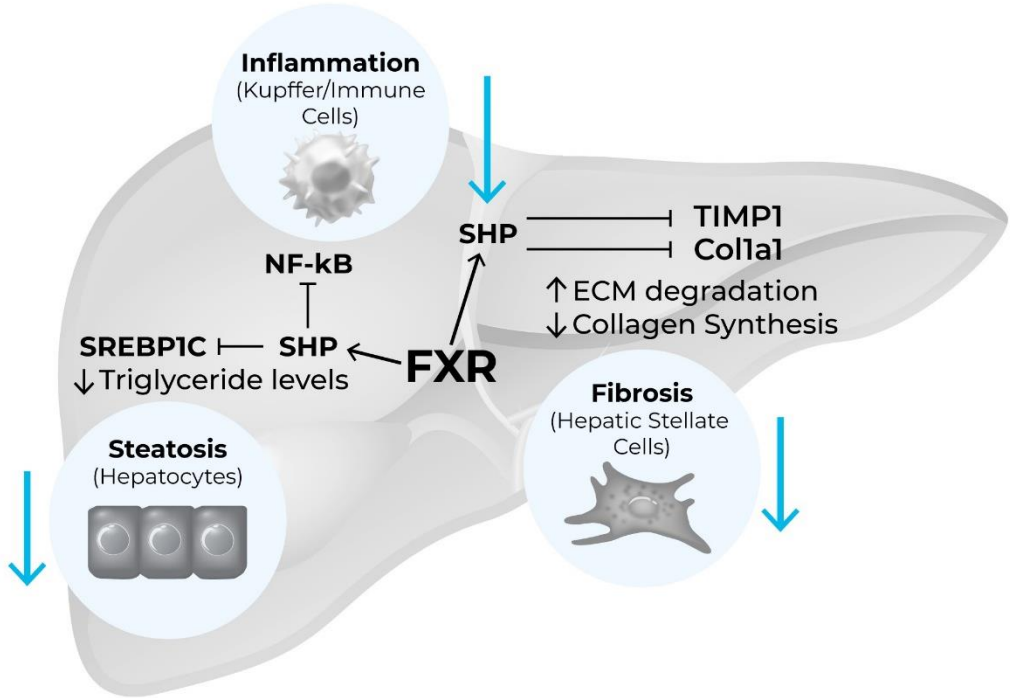
TERN-101: Liver-Distributed FXR Agonist with Differentiated Profile for NASH

TERN-101: A Differentiated FXR Agonist for NASH

A liver-distributed FXR agonist has the potential to address NASH by acting on the three key disease processes and cell types



- Liver-distributed, non-bile acid FXR agonist with **differentiated tolerability profile & improved target engagement**
- Some FXR agonists have demonstrated **significant histological NASH improvements** in clinical trials
  - But also resulted in substantial pruritus, adverse lipid changes & discontinuations
- TERN-101 demonstrated **sustained liver FXR activation & favorable tolerability profile** in Phase 1 and Phase 2 trials

Source: Armstrong and Guo, Pharmacol, 2017; TERN-101 AASLD 2020 Poster

LIFT 3 Important Firsts for NASH Treatment

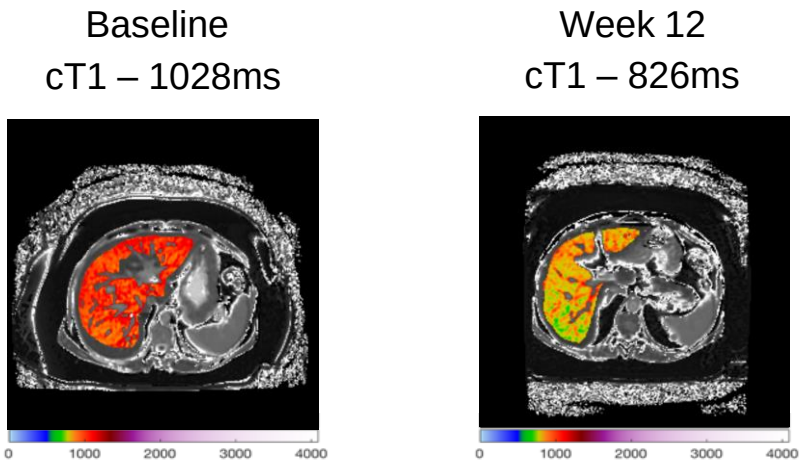
LIFT was a 12-week Phase 2 trial in NASH patients

1) First FXR agonist trial to demonstrate **no discontinuations due to AEs, including pruritus**
   - TERN-101 was generally well-tolerated with similar incidence of AEs across treatment groups
   - No treatment-related SAEs

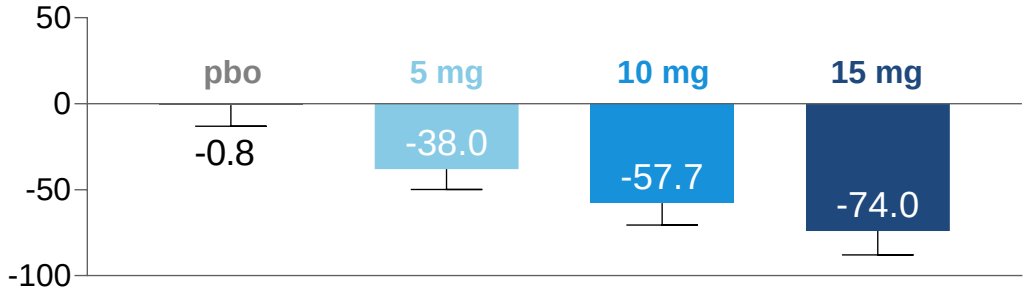
2) First 12-week controlled trial in NASH to show **significant improvements in cT1**
   - cT1 is an imaging marker of liver inflammation and fibrosis linked to clinical outcomes[1]
   - Also observed improvements in PDFF and liver enzymes

3) First FXR agonist planned to be **studied in combination with a THR-β** agonist
   - TERN-501 + TERN-101 Phase 2a initiated in 1H 22

TERN-101 10 mg – LIFT Patient Case Study



cT1 Mean Change from Baseline [msec] – week 12



AE = adverse event. SAE = severe adverse event. FXR = farnesoid X receptor, THR=thyroid hormone receptor

1. Liver International. 2020;40:3071–3082