UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 14, 2021

Terns Pharmaceuticals, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-39926**	**98-1448275**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification Number)**

1065 East Hillsdale Blvd., Suite 100
Foster City, California 94404
(Address of principal executive offices, including Zip Code)

Registrant's telephone number, including area code: (650) 525-5535

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	**TERN**	**The Nasdaq Global Select Market**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01 Other Events

On June 14, 2021, Terns Pharmaceuticals, Inc. (the "Company" or "Terns") announced positive top-line data from its Phase 2a LIFT trial of TERN-101 in NASH patients.

On June 14, 2021, the Company issued a press release and provided a corporate presentation relating to its topline results from its Phase 2a LIFT trial of TERN-101 in NASH patients. A copy of the press release and the presentation are filed as Exhibits 99.1 and 99.2 to this Current Report on Form 8-K and are incorporated herein by reference.

The information contained in the press release and the presentation is summary information that is intended to be considered in the context of the more complete information included in the Company's filings with the U.S. Securities and Exchange Commission (the "SEC") and other public announcements that the Company has made and may make from time to time. The Company undertakes no duty or obligation to update or revise the information contained in this report, although it may do so from time to time as its management believes is appropriate. Any such update may be made through the filing of other reports or documents with the SEC.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press Release, dated June 14, 2021
99.2	Company Presentation dated June 14, 2021
104	Cover Page Interactive Data File, formatted in inline XBRL.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TERNS PHARMACEUTICALS, INC.

Date: June 14, 2021

By: /s/ Bryan Yoon
Bryan Yoon
Chief Operating Officer and General Counsel

Exhibit 99.1

Terns Reports Positive Top-line Results from Phase 2a LIFT Study of FXR Agonist TERN-101 in Patients with NASH

First FXR agonist trial to demonstrate no discontinuations due to AEs, including pruritus, and both a differentiated pruritus and lipid profile in patients with NASH

First 12-week controlled trial in patients with NASH to show significant improvements in corrected T1 (cT1), an imaging marker of liver inflammation and fibrosis linked to clinical outcomes

Terns plans to initiate first NASH trial of an FXR agonist (TERN-101) in combination with a THR-ß agonist (TERN-501) in 1H22

Company to host conference call and webcast at 8:30 a.m. ET today

FOSTER CITY, Calif., June 14, 2021 – Terns Pharmaceuticals, Inc. (“Terns” or the “Company”) (Nasdaq: TERN), a clinical-stage biopharmaceutical company developing a portfolio of small-molecule single-agent and combination therapy candidates for the treatment of non-alcoholic steatohepatitis (NASH) and other chronic liver diseases, today reported positive top-line results from the Phase 2a LIFT clinical trial of TERN-101, a liver-distributed farnesoid X receptor (FXR) agonist for the treatment of patients with NASH.

The LIFT study is a multicenter, randomized, double-blind, placebo-controlled, parallel-group, Phase 2a clinical trial to evaluate the safety, tolerability, efficacy, and pharmacokinetics of orally-administered TERN-101 tablets at doses of 5 mg, 10 mg and 15 mg in 100 adult patients with presumed non-cirrhotic non-alcoholic steatohepatitis (NASH). The primary objective of the clinical trial was to evaluate the safety and tolerability of TERN-101 over 12 weeks of treatment plus a four-week post-treatment follow-up period. Secondary endpoints included percent change from baseline in ALT levels and plasma pharmacokinetics of TERN-101. Exploratory efficacy endpoints included changes in liver fibro-inflammation measured by MRI corrected T1 (cT1), liver fat content by MRI proton density fat fraction (MRI-PDFF), pharmacodynamic parameters, and serum NASH biomarkers.

In the LIFT trial, TERN-101 was generally well tolerated with a similar incidence of adverse events (AEs) across treatment groups. All treatment-related adverse events were mild/moderate with no apparent dose relationship. There were no treatment-related serious adverse events, and no patient discontinued TERN-101 due to any adverse event including pruritus. The most frequent treatment-emergent adverse events included pruritus, headache, constipation, diarrhea, decreased appetite and dizziness. Pruritus was reported in four patients (16%) in the 5 mg TERN-101 arm, three patients (11.5%) in the 10 mg TERN-101 arm, four patients (17.4%) in the 15 mg TERN-101 arm and no patients in the placebo group. Three pruritus cases were Grade 2 (widespread and intermittent); the rest were Grade 1 (mild or localized). Notably, there were no Grade 3 (widespread and constant) pruritus events and no discontinuations due to pruritus. Most pruritus cases resolved during continued TERN-101 treatment.

No change in LDL cholesterol was observed in patients in the 5 mg and 10 mg TERN-101 arms as compared to placebo (Week 12 mean change: 4.8% for placebo, 6.7% for 5 mg TERN-101, 3.2% for 10 mg TERN-101, not significant). Statistically significant LDL changes were observed only in the 15 mg arm (Week 12 mean change: 15.9%, $p<0.05$). Significant decreases in HDL cholesterol were observed in all TERN-101 dose groups at Week 4 and Week 8 but returned toward baseline in the 5 mg and 10 mg dose groups without differences from placebo at Week 12. Decreases in HDL were significantly different from placebo for the 15 mg group at all observed timepoints through Week 12.

Multiple efficacy biomarkers of NASH, including corrected T1 (cT1), MRI-PDFF and ALT, were evaluated in the LIFT Study:

- Mean changes in cT1 at Week 12 were -0.8 msec for placebo, -38.0 msec ($p=0.033$) for the 5 mg arm, -57.7 msec ($p=0.002$) for the 10 mg arm, and -74.0 msec ($p<0.001$) for the 15 mg arm. Improvements of at least 80 msec in cT1 were observed in a significant proportion of patients in the 5 mg and 10 mg groups at Week 12 (as compared to placebo). Significant decreases in cT1 were also observed at Week 6 for all dose groups. cT1 is a magnetic resonance-based imaging test measuring free-water content in liver tissue, which has shown a strong correlation with inflammation and fibrosis histology and clinical outcomes in patients with liver disease.
- Mean relative changes in MRI-PDFF were -8.4% (placebo), -15.1% (5 mg), -19.7% (10 mg), and -12.9% (15 mg) at Week 12. Mean relative changes in MRI-PDFF were significant at Week 6 for the 10 mg and 15 mg dose groups compared to placebo, although these changes were not statistically significant at Week 12. MRI-PDFF is an imaging marker that measures liver fat content.
- Mean percent changes in ALT at Week 12 were -5.3% (placebo), -2.6% (5 mg), -18% (10 mg), and -13.2% (15 mg).
- No discernable trends were observed in initial analyses of the enhanced liver fibrosis (ELF) score, CK-18 and Pro-C3.

“NASH is a complex multifaceted condition, making it difficult to use just one target to treat the disease. The LIFT data are exciting because we see improvement in key non-invasive tests associated with disease severity along with an attractive safety profile with no discontinuations due to side effects,” said Rohit Loomba, MD, MHSc, director of the UC San Diego NAFLD Research Center and director of Hepatology at UC San Diego School of Medicine. “The results add to the growing body of evidence showing the promise of TERN-101 as a multi-modal therapy to treat the multiple facets of this disease.”

Summary of Week 12 Analysis

Mean change (baseline to week 12)	Placebo N=26	TERN-101 tablet formulation (once-daily) 5 mg N=25	10 mg N=26	15 mg N=23
LDL-c (%)	4.8%	6.7%	3.2%	15.9%*
HDL-c (%)	2.4%	-2.6%	-0.5%	-8.2%*
ALT (%)	-5.3%	-2.6%	-18.0%	-13.2%
AST (%)	0.3%	1.4%	-12.9%	-4.2%
GGT (%)	8.1%	-15.6%*	-34.2%***	-17.6%*
ALP (%)	0.2%	2.5%	9.4%	24.4%***
cT1 (msec)[+]	-0.8	-38.0*	-57.7**	-74.0***
MRI-PDFF relative change (%)	-8.4%	-15.1%	-19.7%	-12.9%

* p<0.05, **p<0.01, ***p<0.001 versus placebo

[+] cT1 was conducted only at available sites (n=22, 24, 20 and 18 for placebo, 5 mg, 10 mg and 15 mg groups, respectively).

“We are encouraged by the positive effects of well tolerated doses of TERN-101 on cT1 relaxation time, a biomarker correlated with improved clinical outcomes. LIFT is the first controlled NASH trial to show significant cT1 improvement as early as Week 6. TERN-101 has the potential to be an effective component of a NASH treatment regimen. We look forward to advancing this program in our planned combination therapy trial,” said Erin Quirk, MD, president, chief medical officer and head of research and development at Terns. “I would like to thank all those who have helped us rapidly advance the LIFT Study, including our outstanding team of investigators and clinical sites, the members of the Terns team, and the patients who participated in the study.”

Terns plans to submit data from the LIFT Study to an upcoming scientific conference. Based on these positive results, Terns continues to plan a combination trial of TERN-101 together with TERN-501, the Company’s thyroid hormone receptor beta agonist (THR-ß) also in development for the treatment of NASH. The multiple ascending dose portion of the TERN-501 Phase 1 trial started in June 2021, and top-line data from the trial is expected in the second half of 2021. The combination trial of TERN-101 and TERN-501 is expected to start in the first half of 2022.

Investor Conference Call

Terns will host an update call for investors today, June 14, 2021, beginning at 8:30 a.m. ET. The webcast of the conference call will be made available at https://edge.media-server.com/mmc/p/2gsxxmta. To access the call via dial-in, please dial 1-833-665-0612 (U.S./Canada toll-free) or 1-929-517-0403 (international) using the conference code 7587739. A replay of the call will also be available on the investor page of the Terns website for 30 days.

About TERN-101

TERN-101 is a liver-distributed, non-bile acid FXR agonist that has demonstrated a differentiated tolerability profile and improved target engagement, likely due to its sustained FXR activation in the liver but only transient FXR activation in the intestine. FXR is a nuclear receptor primarily expressed in the liver, intestine and kidneys. FXR regulates hepatic expression of various genes involved in lipid metabolism, inflammation and fibrosis. Clinical studies of other FXR agonists have demonstrated significant histological NASH improvements but have also resulted in pruritus, adverse lipid changes and discontinuations.

About Terns Pharmaceuticals

Terns Pharmaceuticals, Inc. is a clinical-stage biopharmaceutical company developing a portfolio of small-molecule single-agent and combination therapy candidates for the treatment of non-alcoholic steatohepatitis, or NASH, and other chronic liver diseases. Terns' programs are based on clinically validated and complementary mechanisms of action to address the multiple hepatic disease processes of NASH in order to drive meaningful clinical benefits for patients. For more information, please visit www.ternspharma.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements about Terns Pharmaceuticals, Inc. (the "Company," "we," "us," or "our") within the meaning of the federal securities laws, including those related to the Company's therapeutic potential of TERN-101; the potential utility and progress of the Company's product candidates in NASH, including the clinical utility of the data from and the endpoints used in the Phase 2a LIFT Study of TERN-101; expectations of timing and potential results of the Company's clinical trials; the Company's clinical development plans and activities, including the development plans for TERN-101 in combination with TERN-501 and potentially other product candidates; the Company's expectations regarding the profile of its product candidates, including tolerability, safety, metabolic stability and pharmacokinetic profile; the Company's ability to continue to execute on its clinical strategy and plans; and the sufficiency of our cash on hand to fund our operating expenses and capital expenditures. All statements other than statements of historical facts contained in this press release, including statements regarding the Company's strategy, future financial condition, future operations, future trial results, 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. These statements are subject to risks and uncertainties that could cause the actual results and the implementation of the Company's plans to vary materially, including the risks associated with the initiation, cost, timing, progress and results of the Company's current and future research and development activities and preclinical studies and clinical trials. In particular, the impact of the COVID-19 pandemic on the Company's ability to progress with its research, development, manufacturing and regulatory efforts, including the Company's clinical trials for its product candidates, will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate duration of the pandemic, travel restrictions, quarantines, social distancing and business closure requirements in the United States and in other countries, and the effectiveness of actions taken globally to contain and treat the disease. These risks are not exhaustive. For a detailed discussion of the risk factors that could affect the Company's actual results, please refer to the risk factors identified in the Company's SEC reports, including but not limited to its Annual Report on Form 10-K for the year ended December 31, 2020 and Quarterly Report on form 10-Q for the three months ended March 31, 2021. Except as required by law, the Company undertakes no obligation to update publicly any forward-looking statements for any reason.

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TERNS
PHARMACEUTICALS
LIFT Study Topline Results
A 12-Week Phase 2a Trial of TERN-101 in NASH Patients
June 14th, 2021
NASDAQ: TERN

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 or statements regarding the therapeutic potential of TERN-101, the clinical utility of the data from and the endpoints used in the Phase 2a LIFT Study of TERN-101 and potential clinical development plans for TERN-101 and the Company's other product candidates such as TERN-501, 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, 2020 and our Quarterly Report on Form 10-Q for the quarterly period ended March 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.

Acknowledgements

Terns would like to acknowledge and thank the patients, investigators, and LIFT study team, especially during the COVID pandemic – thank you!

LIFT 3 Important Firsts for NASH Treatment

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 NASH trial of an FXR agonist (TERN-101) in combination with a THR-β agonist (TERN-501) planned for 1H22 initiation
   - TERN-501 Phase 1 MAD portion started in June 2021 with data expected in 2H 2021

AE = adverse event. SAE = severe adverse event. FXR = farnesoid X receptor. NASH = nonalcoholic steatohepatitis. THR=thyroid hormone receptor

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

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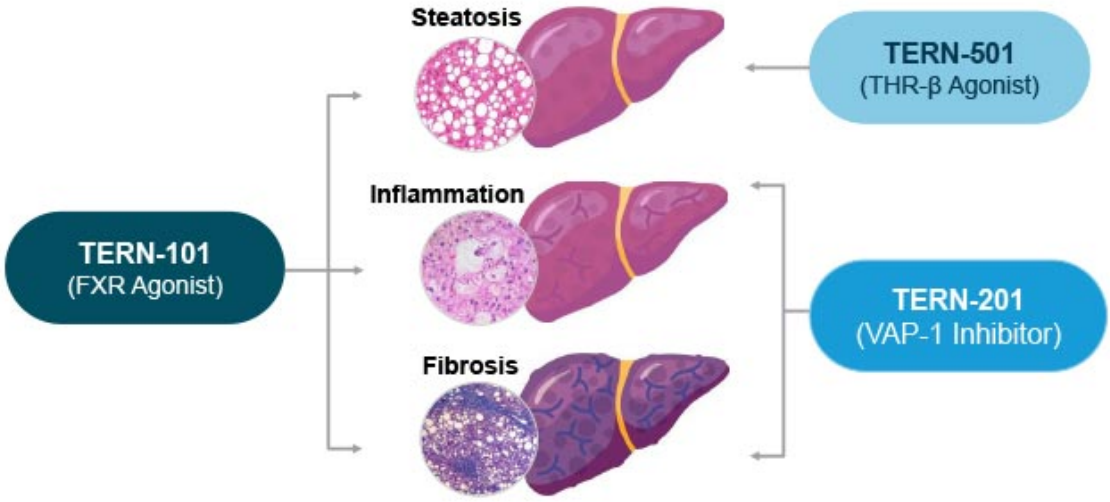
Terns Pipeline:
Designed to Address Multifaceted Nature of NASH

Combining candidates with complementary mechanisms to maximize NASH response rates



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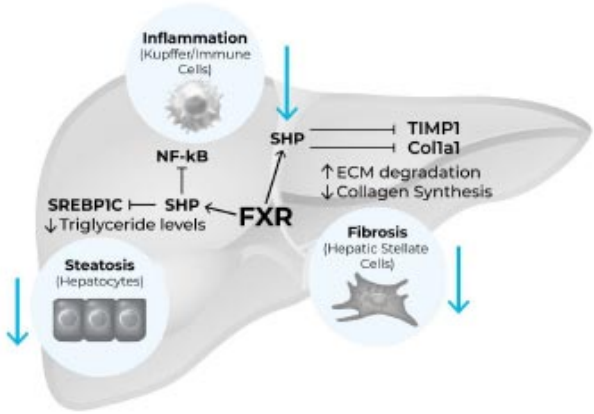
TERN-101:
A Differentiated Liver-Distributed FXR Agonist

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



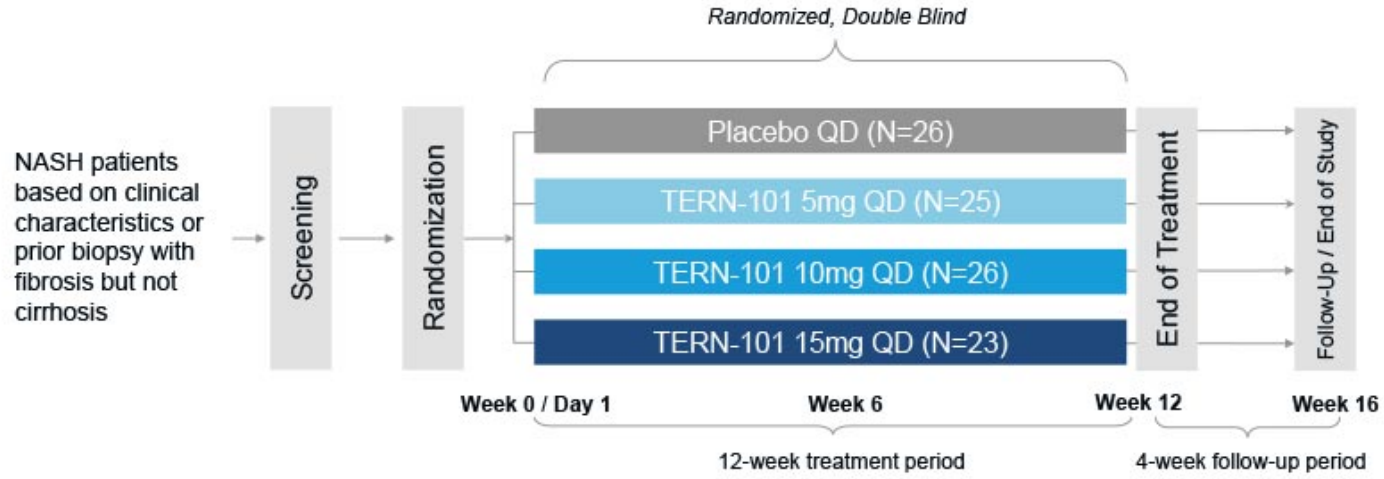
- Liver-distributed, non-bile acid FXR agonist with **differentiated tolerability profile & improved target engagement**
- Some FXR agonists have demonstrated **significant histological NASH improvements** in clinical trials
  - But also resulted in substantial pruritus, adverse lipid changes & discontinuations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

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

LIFT Phase 2a Trial in Patients with NASH

Primary objective: Safety assessment

Secondary / exploratory objectives: ALT, PK, cT1, MRI-PDFF, and other biomarkers



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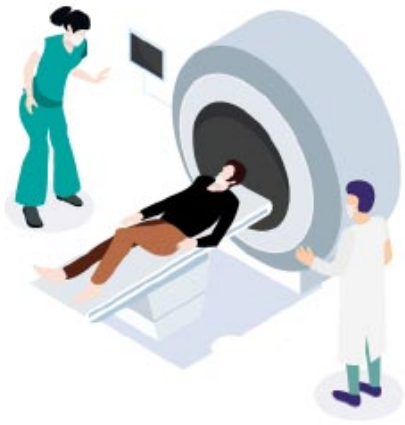
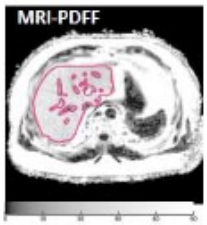
Exploratory Endpoints Include Multi-parametric MR Imaging: MRI-PDFF & Corrected T1 (cT1)

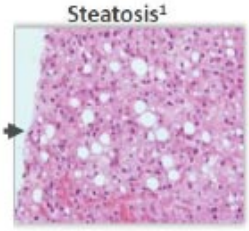
LiverMultiScan



Quantitative MRI metrics that correlated with histological markers of liver disease

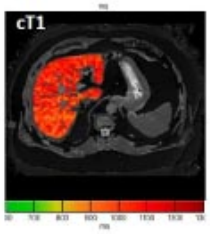


Steatosis[1]



MRI-PDFF

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



Fibroinflammation[3]

Corrected T1

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

2 point ΔNAS ∝ 88 ms Δ cT1[4]

Source: Perspectum Diagnostics

1. Idilman et al., 2013; Reeder et al., 2017; 2. Wood et al., 2005; Hoad et al., 2015; 3. Banerjee et al., 2014; Pavlides et al., 2016; Pavlides et al., 2017 4. Dennis et al. 2021

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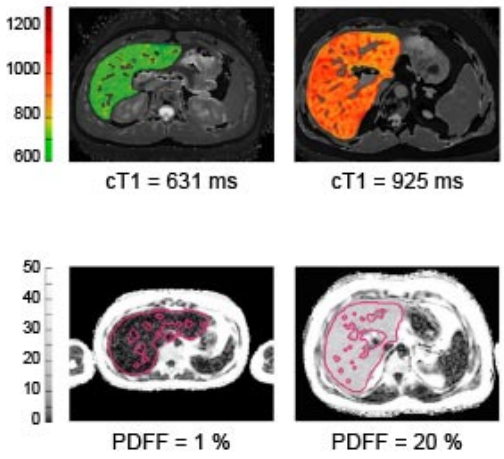
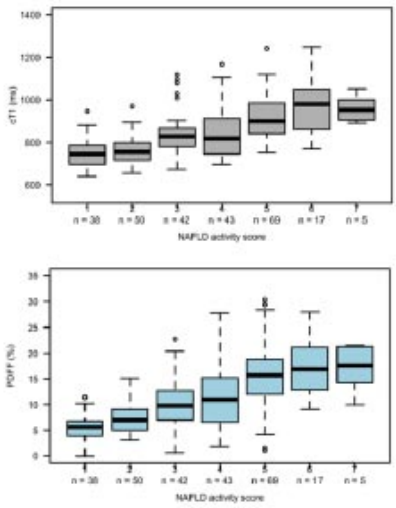
cT1 is Correlated with Liver Histology

Both PDFF and cT1 correlated with NAS, but only cT1 correlates with fibrosis

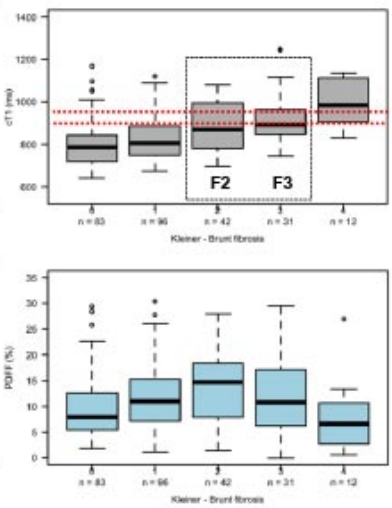
Example cT1 and PDFF Maps for Range of Values



NAFLD Activity Score



Kleiner Brunt-Fibrosis Score



LIFT[1]

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

Source: Dennis, et al 2021 Front. Endocrinol.
1. Mean cT1 baseline range of LIFT patients

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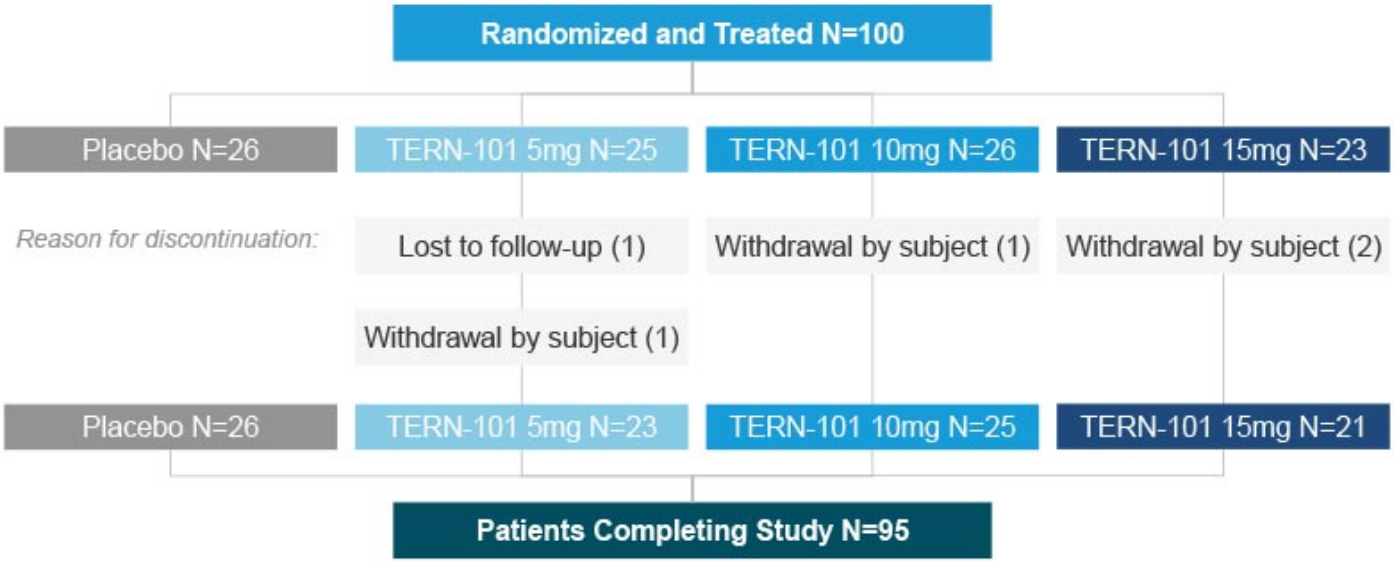
Patient Disposition: High Rate of Completion

No patient discontinued TERN-101 or placebo due to adverse events including pruritus



Baseline Characteristics: Balanced Across Treatment Arms, Representative of High-risk F2/F3 NASH Population

	Placebo (N=26)	TERN-101 5mg (N=25)	TERN-101 10mg (N=26)	TERN-101 15mg (N=23)
Age, mean [years]	50	48	53	52
Female, n (%)	**16 (62%)**	**15 (60%)**	**17 (65%)**	**17 (74%)**
BMI, mean [kg/m^2]	36.5	37.2	36.3	36.2
Patients with diabetes, n (%)	**11 (42%)**	**11 (44%)**	**16 (62%)**	**8 (35%)**
A1c, mean	6.3	6.2	6.5	6.1
LDL cholesterol, mean [mg/dL]	103.4	105.4	99.2	105.8
ALT, mean [IU/L]	55.5	56.2	60.8	55.8
Stiffness by TE, mean [kPa]	10.4	12.0	9.6	9.8
MRI-PDFF, mean [%]	**21.4**	**21.1**	**20.1**	**22.8**
cT1, mean [msec]	**908.9**	**925.4**	**942.0**	**974.7**
cT1 conducted at available sites:	*n=22*	*n=24*	*n=20*	*n=18*

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Primary Objective Safety Summary: Well Tolerated with No Discontinuations Due to Any AE

No treatment-related serious adverse events were observed

Patient incidence TEAEs by category	Placebo (N=26)	TERN-101 5mg (N=25)	TERN-101 10mg (N=26)	TERN-101 15mg (N=23)
Any TEAE	10 (39%)	13 (52%)	14 (54%)	15 (65%)
Serious TEAE	1 (4%)	-	-	1 (4%)
TEAE leading to death	-	-	-	-
Treatment-related AEs	5 (19%)	6 (24%)	7 (27%)	7 (30%)
Treatment-related serious AE	-	-	-	-
TEAE leading to discontinuation	-	-	-	-

TEAE = Treatment-emergent adverse event; SAEs were COVID-19 in placebo, UTI in 15 mg; both deemed unrelated to treatment by the investigator

Most Frequent Treatment-Emergent Adverse Events

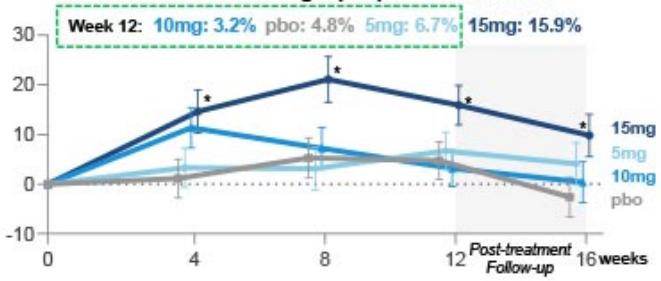
All treatment-related AEs were mild/moderate with no apparent dose-relationship
Pruritus: no Grade 3; no discontinuations; most resolved with continued dosing

Treatment-Emergent AE ≥ 5% of patients in any arm	Placebo (N=26)	TERN-101 5mg (N=25)	TERN-101 10mg (N=26)	TERN-101 15mg (N=23)
Pruritus	-	4 (16%)	3 (12%)	4 (17%)
Grade 1 (mild or localized)	-	*4 (16%)*	*1 (4%)*	*3 (13%)*
Grade 2 (widespread & intermittent)	-	-	*2 (8%)*	*1 (4%)*
Grade 3 (widespread & constant)	-	-	-	-
Headache	2 (8%)	1 (4%)	3 (12%)	2 (9%)
Constipation	2 (8%)	1 (4%)	1 (4%)	1 (4%)
Diarrhea	2 (8%)	-	-	2 (9%)
Decreased appetite	1 (4%)	-	2 (8%)	1 (4%)
Dizziness	1 (4%)	1 (4%)	2 (8%)	-

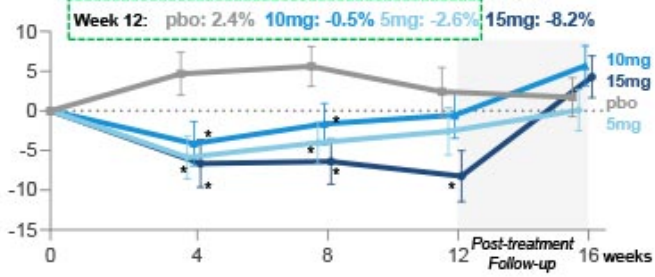
CTCAE = common terminology criteria for adverse events, AE = adverse event; all AEs listed in table refer to treatment-emergent AEs

Minimal Lipid Changes in TERN-101 5mg and 10mg Cohorts

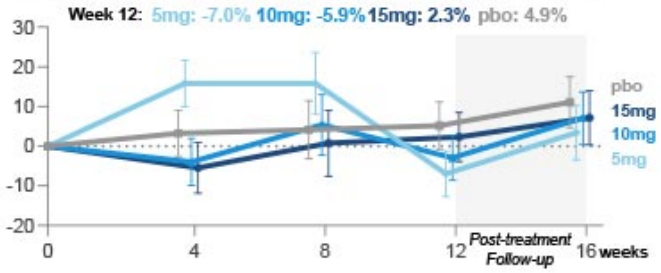
LDL: Mean % Change (SE) from Baseline



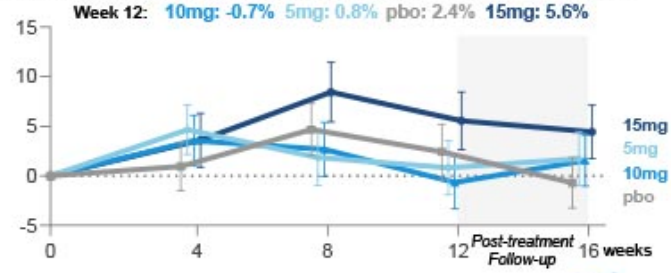
HDL: Mean % Change (SE) from Baseline



Triglycerides: Mean % Change (SE) from Baseline



Total Cholesterol: Mean % Change (SE) from Baseline

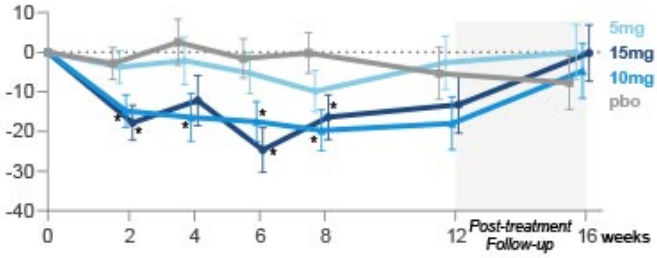


SE = Standard error

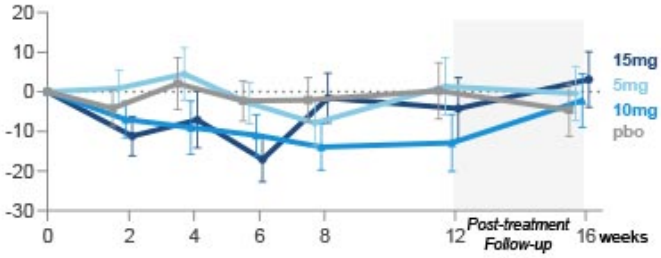
* p-value < 0.05

Response in Markers of Liver Injury and Target Engagement

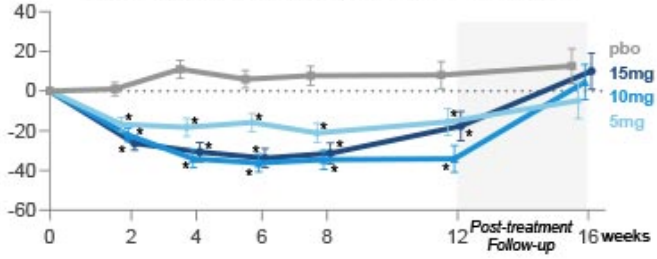
ALT: Mean % Change (SE) from Baseline



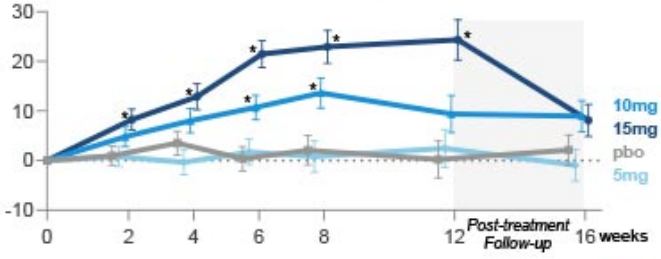
AST: Mean % Change (SE) from Baseline



GGT: Mean % Change (SE) from Baseline



ALP: Mean % Change (SE) from Baseline



SE = Standard error

* p-value < 0.05

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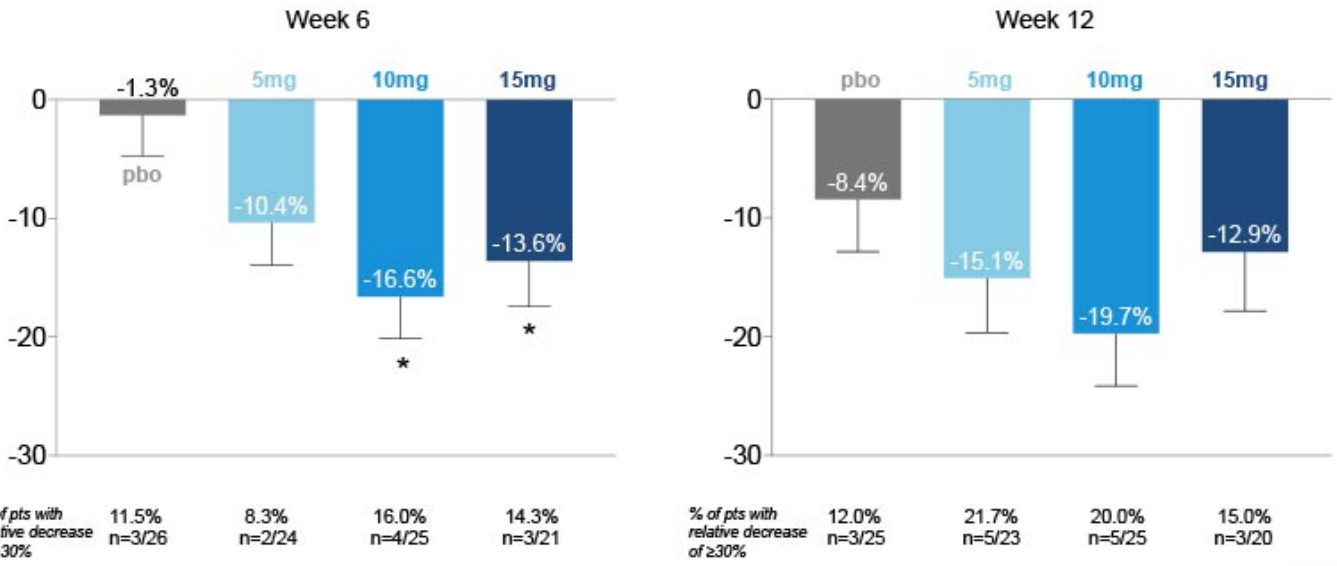
Improvement in Liver Fat Content (MRI-PDFF)

MRI-PDFF Mean Relative Change (SE) from Baseline [%]

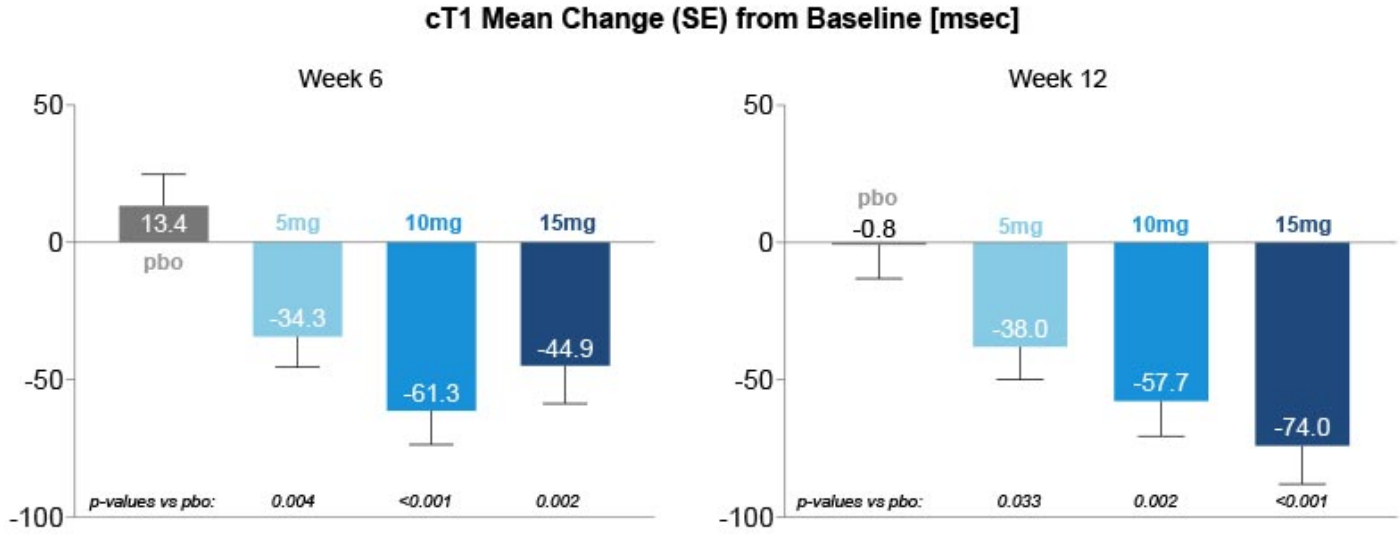


% of pts with relative decrease of ≥30%	11.5% n=3/26	8.3% n=2/24	16.0% n=4/25	14.3% n=3/21
% of pts with relative decrease of ≥30%	12.0% n=3/25	21.7% n=5/23	20.0% n=5/25	15.0% n=3/20

SE = Standard error

* p-value < 0.05

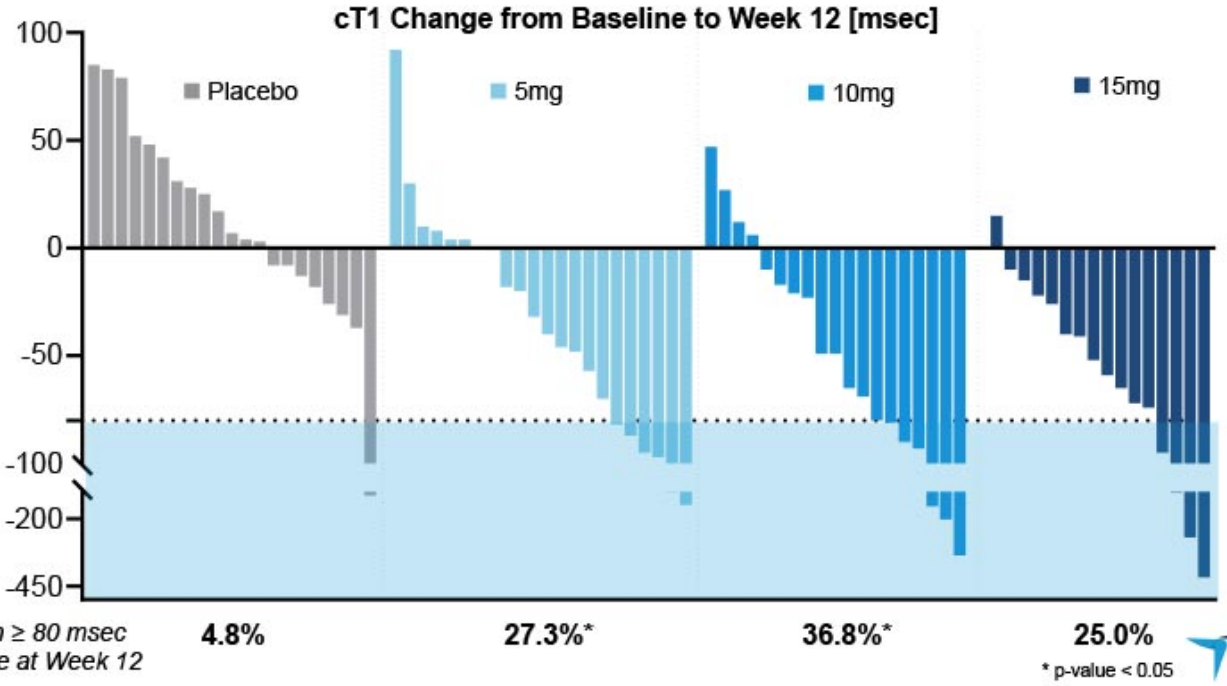
LIFT is the First Trial in NASH Patients to Show Significant Improvements in cT1 Starting as Early as 6 Weeks



SE = Standard error

TERNS

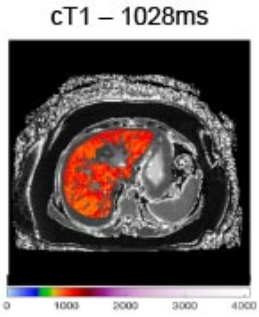
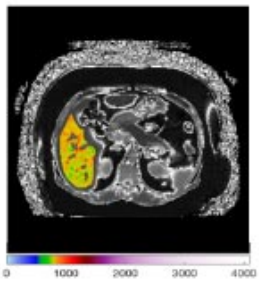
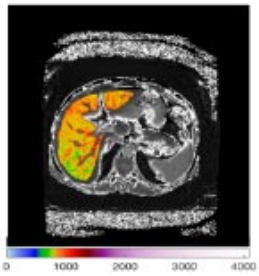
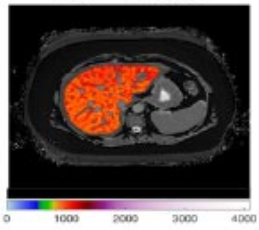
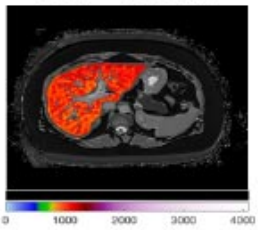
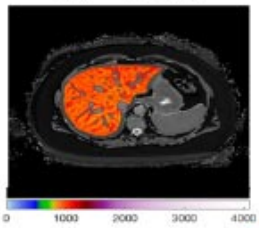
Substantially More Patients in Each TERN-101 Cohort Had Improvements in cT1



% with ≥ 80 msec decline at Week 12	**4.8%**	**27.3%***	**36.8%***	**25.0%**

* p-value < 0.05

LIFT Patient Case Studies: Changes in cT1

	Baseline	Week 6	Week 12
TERN-101 10mg	cT1 – 1028ms 	cT1 – 808ms 	cT1 – 826ms 
Placebo	cT1 – 984 ms 	cT1 – 1015 ms 	cT1 – 966 ms 

Perspectum

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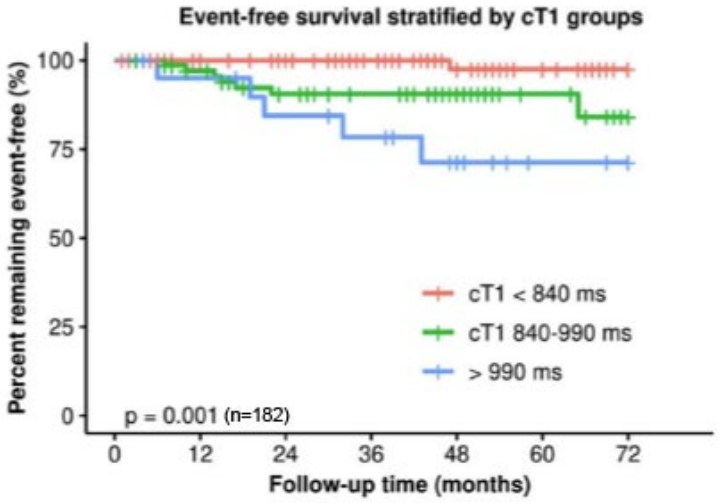
cT1 is Significantly Correlated with Clinical Outcomes



- Corrected T1 (cT1)
  - Magnetic resonance measurement that quantifies liver inflammation and fibrosis[1]
- Established correlation with clinical outcomes[2]
  - 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

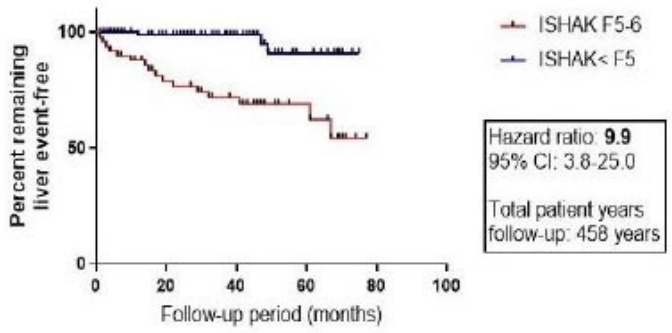
1. Journal of Hepatology 2014 Jan; 60(1): 69–77; 2. Based on third-party study Liver International. 2020;40:3071–3082

Perspectum TERNS

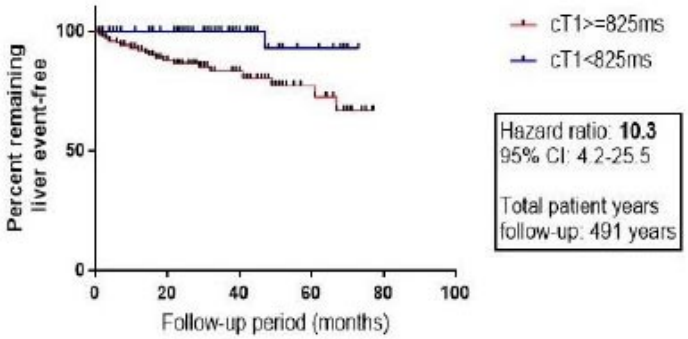
cT1 and Histology Have Shown Equivalent Performance for Predicting Clinical Outcomes

cT1, but not MRI-PDFF, correlated with clinical outcomes

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



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

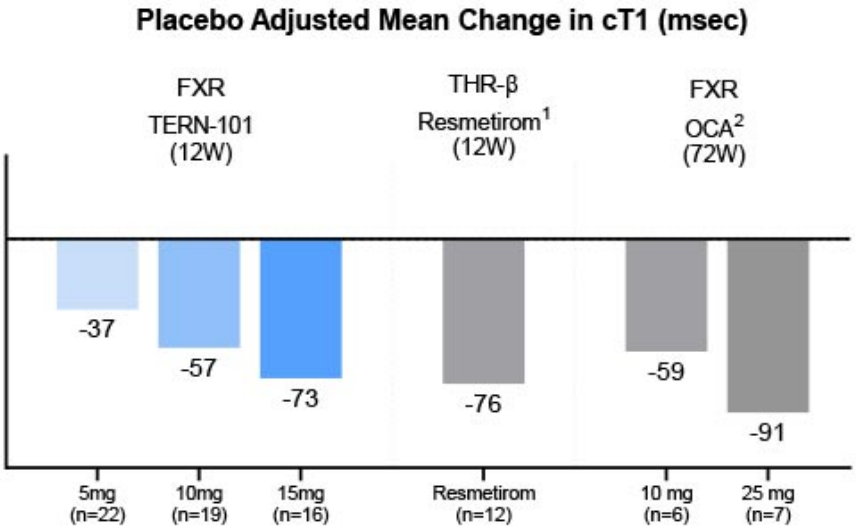


Source: Liver International. 2020;40:3071–3082

Perspectum TERNS

cT1 Results in Context of Late-Stage NASH Investigational Products

TERN-101 cT1 changes comparable to late-stage development candidates



1. Data from resmetirom Phase 2 study extension Madrigal 2018 corporate presentation; 2. Data from OCA Phase 3 REGENERATE study, Loomba et al, Intercept poster at DDW 2020

Note: Cross-trial comparisons involve the inherent bias of post-hoc manipulation of data and choice of analytical methods, as well as methodological issues surrounding heterogeneity among studies contributing to the analyses; therefore, it is important to view such results in light of the totality of all available information, such as individual study results on pre-specified analyses of endpoints

TERNS

LIFT 3 Important Firsts for NASH Treatment

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

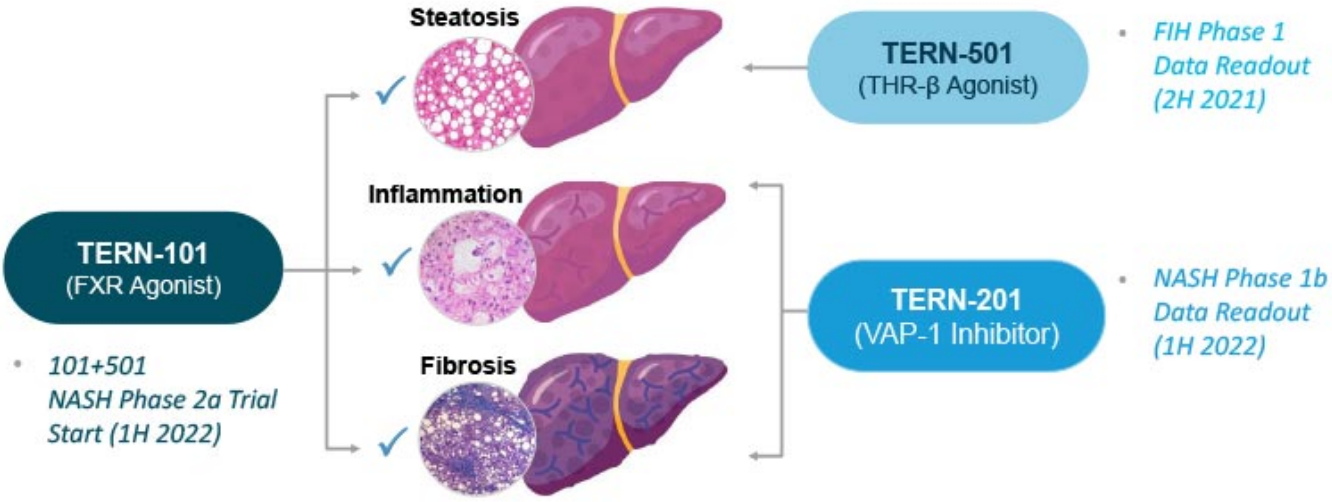
3. First NASH trial of an FXR agonist (TERN-101) in combination with a THR-β agonist (TERN-501) planned for 1H22 initiation
   - TERN-501 Phase 1 MAD portion started in June 2021 with data expected in 2H 2021

AE = adverse event. SAE = severe adverse event. FXR = farnesoid X receptor. NASH = nonalcoholic steatohepatitis. THR=thyroid hormone receptor

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

Terns Pipeline: Multiple Catalysts Over the Next 12 Months

Combining candidates with complementary mechanisms to maximize NASH patient benefit

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Appendix

Key Completed and Upcoming Milestones

Multiple clinical milestones in 2021/2022 in preparation for combo trials

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

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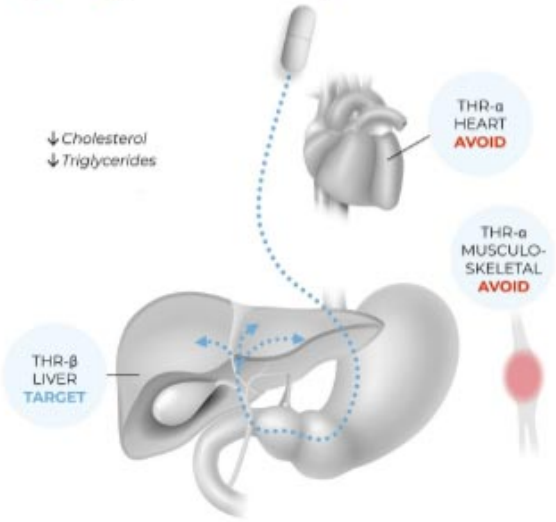
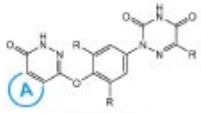
TERN-501: Differentiated THR-β Agonist

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



- TERN-501 is a selective Thyroid Hormone Receptor beta (THR-β) agonist with **enhanced metabolic stability and liver distribution**
- Other THR-β agonists face limitations with off-target effects or unpredictable PK due to CYP metabolism



TERN-501

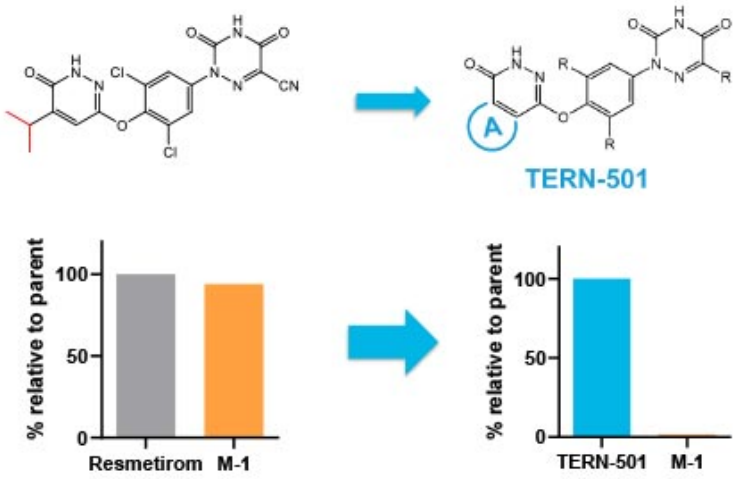
- TERN-501 was screened for **greater selectivity and enhanced metabolic and PK stability**
  - Expected low clinical dose
  - Attractive for monotherapy or combination therapy
- Phase 1 SAD/MAD clinical trial ongoing; top-line data expected **2H 2021**

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

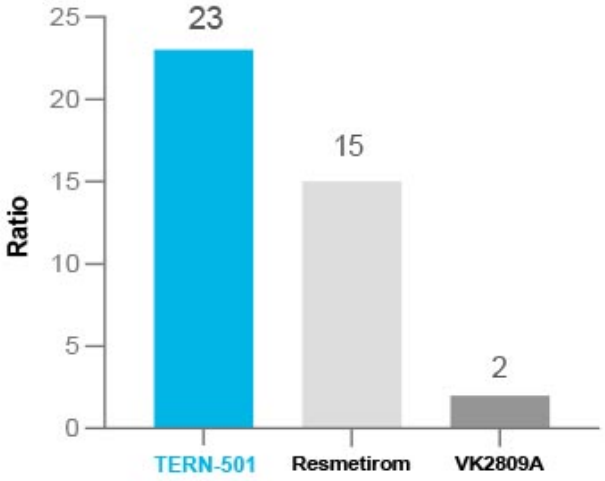
TERN-501: Improved PK & THR-β Selectivity

Differentiated and excellent candidate for co-formulation

TERN-501: Improved Pharmacokinetics



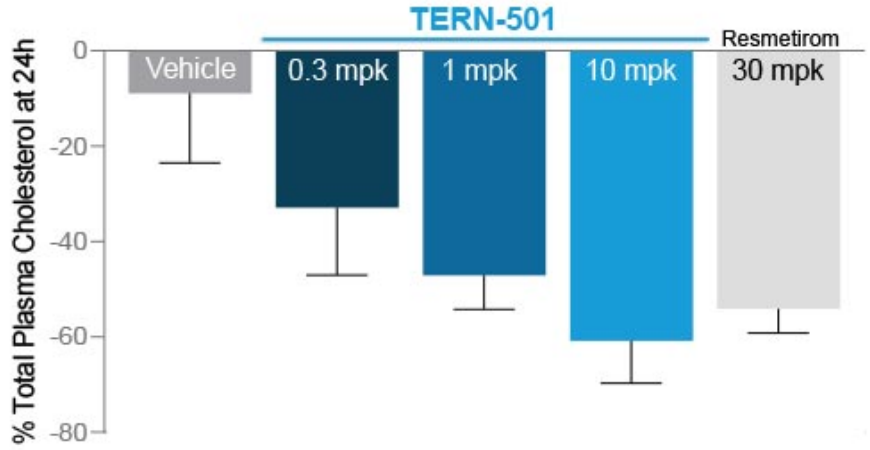
TERN-501: Improved THR-β ratio



Source: (Left) TERN-501 metabolite data in hepatocytes from 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: Single Dose Suppresses Cholesterol

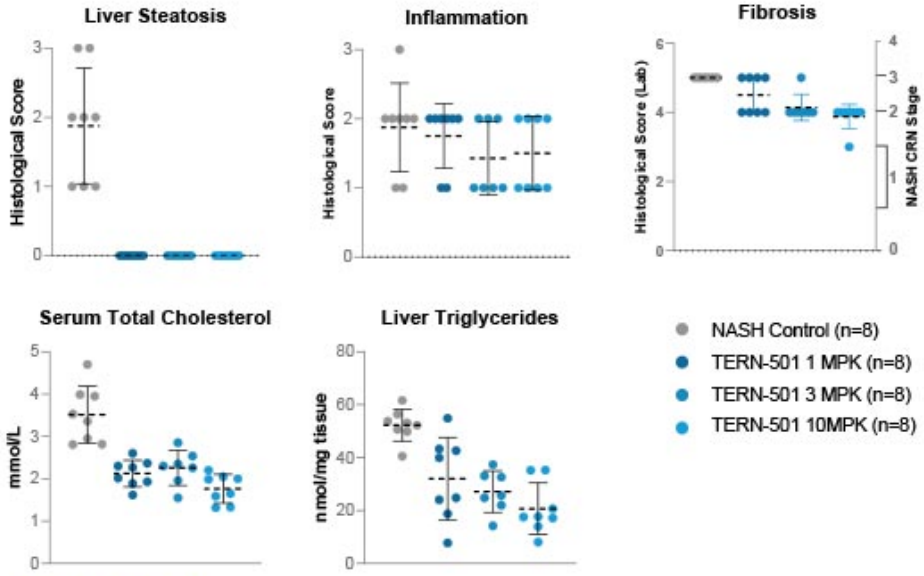
Improved potency relative to resmetirom



Source: TERN-501 EASL 2020 Poster; Rat hypercholesterolemia model, 14d HFD, 1 dose of drug, cholesterol measured 24 hours later

TERN-501 Activity in DIO/CCl4 NASH Model

Liver histology, liver function, lipid parameter improvements



Results

Histology

- **Complete resolution of steatosis**
- Reductions in inflammation and fibrosis

Lipids

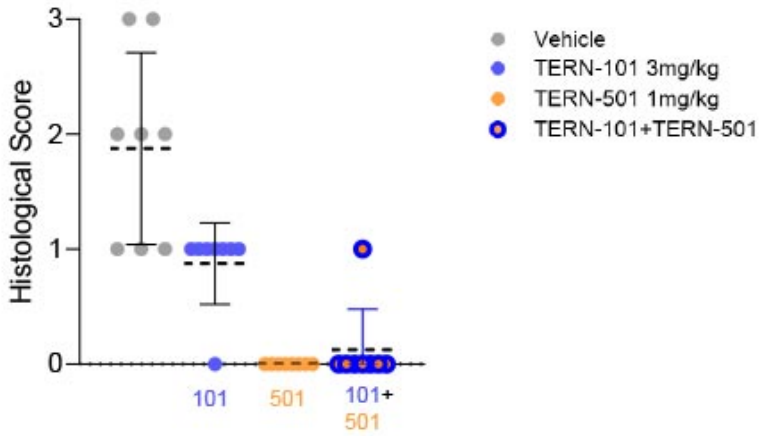
- Reduced serum cholesterol
- Dose-dependent reduction in liver triglycerides

Source: TERN-501 EASL 2020 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

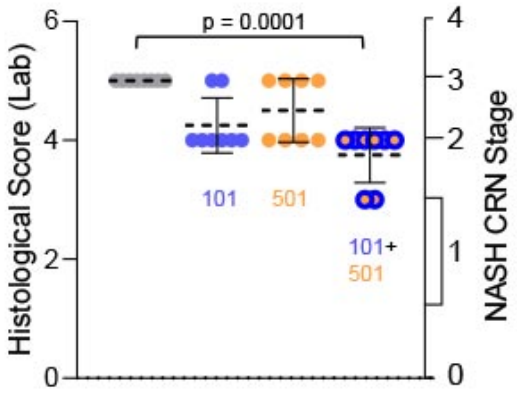
TERN-101+TERN-501 Combination NASH Model

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