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DUET Trial Top-Line Results

NASDAQ: TERN

August 8, 2023

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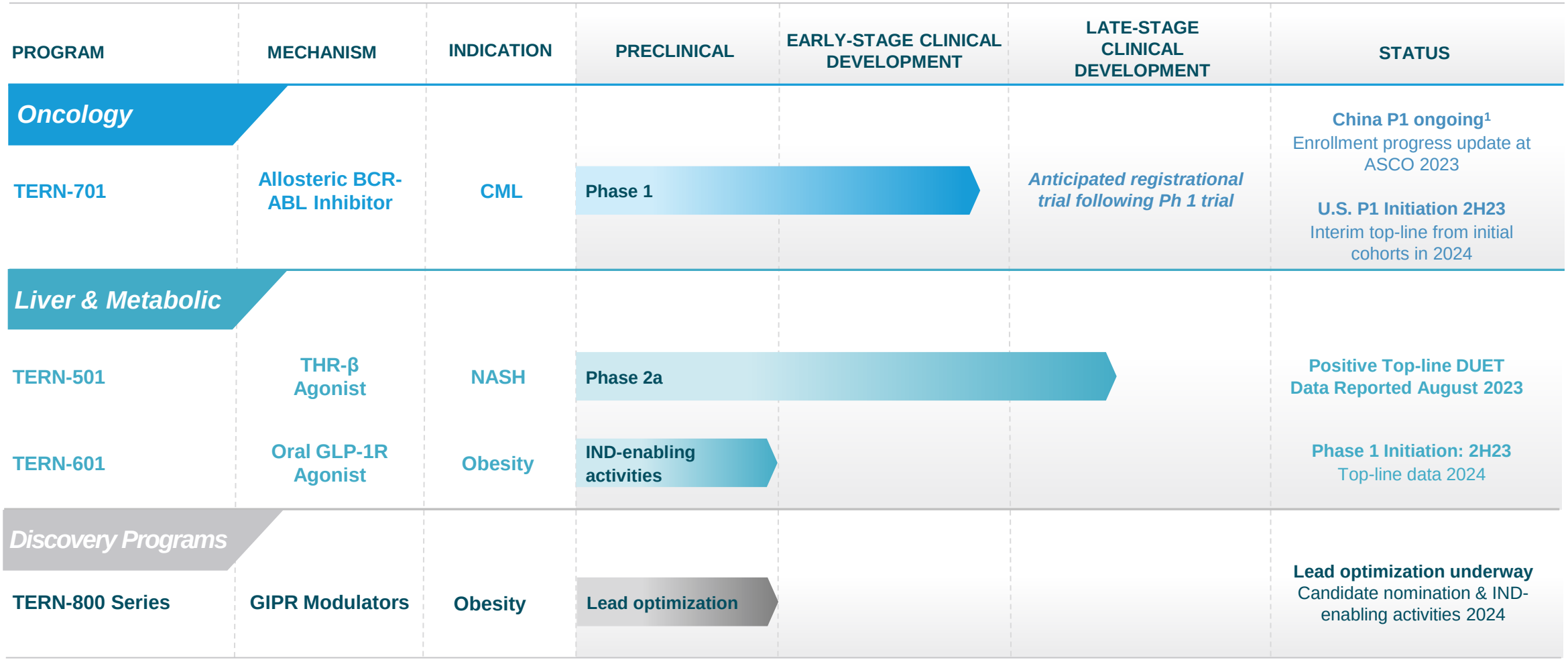
Agenda

• DUET Top-line Results	Erin Quirk, M.D., Terns President & Head R&D
• KOL Commentary	Mazen Noureddin, M.D., MHSc Professor of Clinical Medicine, Academic Institute Director, Houston Research Institute Houston Methodist
• Q&A	Erin Quirk, M.D. Mazen Noureddin, M.D. Mark Vignola, Ph.D.

Terns Pipeline: Broad Rights to Multiple Wholly-owned Opportunities Targeting Serious Diseases



1. Out-licensed to Hansoh Pharma (HS 10382) in the Greater China region; Ph 1 trial ongoing in China; Terns eligible for up to $ 67M in clinical, regulatory and sales-based milestones, mid single digit percentage royalties on net sales; certain milestones are subject to the availability of additional data and future funding

Acknowledgements

Terns would like to acknowledge and thank the trial participants, investigators, and DUET study team – thank you!

DUET Results Show TERN-501 has Potential Best-In-Class Profile Amongst THR-β Agonists

DUET

- TERN-501 met **all primary and secondary efficacy endpoints,** with dose dependent and statistically significant improvements in liver fat content (MRI-PDFF) and fibro-inflammation (cT1) at Week 12

- TERN-501 showed a differentiated safety profile, with **no gastrointestinal or cardiovascular signals**
  - Well tolerated with similar incidence of AEs across treatment groups

- TERN-501 is **combinable**; no dose adjustment expected and no emergent unexpected safety findings with the addition of FXR agonist, TERN-101
  - TERN-501 + TERN-101 demonstrated modest improvements on MRI-PDFF

- TERN-501 has the potential to be best-in-class amongst the THR-β class based on a compelling overall profile of **efficacy, tolerability & combinability vs peers**; potential for monotherapy & combination therapy in future studies

MRI-PDFF: magnetic resonance imaging-proton density fat fraction; cT1: corrected T1; AE=adverse event

TERN-501: A Differentiated THR-β Agonist for NASH

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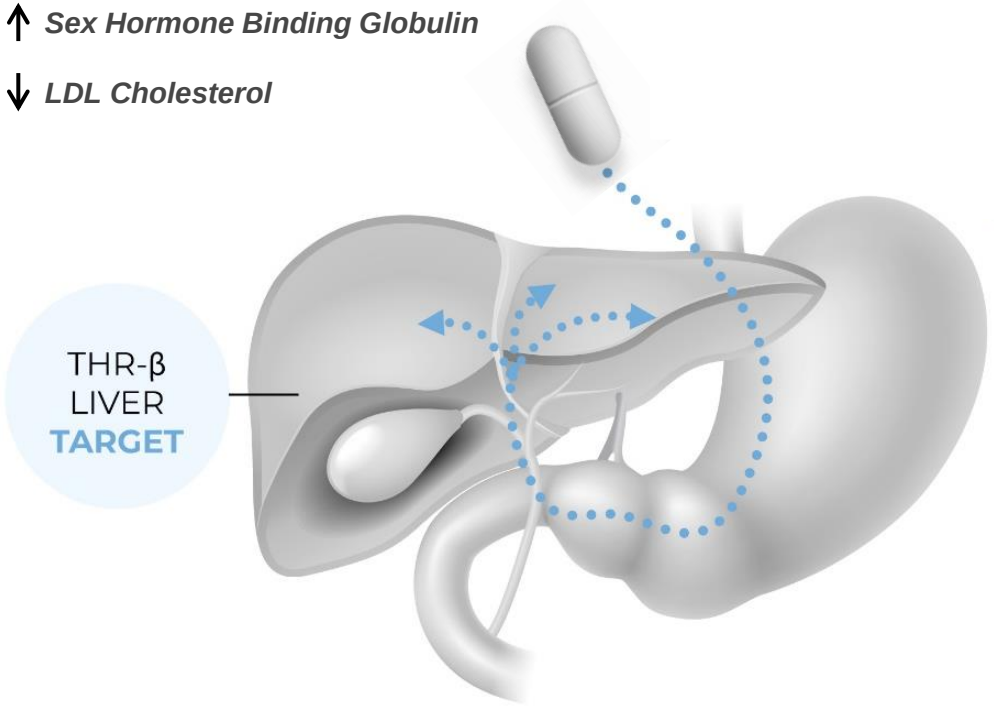
THR-β regulates key aspects of energy metabolism (e.g., fatty acid & lipid synthesis, liver fat removal through fatty acid oxidation)

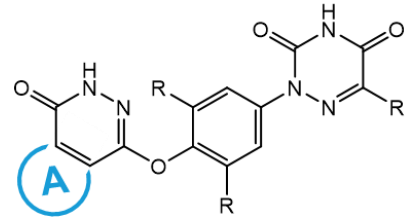
↑ *Sex Hormone Binding Globulin*

↓ *LDL Cholesterol*



Other THR-β agonists face limitations with off-target effects, unpredictable PK, or need for CYP metabolism

TERN-501 was screened for a differentiated, potentially best-in-class profile:



TERN-501

- High β/α selectivity → low dose, broad therapeutic window, low CV side effects and improved efficacy
- Better gastrointestinal profile vs peer molecules → improved tolerability
- Predictable PK, once-daily dosing with low drug-drug interaction potential → attractive partner for combinations

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

12-Week Phase 2a Trial in Presumed NASH Patients

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Randomized, double-blind, placebo-controlled trial (N=162)

Trial Design

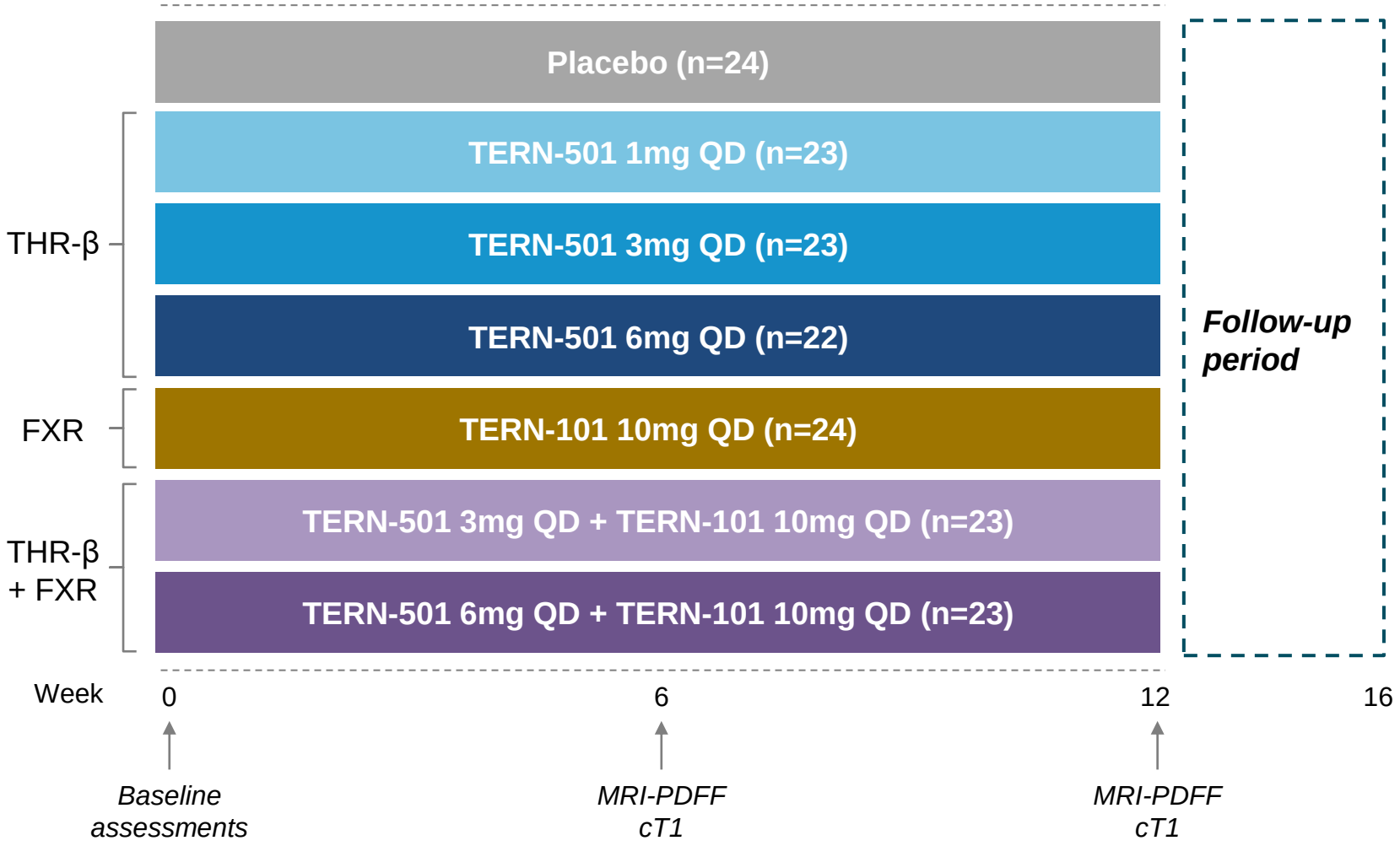
Population

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

Key Endpoints

- 1º MRI-PDFF
- 2º MRI cT1

Safety, tolerability



NCT05415722

BMI: body mass index; QD: once daily

Patient Disposition: >90% Rate of Trial Completion

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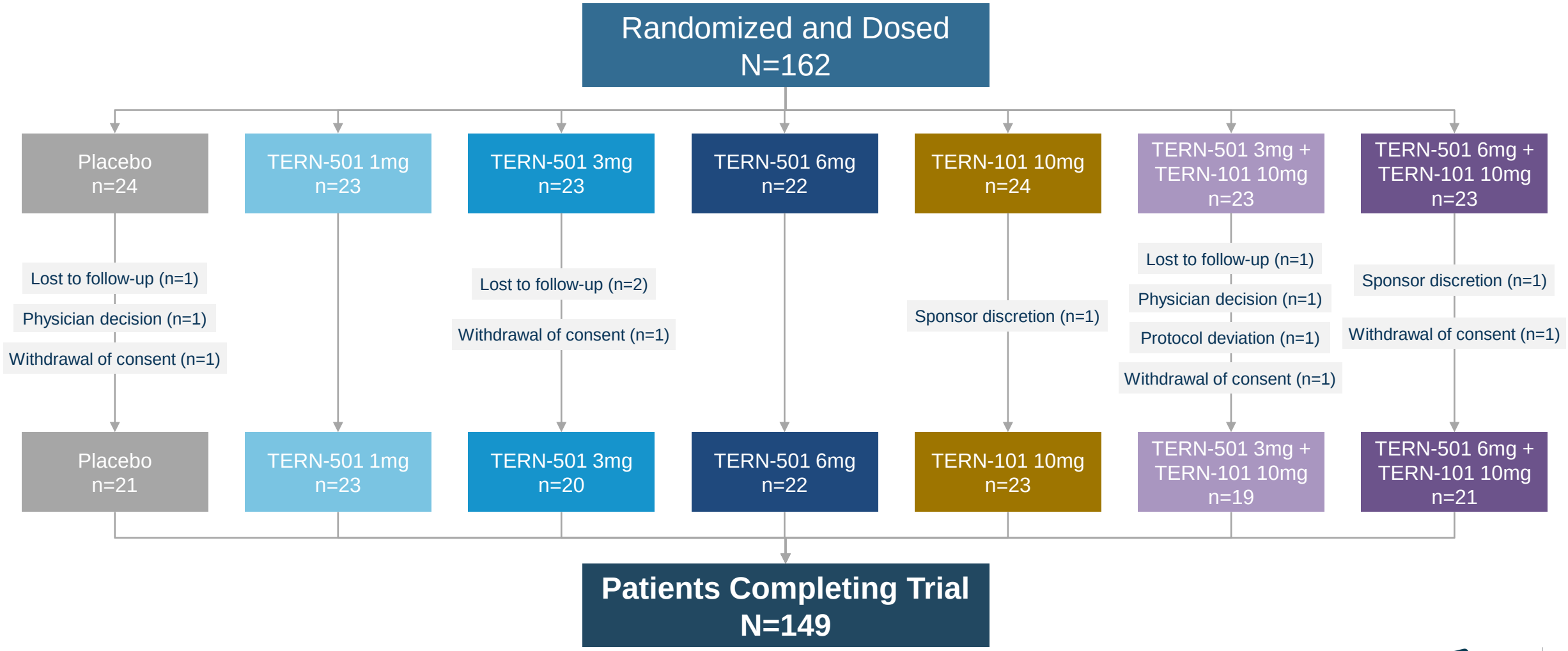
No trial discontinuations due to an adverse event; similar frequency of discontinuation between placebo and all treatment arms



Baseline Characteristics: Balanced Across Arms

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Representative of a high-risk NASH population

	TERN-501			TERN-101	‘501 + ‘101	
	Placebo (N=24)	1mg (N=23)	3mg (N=23)	6mg (N=22)	10mg (N=24)	3mg + 10mg (N=23)	6mg + 10mg (N=23)
Age, mean [years]	52.2	52.3	52.2	52.2	53.6	55.6	55.3
Female, n (%)	15 (62.5)	11 (47.8)	13 (56.5)	16 (72.7)	12 (50.0)	11 (47.8)	11 (47.8)
BMI, mean [kg/m^2]	36.6	37.5	37.0	39.0	36.9	39.3	38.2
Type 2 diabetes, n (%)	11 (45.8)	8 (34.8)	10 (43.5)	6 (27.3)	7 (29.2)	13 (56.5)	13 (56.5)
GLP-1 agonists, n (%)	2 (8.3)	2 (8.7)	2 (8.7)	1 (4.5)	3 (12.5)	4 (17.4)	3 (13.0)
ALT, mean [IU/L]	43.7	42.0	39.4	38.2	39.0	43.0	50.0
LDL cholesterol, mean [mg/dL]	87.3	101.6	101.7	98.8	84.9	89.4	93.0
MRI-PDFF, mean [%]	17.0	16.6	19.5	17.3	17.9	18.8	16.9
cT1, mean [msec]	937.3	921.3	927.6	920.0	962.2	977.1	905.8

Schaapman et al. J Magn Reson Imaging (2021), cT1cutoff of >875 msec is predictive of patients with “high-risk” NASH
GLP-1: glucagon-like peptide-1; ALT: alanine aminotransferase; LDL: low-density lipoprotein

TERN-501 Showed Significant & Dose Dependent Decreases in MRI-PDFF from Baseline

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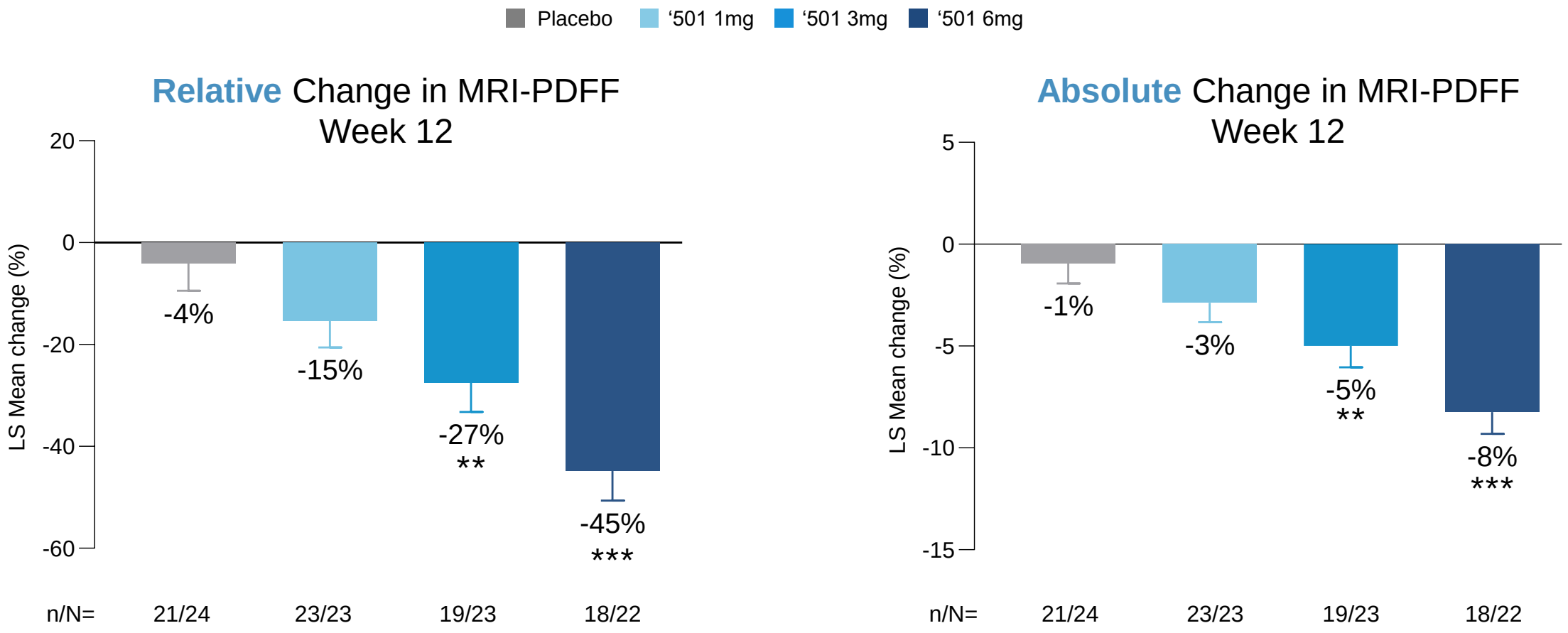
Once daily dosing led to significant decreases in MRI-PDFF



*p-value <0.05; **p-value <0.01; ***p-value <0.001 for monotherapy vs. placebo.
n=number of patients with data available; N=number of patients in analysis set
ANCOVA: analysis of covariance; LS Mean: least squares mean from ANCOVA model

TERN-501 Showed Significant & Dose Dependent Increases in MRI-PDFF Responders at Week 12

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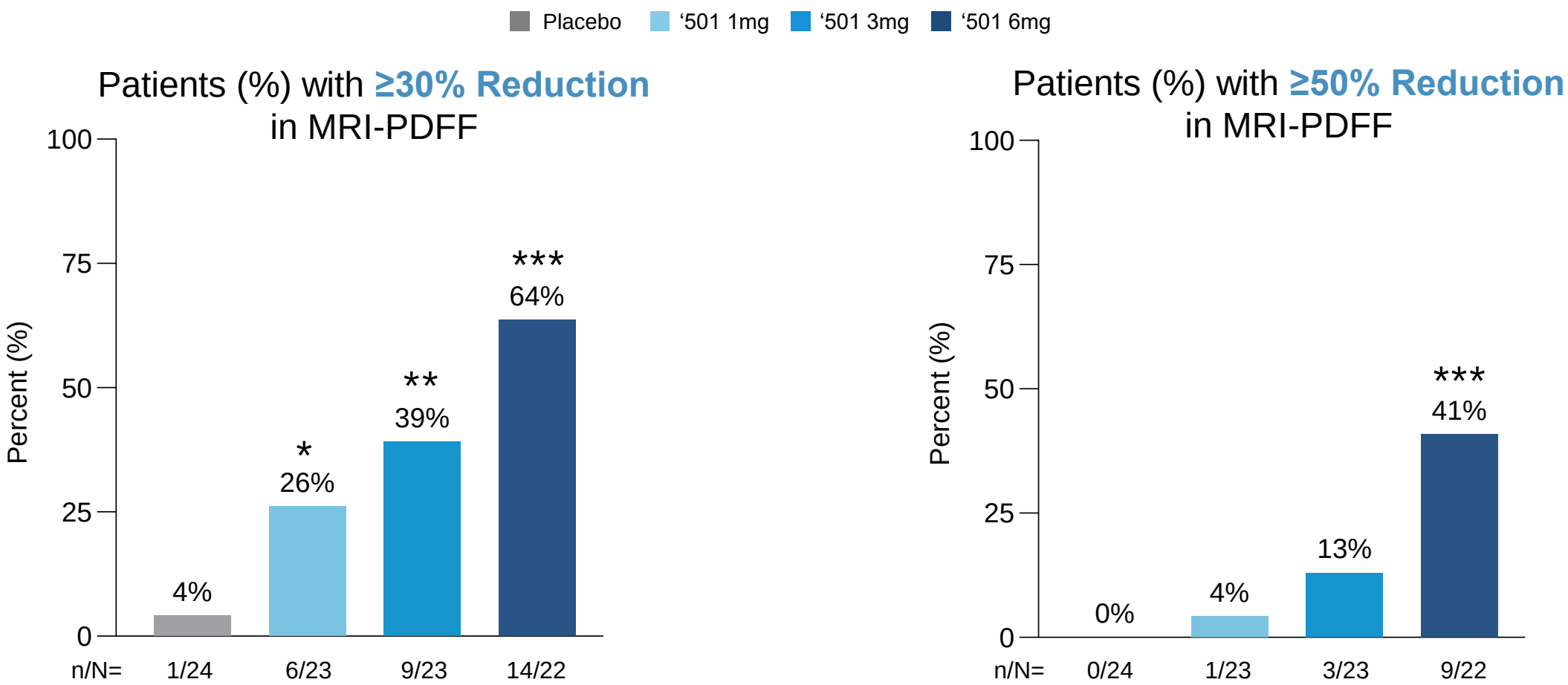
≥30% reduction predictive of histological response[1] and 5x improved odds of NASH resolution[2]



*p-value <0.05; **p-value <0.01; ***p-value <0.001 for monotherapy vs. placebo.
n=number of responders; N=number of patients in analysis set
1: Loomba et al. Hepatology (2021); 2: AASLD Practice Guidelines (2023)

TERN-501 Demonstrated Compelling Liver Fat Reduction with Convenient Once-Daily Dose

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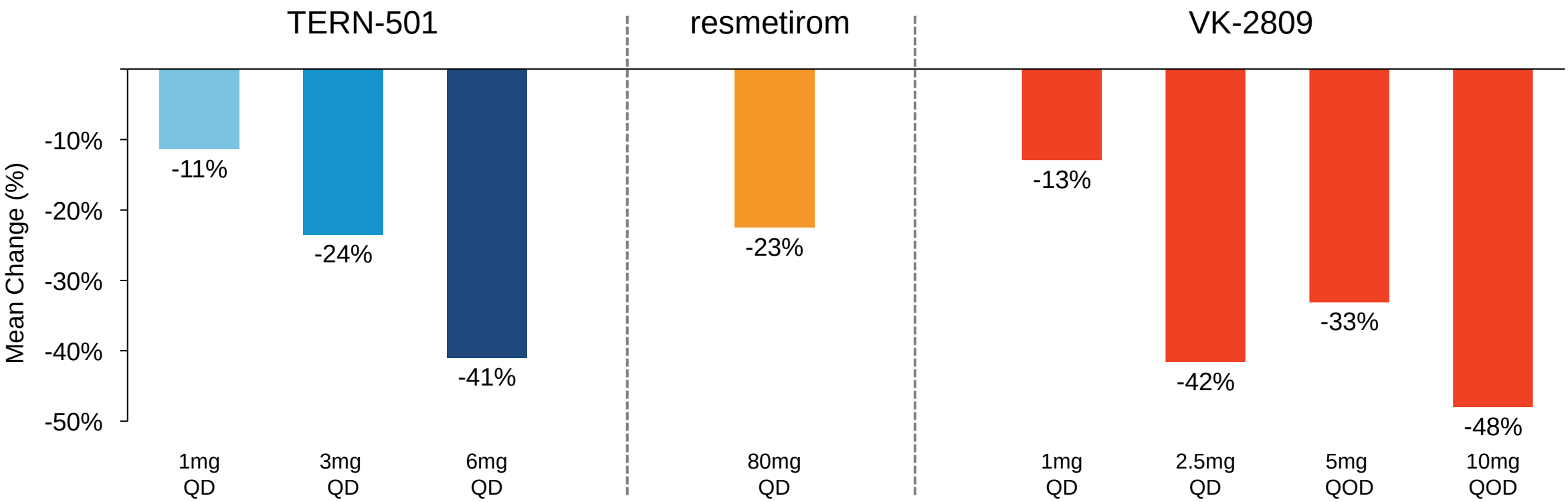
Placebo Adjusted Mean Relative Change in Liver Fat from Baseline (MRI-PDFF at Week 12)*



*The Phase 2 clinical trials evaluating resmetirom and VK-2809 were conducted by other parties in a similar patient population with different protocols at different sites and at different times from the DUET trial. Results do not reflect a head-to-head trial and are shown for illustrative purposes only.
Source: MDGL: Harrison et al. Lancet (2019), Table 2, placebo response -10.4%; VKTX: 5/16/2023 Top-Line VOYAGE Release, placebo response -3.7%
Baseline liver fat % (n): TERN-501: 1mg QD 17% (n=23), 3mg QD 20% (n=23), 6mg QD 17% (n=22); resmetirom: 80mg QD 20% (n=84); VK-2809: 1mg QD 22% (n=17), 2.5mg QD 20% (n=58), 5mg QOD 18% (n=36), 10mg QOD 22% (n=56)

Responder Analysis Suggests Once-Daily TERN-501 Could Have Meaningful Histology Results

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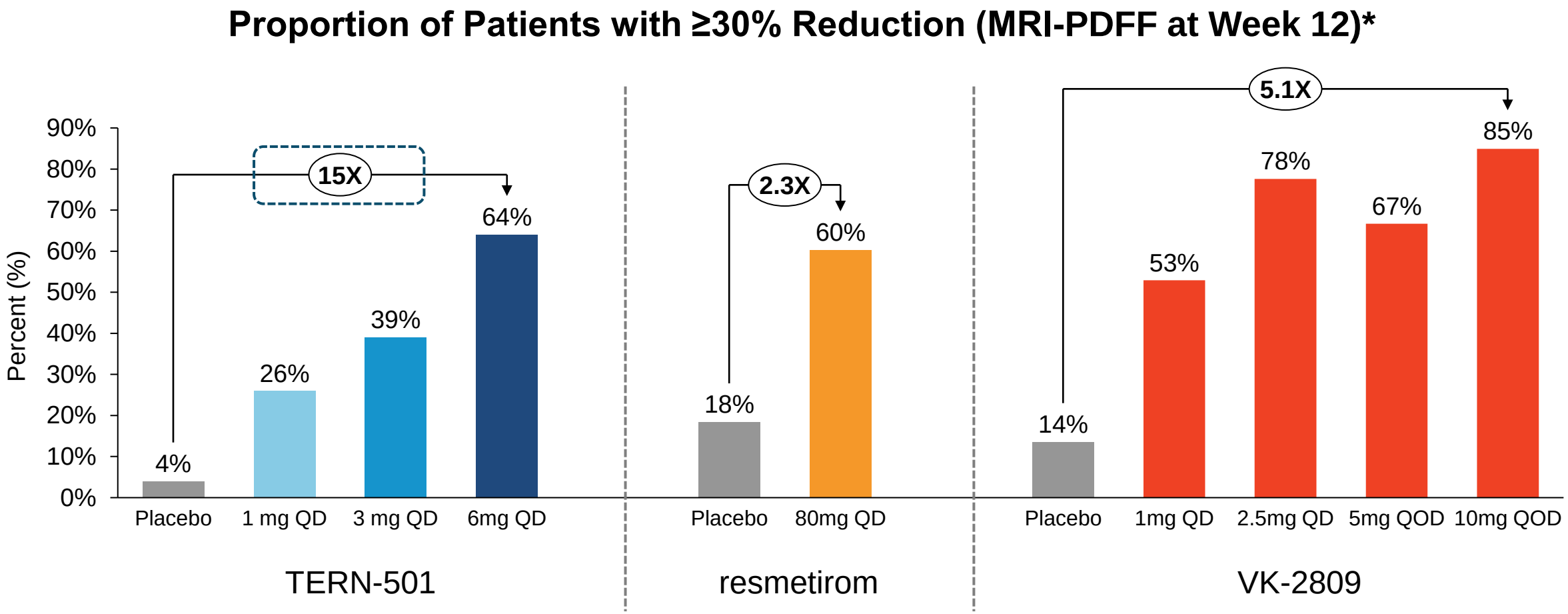
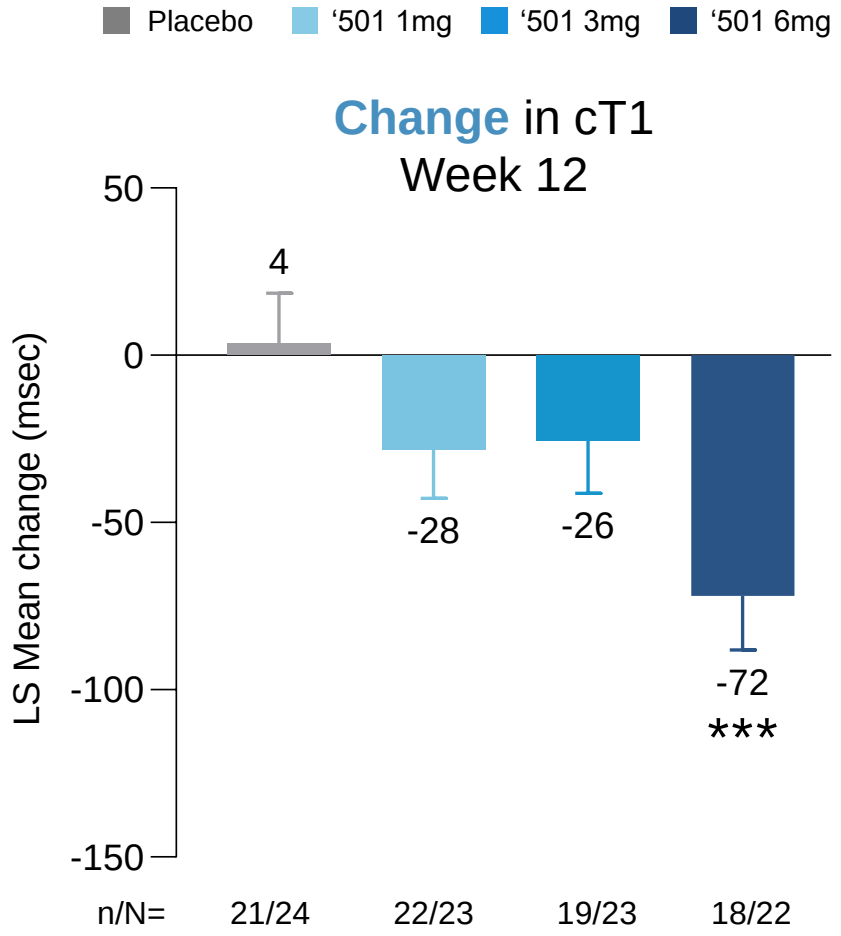


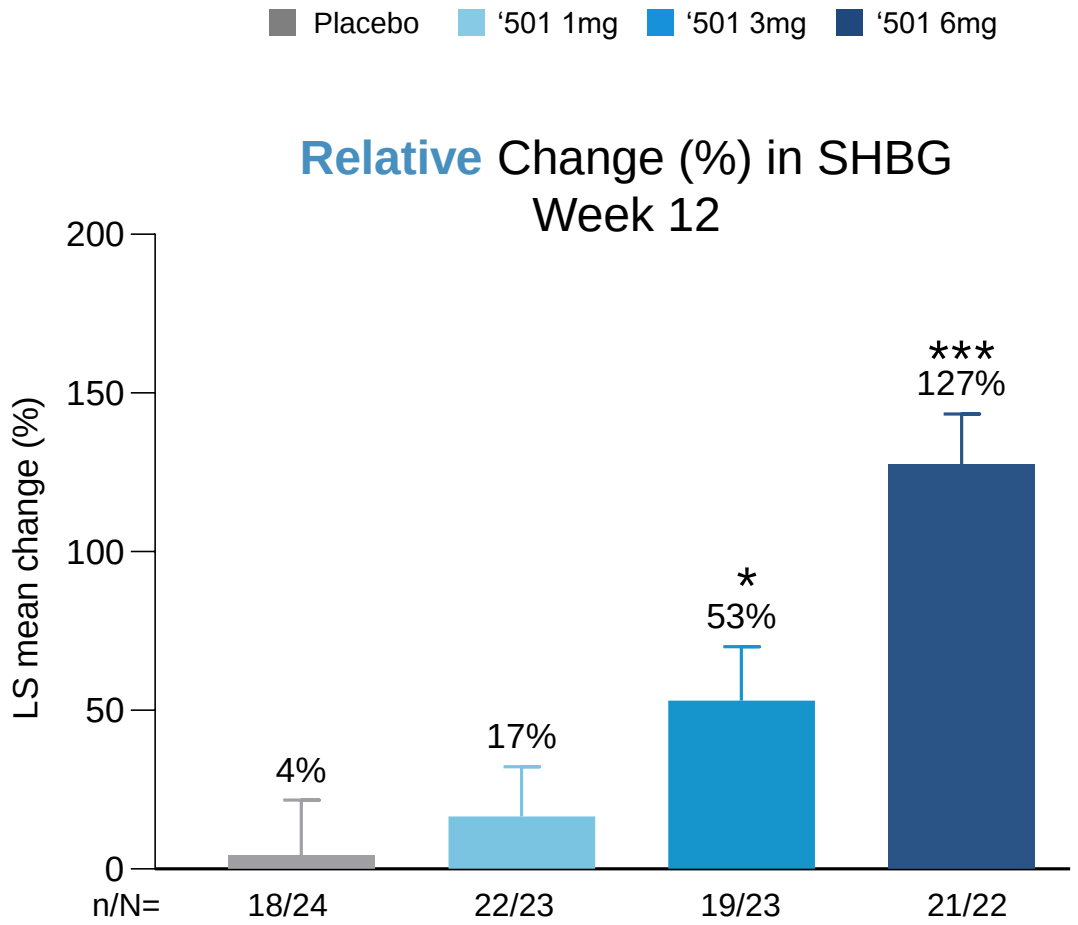
*The Phase 2 clinical trials evaluating resmetirom and VK-2809 were conducted by other parties in a similar patient population with different protocols at different sites and at different times from the DUET trial. Results do not reflect a head-to-head trial and are shown for illustrative purposes only.
Source: MDGL: Harrison et al. Lancet (2019), Table 3; VKTX: July 2023 Corporate Presentation, Phase 2b study, slide 20.
(n): TERN-501: 1mg QD (n=23), 3mg QD (n=23), 6mg QD (n=22); resmetirom: 80mg QD (n=84); VK-2809: 1mg QD (n=17), 2.5mg QD (n=58), 5mg QOD (n=36), 10mg QOD (n=56)

TERN-501 Showed Significant Improvements in cT1, a Marker of Liver Fibro-Inflammation



*p-value <0.05; **p-value <0.01; ***p-value <0.001 for monotherapy vs. placebo
n=number of patients with data available for change in cT1; N=number of patients in analysis set

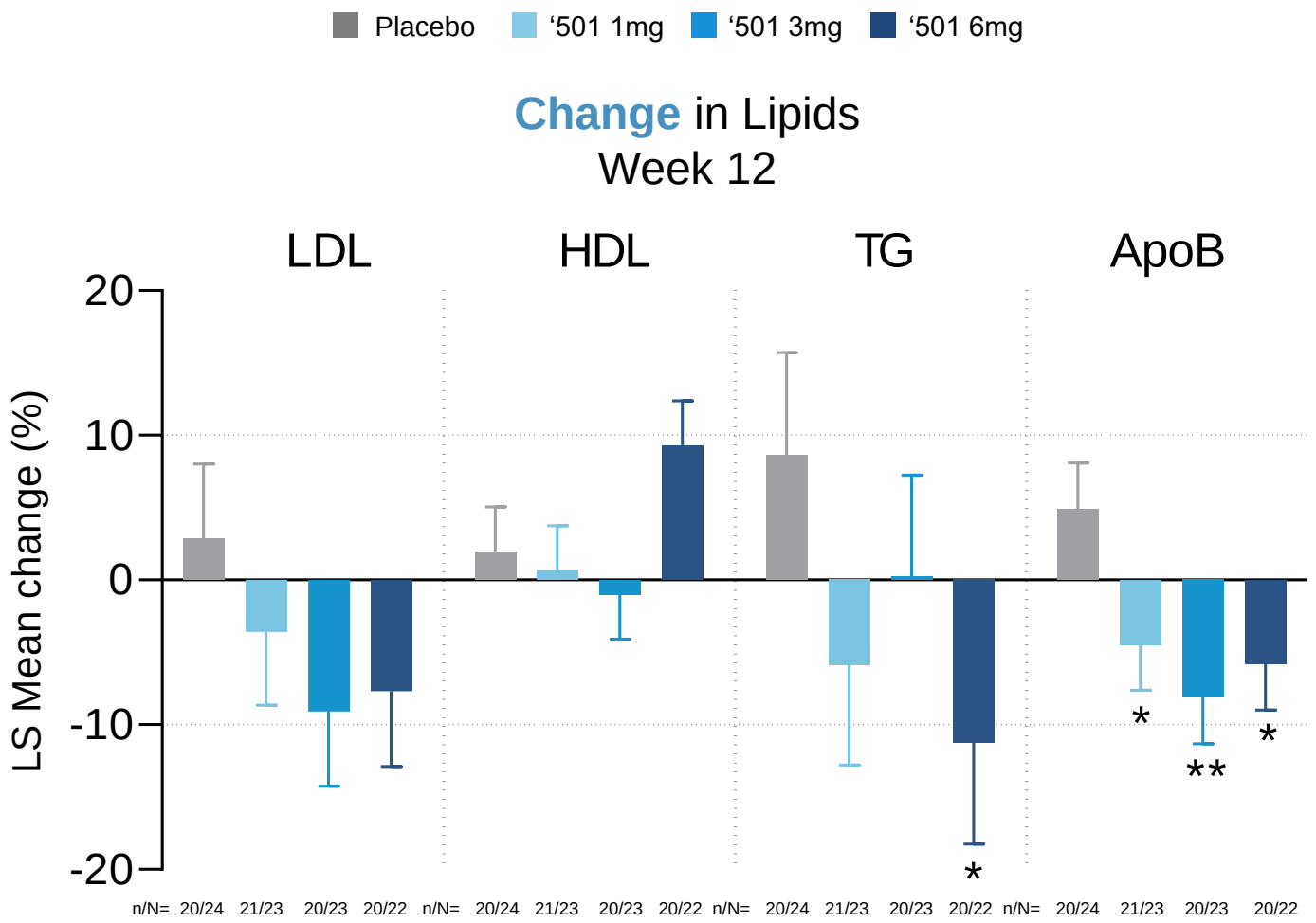
TERN-501 Showed Dose Dependent Increases in SHBG



- SHBG is an important marker of THR-β agonism in the liver
- Associated with histologic NASH improvement in Phase 2[1] and liver fat reduction in Phase 3[2] THR-β agonist trials

*p-value <0.05; **p-value <0.01; ***p-value <0.001 for monotherapy vs. placebo
n=number of patients with data available; N=number of patients in analysis set
SHBG: sex hormone binding globulin
1: Source: Harrison et al. Lancet (2019); 2: EASL 2022 MAESTRO-NAFLD-1 presentation

TERN-501 Had Predicted Impacts on Multiple Lipid Parameters



*p-value <0.05; **p-value <0.01; ***p-value <0.001 for monotherapy vs. placebo
n=number of patients with data available; N=number of patients in analysis set
LDL: low-density lipoprotein; HDL: high-density lipoprotein; TG: triglycerides; ApoB: apolipoprotein B

Combination of TERN-501 + TERN-101 Had Modest Improvements on MRI-PDFF vs '501 Monotherapy

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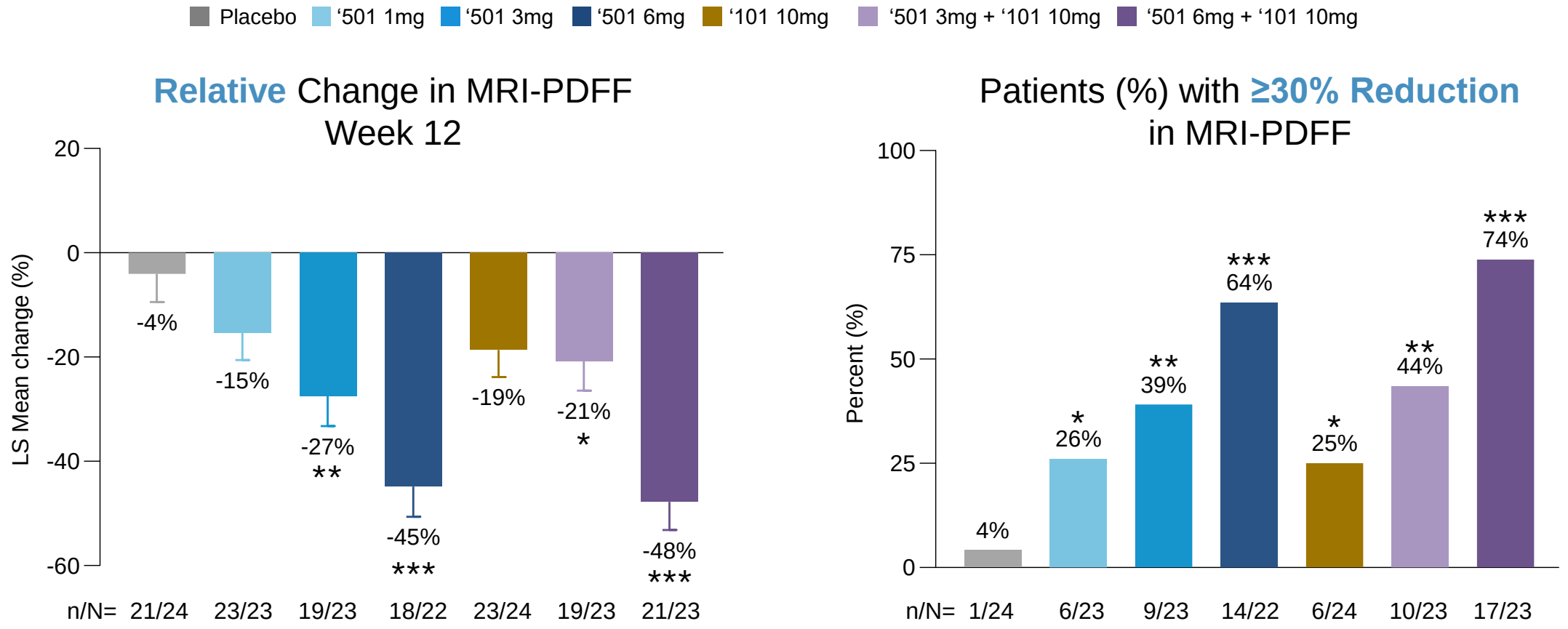
Combination cohorts saw additive effects on MRI-PDFF responder analysis



*p-value <0.05; **p-value <0.01; ***p-value <0.001 for monotherapy or combination therapy vs. placebo.
Left panel: n=number of patients with data available for relative change in MRI-PDFF; N=number of patients in analysis set
Right panel: n=number of responders for patients (%) with ≥30% reduction in MRI-PDFF; N=number of patients in analysis set

Combination of TERN-501 + TERN-101 Had Comparable Impact on cT1 vs. ‘501 Monotherapy

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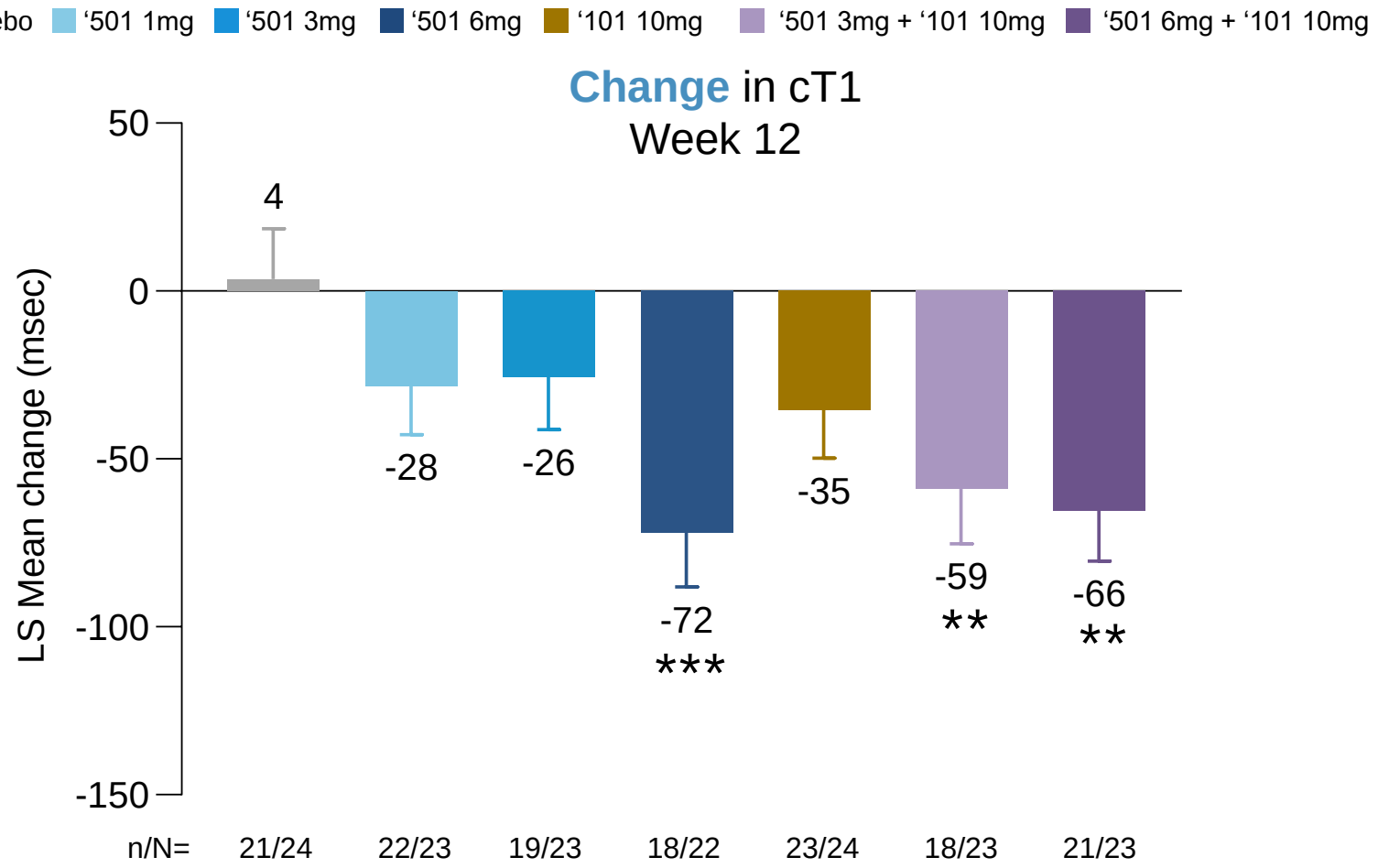
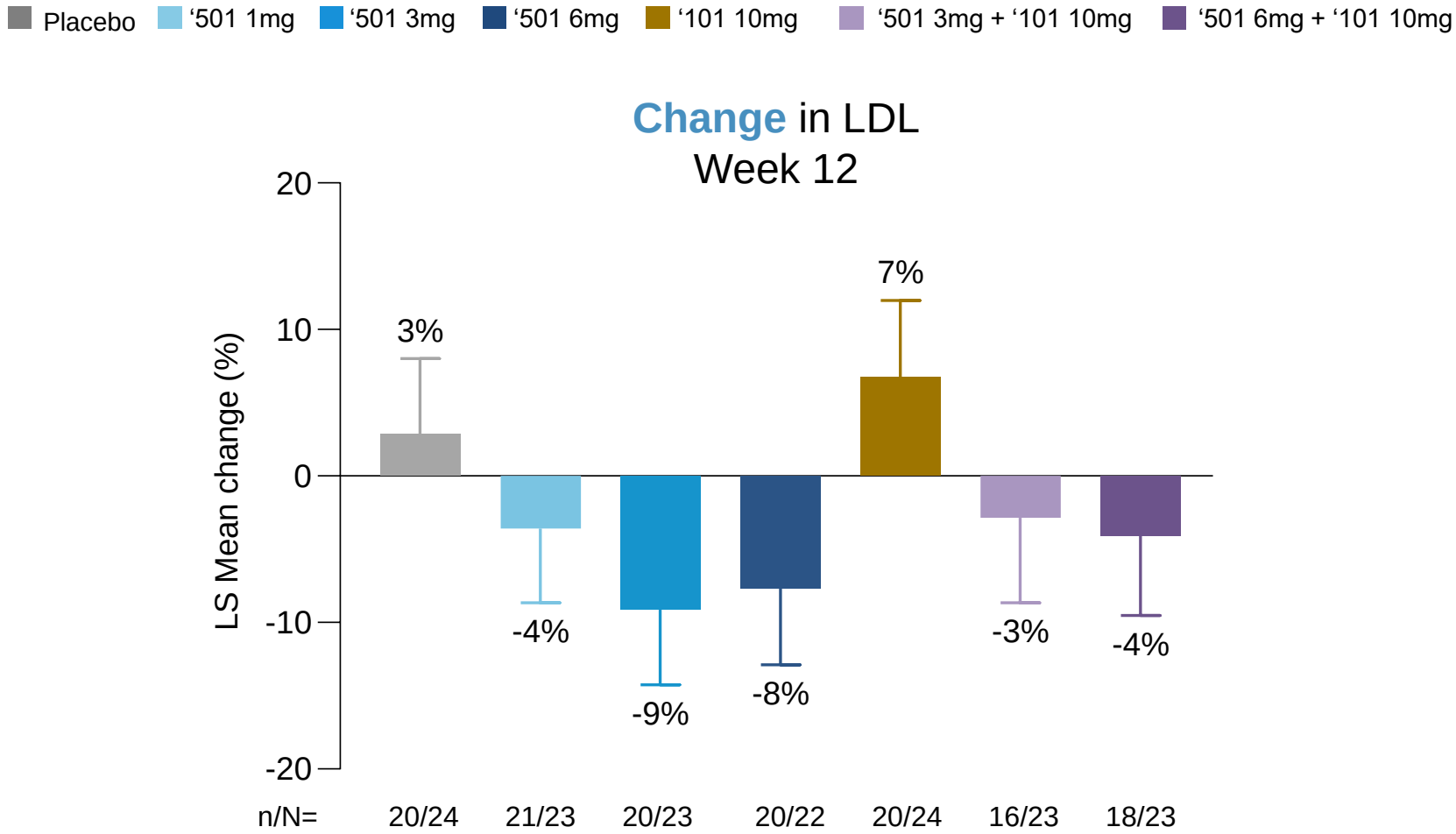
Additive effect observed with addition of TERN-101 to low-dose TERN-501



*p-value <0.05; **p-value <0.01; ***p-value <0.001 for monotherapy or combination therapy vs. placebo
n=number of patients with data available for change in cT1; N=number of patients in analysis set

TERN-501 Mitigated FXR Mediated LDL Increase



*p-value <0.05; **p-value <0.01; ***p-value <0.001 for monotherapy or combination therapy vs. placebo
n=number of patients with data available; N=number of patients in analysis set

TERN-501 Showed Potential for Best-in-Class Safety and Tolerability

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- TERN-501 was well tolerated
  - No dose related adverse events
  - Adverse events were generally mild and evenly distributed across arms, including placebo
  - No drug-related serious adverse events
- Drug-related AEs of interest for THR-β or FXR agonists were similar across arms, including placebo
  - Similar rates of GI and pruritus events
  - No drug-related cardiovascular AEs
- Mean change in thyroid axis hormones and liver enzymes at Week 12 were similar to placebo
  - Trend toward ALT decrease at Week 12 with TERN-501

Thyroid axis hormones: thyroid stimulating hormone (TSH), free triiodothyronine (fT3) and free thyroxine (fT4)
Liver enzymes: alanine transaminase (ALT), aspartate transaminase (AST), gamma-glutamyltransferase (GGT)

Favorable Safety Profile with No Drug-related AEs Grade 3 or Higher

DUET

		TERN-501			TERN-101	‘501 + ‘101	
Participants, n	Placebo (N=24)	1mg (N=23)	3mg (N=23)	6mg (N=22)	10mg (N=24)	3mg + 10mg (N=23)	6mg + 10mg (N=23)
Drug-related AEs Grade 3 or higher	0	0	0	0	0	0	0
Drug-related Serious Adverse Events (SAEs)	0	0	0	0	0	0	0
Any AEs Leading to Study Drug Discontinuation	1	0	1	1	0	1	1

Drug-related: deemed by study investigator as related or possibly related to study drug.

Drug-related AEs of Interest for THR-β or FXR Agonists Were Balanced Among Treatment Arms

DUET

No differences seen between TERN-501 and placebo; TERN-101 safety was generally consistent with prior trial in NASH patients; no drug-related CV events observed

		TERN-501			TERN-101	'501 + '101	
Participants, n	Placebo (N=24)	1mg (N=23)	3mg (N=23)	6mg (N=22)	10mg (N=24)	3mg + 10mg (N=23)	6mg + 10mg (N=23)
Gastrointestinal disorders	**2**	**1**	**3**	**2**	**1**	**2**	**1**
Diarrhea	*1*	*1*	*2*	*1*	*1*	*1*	*0*
Nausea	*0*	*0*	*1*	*0*	*0*	*1*	*0*
Abdominal distension	*0*	*0*	*0*	*0*	*0*	*1*	*0*
Abdominal pain (upper)	*0*	*0*	*0*	*0*	*0*	*1*	*0*
Constipation	*0*	*0*	*0*	*1*	*0*	*0*	*0*
Dyspepsia	*0*	*0*	*0*	*0*	*0*	*0*	*1*
Frequent bowel movements	*1*	*0*	*0*	*0*	*0*	*0*	*0*
Vomiting	*1*	*0*	*0*	*0*	*0*	*0*	*0*
Cardiac disorders	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Pruritus	**2**	**0**	**1**	**2**	**1**	**4**	**2**

Drug-related: deemed by study investigator as related or possibly related to study drug.

DUET Results Show TERN-501 has Potential Best-In-Class Profile Amongst THR-β Agonists

DUET

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- TERN-501 showed a differentiated safety profile, with **no gastrointestinal or cardiovascular signals**
  - Well tolerated with similar incidence of AEs across treatment groups

- TERN-501 is **combinable**; no dose adjustment expected and no emergent unexpected safety findings with the addition of FXR agonist, TERN-101
  - TERN-501 + TERN-101 demonstrated modest improvements on MRI-PDFF

- TERN-501 has the potential to be best-in-class amongst the THR-β class based on a compelling overall profile of **efficacy, tolerability & combinability vs peers**; potential for monotherapy & combination therapy in future studies

Terns Pipeline: Rational Drug Design to Improve on Validated MoAs

Multiple clinical milestones expected across Terns' pipeline

	1H 2022	2H 2022	1H 2023	2H 2023	1H 2024	2H 2024
TERN-701 (BCR-ABL Inhibitor)	✓ China Phase 1 trial initiated (2Q 22)			U.S. Phase 1 trial initiation (2H 23)	**Interim top-line data from initial U.S. Phase 1 cohorts (2024)**	
TERN-501 (THR-β Agonist)	✓ DUET NASH Phase 2a combo trial dosing (Jul 2022)			✓ DUET NASH Phase 2a combo trial top-line data (August 2023)		
TERN-101 (FXR Agonist)						
TERN-601 (GLP-1 Agonist)				Phase 1 trial initiation (2H 23)	**Phase 1 top-line data (2024)**	

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

Dr. Mazen Noureddin Bio

Mazen Noureddin, MD, MHSc
Professor of Clinical Medicine, Academic Institute
Director, Houston Research Institute
Houston Methodist
Houston, Texas

- Prior to joining Houston Methodist, Dr. Noureddin was the founding Director of Cedars-Sinai's Fatty Liver Program in Los Angeles, California.
- Began his research in hepatology during his internal medicine residency at the University of Southern California and a hepatology fellowship at the Liver Diseases Branch of the National Institute of Diabetes and Digestive and Kidney Diseases.
- He is internationally known for his clinical and translational research in the areas of NAFLD/NASH. He has conducted several original studies with key publications in Gastroenterology, Journal of Hepatology, Gut, Hepatology, The American Journal of Gastroenterology, and many others.
- He is the chair of the AASLD NASH special interest group education sub-committee and serves on the editorial board for the journals "*Clinical Gastroenterology and Hepatology*" and "*Gastroenterology*".

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Q&A

Erin Quirk, M.D.
Mark Vignola, Ph.D.
Mazen Noureddin, M.D., MHSc

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