SAN MATEO, CA, April 4, 2018 – Terns Pharmaceuticals Inc., a global biopharmaceutical company focused on discovering and developing molecularly targeted, oral, small molecule drugs to treat liver disease and cancer, announced today it has signed a global, exclusive license agreement with Eli Lilly and Company to develop, manufacture, and commercialize three small molecule therapeutic candidates for the potential treatment of non-alcoholic steatohepatitis (NASH). The agreement includes a clinical stage farnesoid X receptor (FXR) agonist, TERN-101, a semicarbazide-sensitive amine oxidase (SSAO) inhibitor, TERN-201, which is nearing IND submission, and a preclinical candidate that inhibits an undisclosed, well-validated NASH target.

Terns Pharmaceuticals plans to focus initial development activities on regulatory approval in China and explore clinical development in additional global markets.

“We are excited about this agreement with Lilly, as it perfectly fits our strategy of bringing innovative therapeutics to underserved patients globally,” said Weidong Zhong, Ph.D., President and CEO of Terns. “The addition of these candidates to our current portfolio of discovery projects provides Terns with a fully integrated preclinical and clinical pipeline of products targeting both NASH and cancer. This also positions us well to investigate combination therapies early during clinical development to identify the best treatment regimens for NASH.”

“We are pleased to enter into this agreement with Terns Pharmaceuticals as we work to further our shared goal of making medicines to help people live longer, healthier, more active lives,” said Ruth Gimeno, Ph.D., Vice President, Diabetes Research and Clinical Investigation at Lilly. “We are committed to improving the lives of people affected with diabetes, and we view NASH as an important comorbidity and complication of diabetes. The experience of Terns in drug discovery and clinical development for liver disease in China will complement our internal research efforts and will be critical as these potential medicines are further developed in China and around the world.”
Farnesoid X Receptor (FXR) Agonism and TERN-101

FXR is a nuclear receptor expressed in high amounts in the liver and small intestine. Bile acids (BA) are natural ligands of FXR, and their binding with and activation of FXR is critical to the regulation of cellular pathways that modulate BA synthesis, lipid metabolism, inflammation and fibrosis. It is believed by many in the scientific community that FXR agonism and activation has potential as a new treatment modality for nonalcoholic fatty liver disease (NAFLD) and non-alcoholic steatohepatitis (NASH). TERN-101 is a potent non-bile acid FXR agonist being developed as a therapeutic for NASH.

Semicarbazide-Sensitive Amine Oxidase (SSAO) Inhibition and TERN-201

SSAO, also known as vascular adhesion protein-1 (VAP-1), is a dual-function amine oxidase which promotes recruitment of white blood cells in the liver, and can result in increased oxidative stress, inflammation and hepatic fibrosis. The level of surface SSAO is upregulated in the vasculature of inflamed tissues, and soluble SSAO levels are elevated in patients with NASH. Inhibition of SSAO is believed to have therapeutic benefit for the treatment of NAFLD, NASH and other chronic fibrotic liver diseases. TERN-201 is a potent SSAO inhibitor which provides an additional treatment mechanism for NASH by reducing oxidative stress and recruitment of white blood cells to the liver.

About NASH

Non-alcoholic steatohepatitis (NASH) is a severe form of non-alcoholic fatty liver disease (NAFLD), which is caused by the accumulation of excess fat in the liver. NASH is associated with chronic liver inflammation and liver cell injury, and it can lead to fibrosis, cirrhosis and eventually liver cancer or liver failure. Global rates of NAFLD and NASH are increasing rapidly, in tandem with rising rates of obesity. It is estimated that 15 percent of the Chinese adult population has NAFLD. Of those patients, an estimated 20 percent will develop NASH. There is currently no approved medication for the treatment of NASH.

About Terns Pharmaceuticals

Based in San Mateo, CA., and Shanghai, China, Terns Pharmaceuticals is a global biopharmaceutical company committed to discovering and developing molecularly targeted, oral, small molecule drugs to treat liver disease and cancer. The company combines expertise in disease biology, medicinal chemistry and extensive clinical development capabilities in China to advance its growing pipeline of drugs that are optimized against clinically validated targets or targets that have significant preclinical validation. Using a capital-efficient drug discovery model, the company’s mission is to bring promising new therapies to patients in underserved markets via global and region-specific development programs. Terns plans to focus initial
development activities on regulatory approval in China and explore clinical development in additional global markets. For more information, visit www.TernsPharma.com.

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