REATA PHARMACEUTICALS

Second Quarter 2020 Earnings Call

August 10, 2020

Forward-Looking Statements

This presentation contains certain “forward-looking” statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical or present facts, are forward-looking statements, including statements regarding our future financial condition, future revenues, projected costs, prospects, business strategy, and plans and objectives of management for future operations, including our plans to submit for regulatory filings. In some cases, you can identify forward-looking statements by terminology such as “believe,” “will,” “may,” “might,” “estimate,” “continue,” “anticipate,” “intend,” “target,” “project,” “model,” “should,” “would,” “plan,” “expect,” “predict,” “could,” “seek,” “goal,” “potential,” or the negative of these terms or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. These statements are based on our intentions, beliefs, projections, outlook, analyses, or current expectations using currently available information, and are not guarantees of future performance, and involve certain risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that our expectations will prove to be correct. Therefore, actual outcomes and results could materially differ from what is expressed, implied, or forecasted in these statements. Any differences could be caused by a number of factors including but not limited to: our expectations regarding the timing, costs, conduct, and outcome of our clinical trials, including statements regarding the timing of the initiation and availability of data from such trials; the timing and likelihood of regulatory filings and approvals for our product candidates; whether regulatory authorities determine that additional trials or data are necessary in order to obtain approval; our ability to obtain funding for our operations, including funding necessary to complete further development and commercialization of our product candidates; our plans to research, develop, and commercialize our product candidates; the commercialization of our product candidates, if approved; the rate and degree of market acceptance of our product candidates; our expectations regarding the potential market size and the size of the patient populations for our product candidates, if approved for commercial use, and the potential market opportunities for commercializing our product candidates; the success of competing therapies that are or may become available; our expectations regarding our ability to obtain and maintain intellectual property protection for our product candidates; the ability to license additional intellectual property relating to our product candidates and to comply with our existing license agreements; our ability to maintain and establish relationships with third parties, such as contract research organizations, suppliers, and distributors; our ability to maintain and establish collaborators with development, regulatory, and commercialization expertise; our ability to attract and retain key scientific or management personnel; our ability to grow our organization and increase the size of our facilities to meet our anticipated growth; the accuracy of our estimates regarding expenses, future revenue, capital requirements, and needs for additional financing; our expectations related to the use of our available cash; our ability to develop, acquire, and advance product candidates into, and successfully complete, clinical trials; the initiation, timing, progress, and results of future preclinical studies and developments and projections relating to our competitors and our industry.

Additional factors that could cause actual results to differ materially from our expectations can be found in our Securities and Exchange Commission filings. Moreover, we operate in a very competitive and rapidly changing environment. 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 effects 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. All forward-looking statements included in this presentation are expressly qualified in their entirety by these cautionary statements. The forward-looking statements speak only as of the date made and, other than as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

In addition to the financial information prepared in accordance with GAAP, this presentation also contains non-GAAP financial measures that we believe provide useful information to management and investors regarding the Company’s financial condition and results of operations. When GAAP financial measures are viewed in conjunction with these non-GAAP financial measures, investors are provided with a more meaningful understanding of the Company’s ongoing operating performance and are better able to compare the Company’s performance between periods. In addition, these non-GAAP financial measures are among those indicators the Company uses as a basis for evaluating performance, allocating resources and planning and forecasting future periods. The non-GAAP financial measures exclude the impact of the following GAAP items: stock-based compensation expense, loss on extinguishment of debt, and non-cash interest expense from liability related to sale of future royalties. These non-GAAP financial measures are not intended to be considered in isolation or as a substitute for GAAP financial measures. A reconciliation between these non-GAAP measures and the most directly comparable GAAP measures is included in this presentation.

Bardoxolone methyl and omaveloxolone are investigational drugs, and their safety and efficacy have not been established by any agency.

Overview

Warren Huff

CEO and President

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Outline

Regulatory updates
- Bardoxolone[1] for Alport syndrome
- Omaveloxolone for Friedreich's ataxia

Clinical development updates

Financial update

Closing remarks

[1]*Bardoxolone: bardoxolone methyl*

Regulatory Update - Bardoxolone

Completed several interactions with FDA[1] regarding Year 1 data from Phase 3 of CARDINAL[2]

We had a Type C meeting where the FDA recommended that we consider submitting the NDA with Year 2 data

- FDA raised questions primarily about Year 1 efficacy data
- FDA indicated that based on timeline for Year 2 data, there would not be much delay in NDA submission
- FDA invited us to address their questions and provided suggestions for additional analyses

Since the Type C meeting, we have provided comprehensive, written responses to the FDA's questions and comments in follow up, informal meetings and an IND amendment

We delayed requesting a pre-NDA meeting until we believed that we had addressed the FDA's questions and comments

Recently requested and were granted a pre-NDA meeting by the FDA to discuss the NDA submission content and plans

Current plan is to submit NDA for accelerated approval based on Year 1 data in 4Q20

May submit Year 2 data during review period, if available during an acceptable timeframe

FDA may recommend to wait for Year 2 data to submit NDA filing, which would delay the submission to 1Q21

[1]FDA: U.S. Food and Drug Administration; [2]CARDINAL: Pivotal study of bardoxolone in patients with Alport syndrome; [3]NDA: new drug application

Regulatory Update - Omaveloxolone

In recent Type C meeting, FDA provided guidance that it is not concerned about the reliability of the mFARS[1] primary endpoint results in the MOXIe[2] Part 2 study, but is not convinced that the results support a single study approval without additional evidence that lends persuasiveness to the results

In preliminary comments for the meeting, FDA stated we will need to conduct a second pivotal trial confirming the mFARS results observed in MOXIe Part 2 study with a similar magnitude of effect

In response to the preliminary comments, FARA, key FA[3] clinicians, and we explained that it will be difficult to conduct an additional, prospective clinical trial in FA because

- FA has a very slow progression rate
- Limited number of FA patients available for clinical research
- Small number of clinical trial investigators who can conduct the mFARS exam
- Impact of COVID-19 pandemic on the ability to conduct new neuroscience clinical trials

The FDA acknowledged the unmet need of FA patients, reiterated its commitment to facilitate the development of omaveloxolone within the constraints of the regulatory standards, and emphasized its willingness to consider all available options to meet the regulatory standards

[1]mFARS: modified Friedreich's ataxia rating scale; [2]MOXIe: Pivotal study of omaveloxolone in patients with Friedreich's ataxia; [3]FA: Friedreich's ataxia

Regulatory Update - Omaveloxolone

Working with FARA and KOLs, we proposed a crossover study design to provide additional evidence of effectiveness
- Patients initiating omaveloxolone treatment in MOXIe extension study after receiving placebo in MOXIe Part 2 serve as own control
- Change in mFARS on treatment during MOXIe extension study compared to mFARS change while on placebo during MOXIe Part 2
- Assessment of the omaveloxolone treatment effect in crossover study would be independent of the MOXIe Part 2 results

The extension trial has been conducted rigorously
- Patients and investigators have remained blinded to treatment assignments from MOXIe Part 2
- mFARS efficacy assessments have been conducted in the same manner during the extension as during MOXIe Part 2

FDA acknowledged that a crossover study like this could provide important additional information

FDA requested a proposed design for a crossover study

If the FDA accepts the crossover study proposal, trial completion could be as early as 4Q20
- If FDA views the data as supportive, NDA submission expected in 1Q21
- If the FDA rejects the proposal or if the data are not supportive, we will evaluate whether it is feasible to conduct a second pivotal study in FA

Development Update

Colin Meyer, M.D.
Chief Research and Development Officer

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Phase 3 CARDINAL Study of Bardoxolone in Alport Syndrome CKD Program Update

Year 2 of the CARDINAL Phase 3 study is on track for completion in 4Q20, consistent with our pre-COVID-19 timeline
- At-home visits and home delivery of study drug to patients are continuing as planned
- Approximately 60% of patients have completed the Year 2 off-treatment visit

Developing and finalizing plans for database lock of final, Year 2 data
- Almost all sites are allowing on-site or remote monitoring
- We believe that Year 2 data integrity and availability are unlikely to be affected by COVID-19

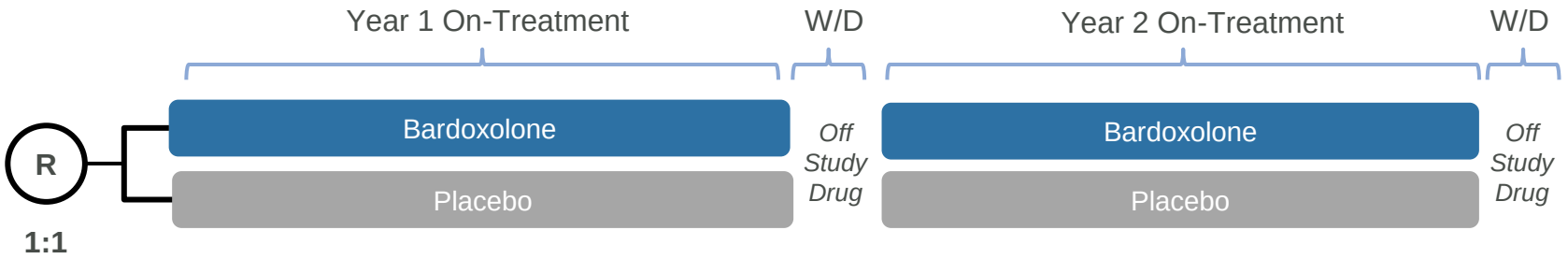
Phase 3 FALCON Study of Bardoxolone in ADPKD

Phase 3 similar in design to CARDINAL with two-year treatment duration
- Planning to enroll approximately 300 patients across approximately 100 sites in the US, Europe, Australia, and Japan
- eGFR 30-90 mL/min
- Age 18-70 years old
- On- and off-treatment eGFR change endpoints support approval

Screening hold due to COVID-19 has been lifted at all sites and approximately half of sites are currently able to enroll patients

First patients have reached the second year of the trial

Integrity of study is intact during the COVID-19 pandemic



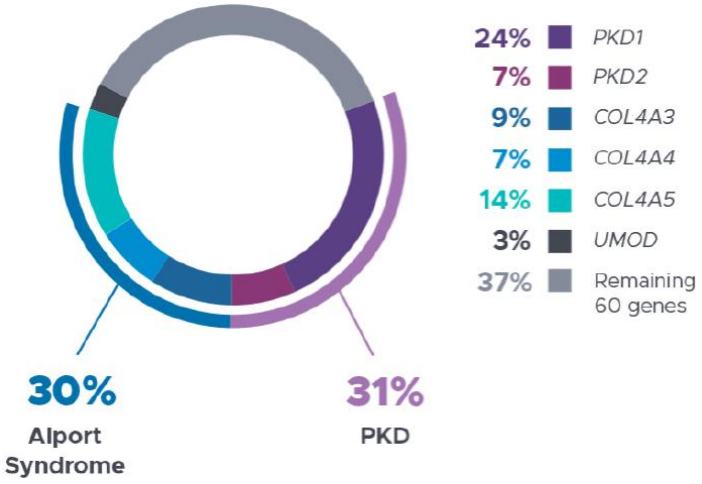
Alport Syndrome Mutations (COL4A3/4/5) Present in 30% of Patients With a Genetic Cause of CKD

In a recent exome sequencing analysis, ~10% of patients with CKD had a genetic cause[1]

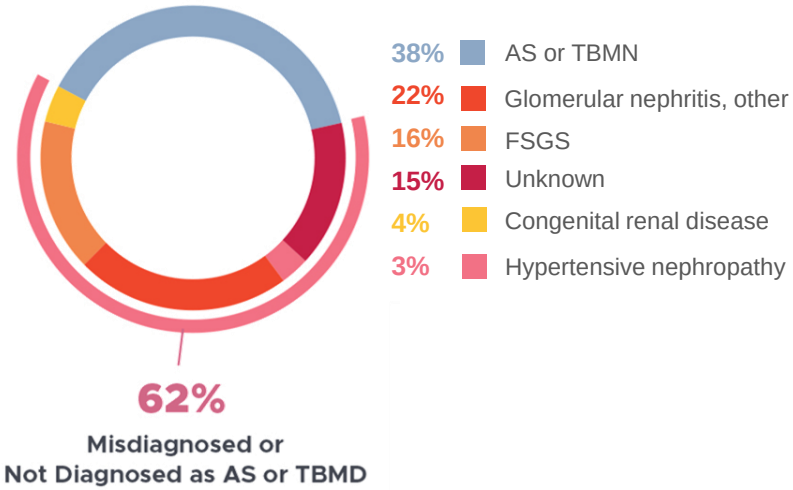
- Among these, the prevalence of mutations in the COL4A genes that define Alport syndrome was similar to prevalence of mutations in the genes that cause ADPKD
- Of patients with COL4A mutations, 62% were misdiagnosed with another form of CKD

In separate studies, ~20% of patients diagnosed with familial IgA nephropathy and ~10% of families diagnosed with familial FSGS[2] harbored underlying COL4A3/4/5 mutations[3]

Mutations in *COL4A* Present in 30% of Patients With a Genetic Cause[1]



Majority of Patients with *COL4A* Mutations Were Misdiagnosed[1]



[1]Groopman et al. N Engl J Med. 2019; [2]FSGS: Focal segmental glomerulosclerosis; [3]Cameron-Christie JASN 2019; Malone et al. Kidney International 2014; Gast Nephrol Dial Transplant 2016; Xie Journal of Molecular Cell Biology 2014

Phase 2 BARCONA Study of Bardoxolone in COVID-19

Researchers at NYU are initiating an Investigator-Sponsored Trial to study the effect of bardoxolone in COVID-19

Serious complications of COVID-19 are caused by excessive inflammation, including acute kidney injury and acute respiratory distress syndrome

Bardoxolone and analogs suppress inflammation in multiple settings, including models of acute kidney and lung injury

- Increase survival in models of systemic inflammation
- Suppress replication of several types of viruses
- Improve kidney function in patients with various forms of CKD

BARCONA is a randomized, placebo-controlled, double-blind, Phase 2 study that will enroll 40 patients with a primary endpoint of safety

- Treatment duration of up to 29 days in hospitalized patients
- Major exclusion criteria include
  - Patients who are intubated and on invasive mechanical ventilation for ≥ 3 days
  - Prior hospitalization for heart failure, or
  - eGFR <30 mL/min/1.73 m^2
- Enrollment will be paused after five patients to assess safety
- As with all trials conducted at NYU, the trial will be overseen by a Data Safety Monitoring Board that meets every other week

Reata was involved in the design of the trial, has a representative on the study's executive steering committee, and is providing drug supply

https://clinicaltrials.gov/ct2/show/NCT04494646

Financial Updates

Manmeet Soni

Chief Operating Officer and

Chief Financial Officer

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Second Quarter Financial Highlights

Balance sheet strengthened through Blackstone investment

- $300 million upfront in return for royalties on worldwide net sales of bardoxolone, excluding KKC
  - Royalty percentage will initially be in the mid-single digits
  - In future years can vary between higher-mid single digit percentages to low-single digit percentages depending on various milestones
- $50 million equity investment to purchase 340,793 shares of Reata's Class A common stock at $146.72 per share

Payoff of Oxford loan saves Reata approximately $25 million in cash interest payments over next 3 years

Current cash balance of $610.4 million

Reaffirming cash runway through end of 2023

Financial Update

	June 30, 2020	December 31, 2019
	(unaudited, in thousands)	
Cash and Cash Equivalents	**$ 610,419**	**$ 664,324**

We expect our current cash to fund our operations and capital expenditure requirements through the end of 2023

	Three Months Ended June 31		Six Months Ended June 31	
	(unaudited) (in thousands, except share and per share data)			
Condensed Statements of Operations	**2020**	**2019**	**2020**	**2019**
Total Collaboration Revenue	**$ 3,073**	**$ 7,833**	**$ 4,426**	**$ 15,603**
Expenses				
Research and development	36,783	29,554	84,436	55,668
General and administrative	16,600	11,706	37,387	21,744
Depreciation	284	232	562	401
Total Expenses	**53,667**	**41,492**	**122,385**	**77,813**
Net loss	**$ (67,581)**	**$ (34,380)**	**$ (116,520)**	**$ (63,534)**
Net loss per share (basic and diluted)	$ (2.03)	$ (1.14)	$ (3.51)	$ (2.12)
Weighted-average number of common shares used in net loss per share (basic and diluted)	33,265,778	30,069,048	33,243,931	29,950,241

Reconciliation of GAAP to Non-GAAP Financial Measures

	Three Months Ended June 30		Six Months Ended June 30	
	(in thousands, except per share data) (unaudited)			
	2020	2019	2020	2019
Reconciliation of GAAP to Non-GAAP Research and development:				
GAAP Research and development	$ 36,783	$ 29,554	$ 84,436	$ 55,668
Less: Stock-based compensation expense	(7,527)	(1,659)	(19,044)	(3,350)
Non-GAAP Research and development	**$ 29,256**	**$ 27,895**	**$ 65,392**	**$ 52,318**
Reconciliation of GAAP to Non-GAAP General and administrative:				
GAAP General and administrative	$ 16,600	$ 11,706	$ 37,387	$ 21,744
Less: Stock-based compensation expense	(7,269)	(2,824)	(15,060)	(5,360)
Non-GAAP General and administrative	**$ 9,331**	**$ 8,882**	**$ 22,327**	**$ 16,384**
Reconciliation of GAAP to Non-GAAP Operating expenses:				
GAAP Operating expenses	$ 53,667	$ 41,492	$ 122,385	$ 77,813
Less: Stock-based compensation expense	(14,796)	(4,483)	(34,104)	(8,710)
Non-GAAP Operating expenses	**$ 38,871**	**$ 37,009**	**$ 88,281**	**$ 69,103**
Reconciliation of GAAP to Non-GAAP Net loss:				
GAAP Net loss	$ (67,581)	$ (34,380)	$ (116,520)	$ (63,534)
Add: Stock-based compensation expense	14,796	4,483	34,104	8,710
Add: Loss on extinguishment of debt	11,183		11,183	
Add: Non-cash interest expense related to sale of future royalties	664		664	
Non-GAAP Net loss	**$ (40,938)**	**$ (29,897)**	**$ (70,569)**	**$ (54,824)**
Reconciliation of GAAP to Non-GAAP Net loss per common share-basic and diluted:				
GAAP Net loss per common share-basic and diluted	$ (2.03)	$ (1.14)	$ (3.51)	$ (2.12)
Add: Stock-based compensation expense	0.44	0.15	1.03	0.29
Add: Loss on extinguishment of debt	0.34	-	0.34	-
Add: Non-cash interest expense related to sale of future royalties	0.02	-	0.02	-
Non-GAAP Net loss per common share-basic and diluted	**$ (1.23)**	**$ (0.99)**	**$ (2.12)**	**$ (1.83)**

Q&A

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