Verona Pharma

Breathtaking science

Developing respiratory drugs to improve health and quality of life

October 2017

Forward-Looking Statements

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This presentation contains "forward-looking" statements that are based on the beliefs and assumptions and on information currently available to management of Verona Pharma plc (together with its consolidated subsidiaries, the "Company"). All statements other than statements of historical fact contained in this presentation are forward-looking statements. Forward-looking statements include information concerning the initiation, timing, progress and results of clinical trials of the Company's product candidate, the timing or likelihood of regulatory filings and approvals for any of its product candidates, and estimates regarding the Company's expenses, future revenues and future capital requirements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and other factors include those under "Risk Factors" in the final prospectus filed with the Securities and Exchange Commission (the "SEC") on April 28, 2017 relating to the Company's Registration Statement on Form F-1 and in its other reports filed with the SEC. Forward-looking statements represent the Company's beliefs and assumptions only as of the date of this presentation. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, the Company assumes no obligation to publicly update any forward-looking statements for any reason after the date of this presentation, or to conform any of the forward-looking statements to actual results or to changes in its expectations.

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Clinical-stage biopharma focused on developing & commercializing **innovative therapeutics** for treatment of **respiratory diseases** with significant **unmet need**

Inhaled dual inhibitor of enzymes PDE3 and PDE4	**RPL554**	**Current Focus: COPD and CF**

Potential first novel class of bronchodilator in decades
Bronchodilator + anti-inflammatory agent in single compound

RPL554: Rich Product Pipeline

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Indication	Delivery	Pre-Clinical	Phase 1	Phase 2	Phase 3	Addressable Market Opportunity
COPD Maintenance (Home)	 Nebulizer					
COPD Acute (Hospital)						
Cystic Fibrosis						
COPD Maintenance (Home)	 Inhaler					
Asthma						

Clear Success Drivers

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Large COPD patient **population** with significant **unmet medical need** and **little** treatment **innovation** in decades

→ **Significant Market opportunity**

Robust clinical data and validated endpoints

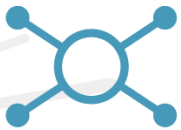
FEV_1 in 10 P1 and P2a trials

P2b initiated – 4 weeks; 400 subjects

→ **Clear, efficient pathway to Approval**

Significant potential demand from patients and physicians for new medications

→ **Strong potential for Adoption**



Broad application: **"pipeline in a product"**

Global commercialization rights

→ **Significant outlook for Growth**

COPD: Devastating Disease, Affecting Many

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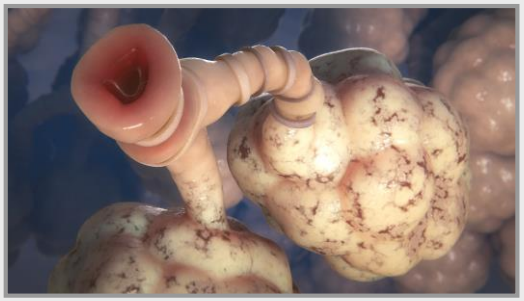
CAUSES

Smoking
Air pollution



Inflames and constricts airways (bronchioles) and can damage alveoli

PROGRESSIVE DISEASE

No cure

"Take a deep breath, blow out 20% now walk around, holding the rest forever."
COPD Sufferer

Affects Many

- 3rd leading cause of death
- 210M global sufferers
- 24M U.S. sufferers

Sources: IMS, CDC

Very Costly

- Many exacerbations and hospitalizations
- ~$50B projected annual medical costs by 2020 (U.S. alone)
- $10B+ annual global sales of COPD drugs

COPD Sufferers Require Maintenance and Acute Treatment

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Maintenance (Home)

U.S. alone: 24M living with COPD

- 15M diagnosed and under treatment
- Approximately 2M severe/very severe

Treatment goals:

- Improved lung function
- Improved quality of life
- Prevent exacerbations

Acute (Hospital)

Note: U.S. only data

Current Therapies:
Little Innovation and Many Limitations

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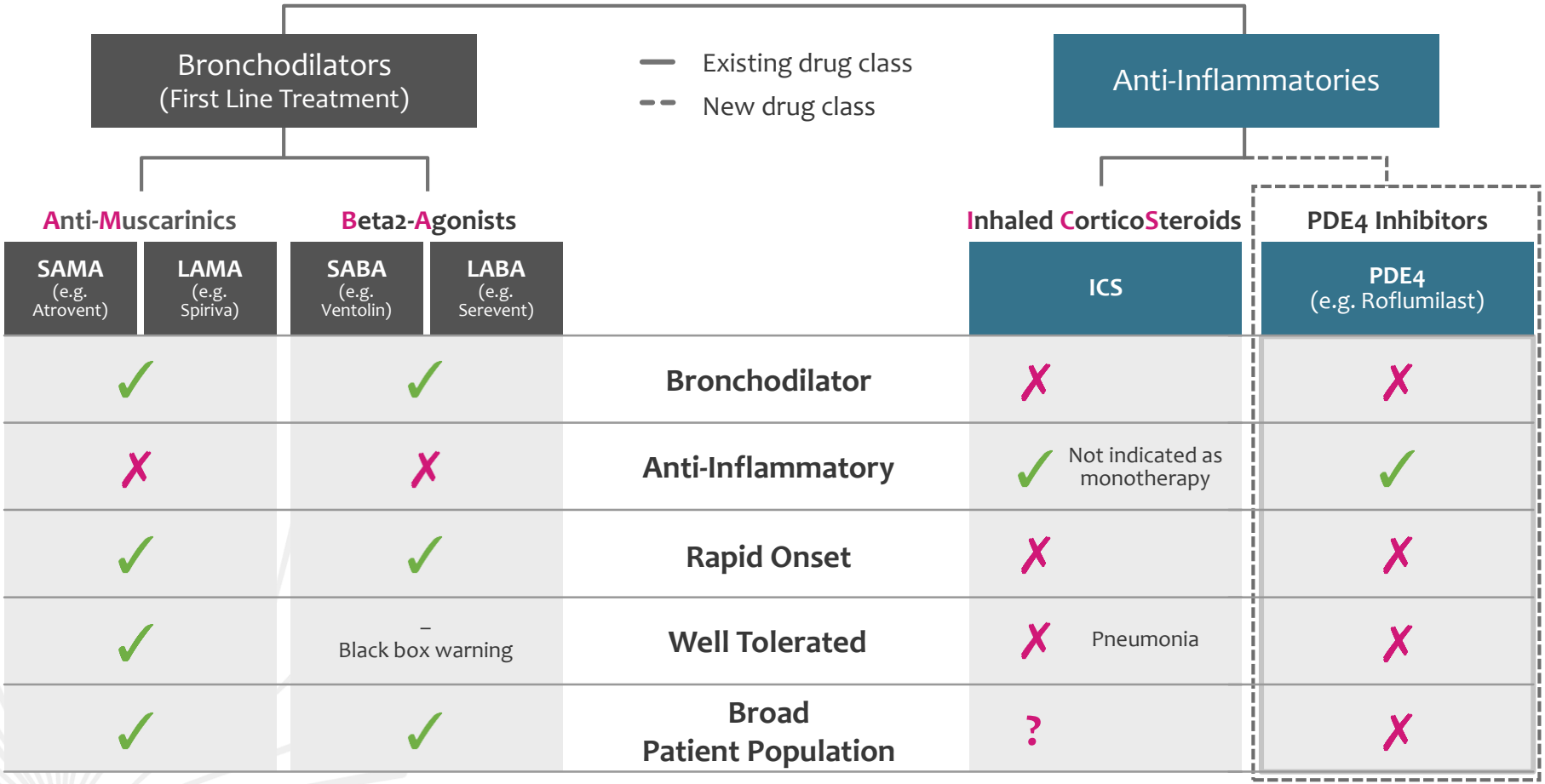

Many patients treated with approved COPD drugs/combinations do not experience significant improvements in quality of life and continue to suffer from significant symptoms

RPL554:
Potential to Address Limitations of Current Therapies

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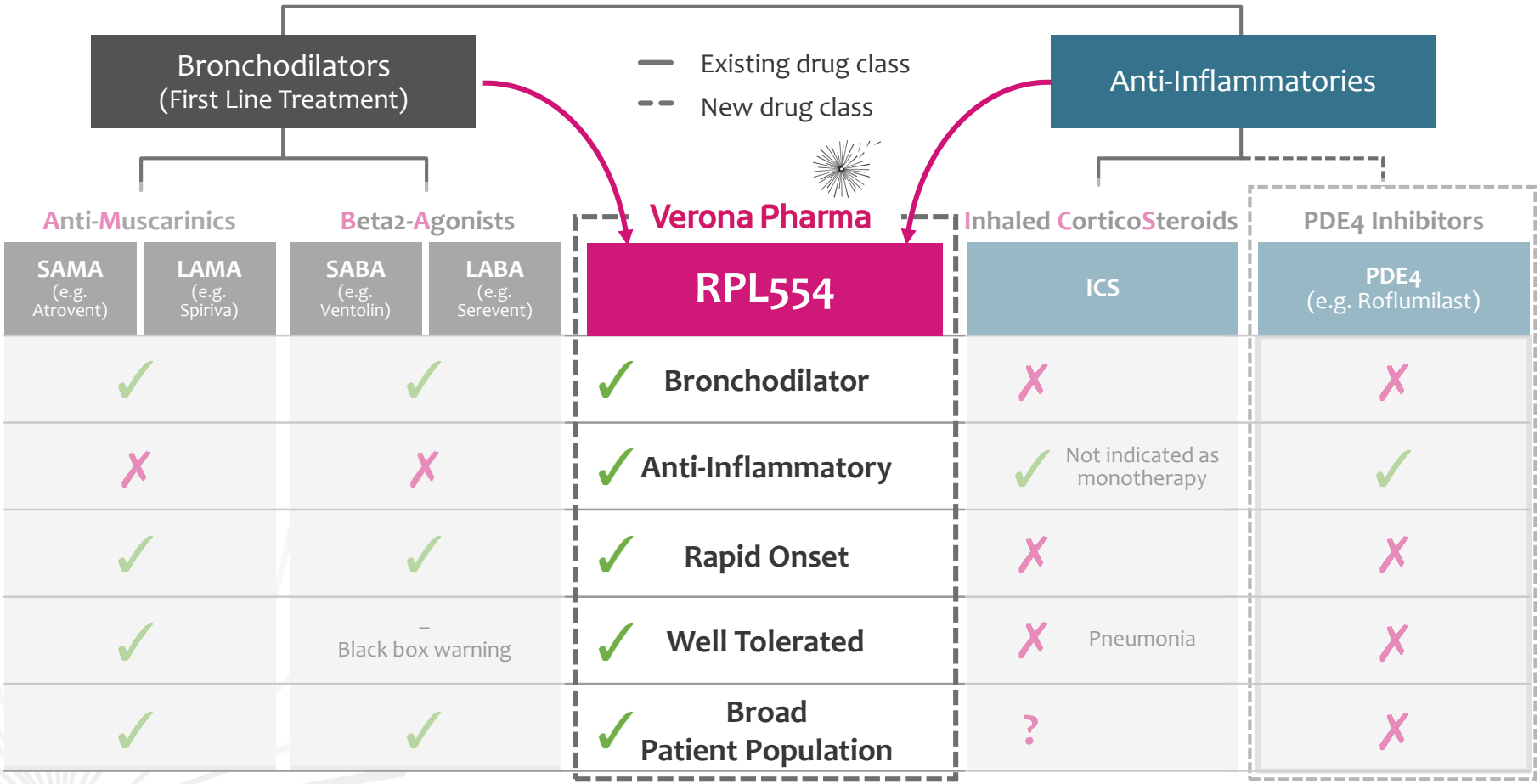

Many patients treated with approved COPD drugs/combinations do not experience significant improvements in quality of life and continue to suffer from significant symptoms

RPL554 First-in-Class Candidate: Bronchodilator and Anti-inflammatory in a Single Compound

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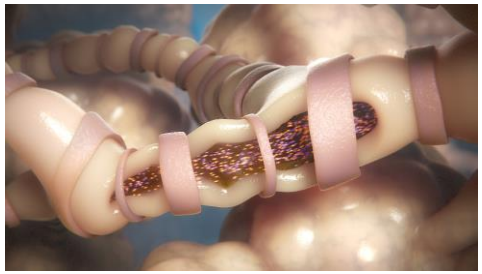
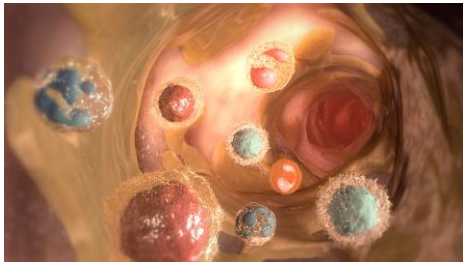
RPL554
Dual-enzyme inhibitor

Impacts 3 Key Mechanisms in Respiratory Disease:





Airway Smooth Muscle

PDE3, PDE4

Relaxation

↓

Increased bronchodilation

Inflammatory Cells

Neutrophils
PDE4

Epithelial cells
PDE3, **PDE4**

Macrophages
PDE3, **PDE4**

Eosinophils
PDE4

Lymphocytes
PDE3, **PDE4**

Fibroblasts
PDE4

↓

Increased anti-inflammatory effects

Epithelial Cells

PDE3, **PDE4**

CFTR Activation

↓

Increased mucociliary clearance

RPL554: Significantly De-Risked Add-on Effect Reproduced in Independent Study

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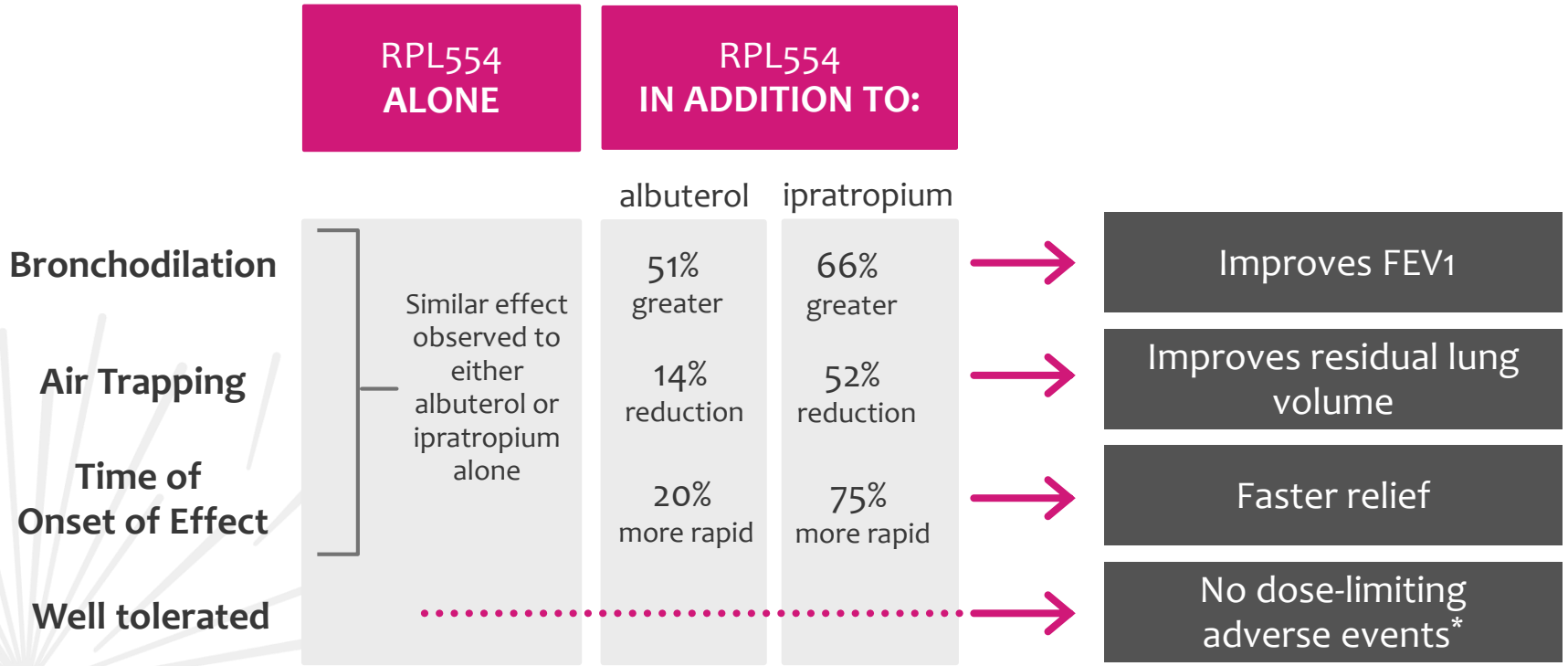
Phase 1 and 2a: 10 Clinical Trials, 324 Subjects

Key Findings



*in completed clinical trials

RPL554: Significantly Improves Lung Function in COPD Patients

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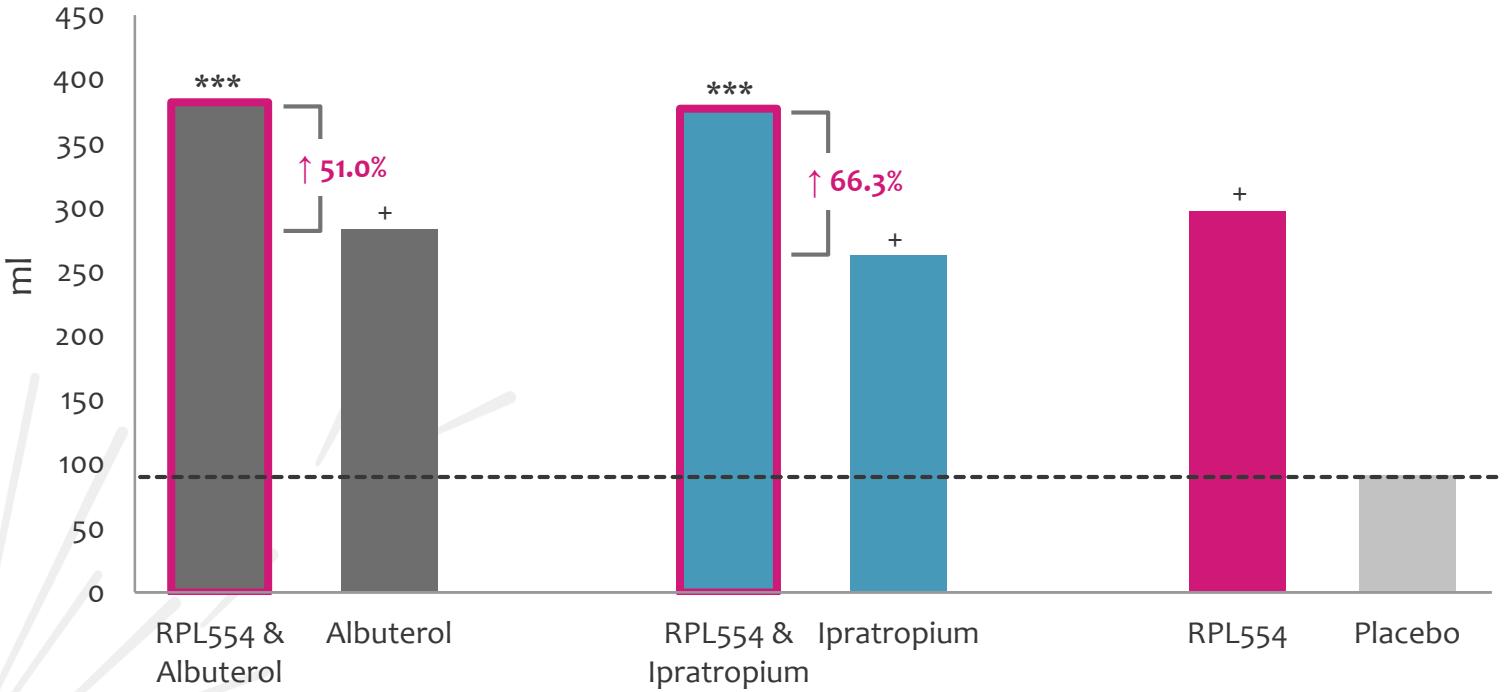
Peak Change from Baseline in FEV_1(L)

N=36



Source: RPL554-009-2015
+ p<0.001 vs placebo
*** p<0.001 vs. albuterol or ipratropium alone

RPL554: Significant Additional Bronchodilator Response when Inhaled on Top of Tiotropium (Spiriva)

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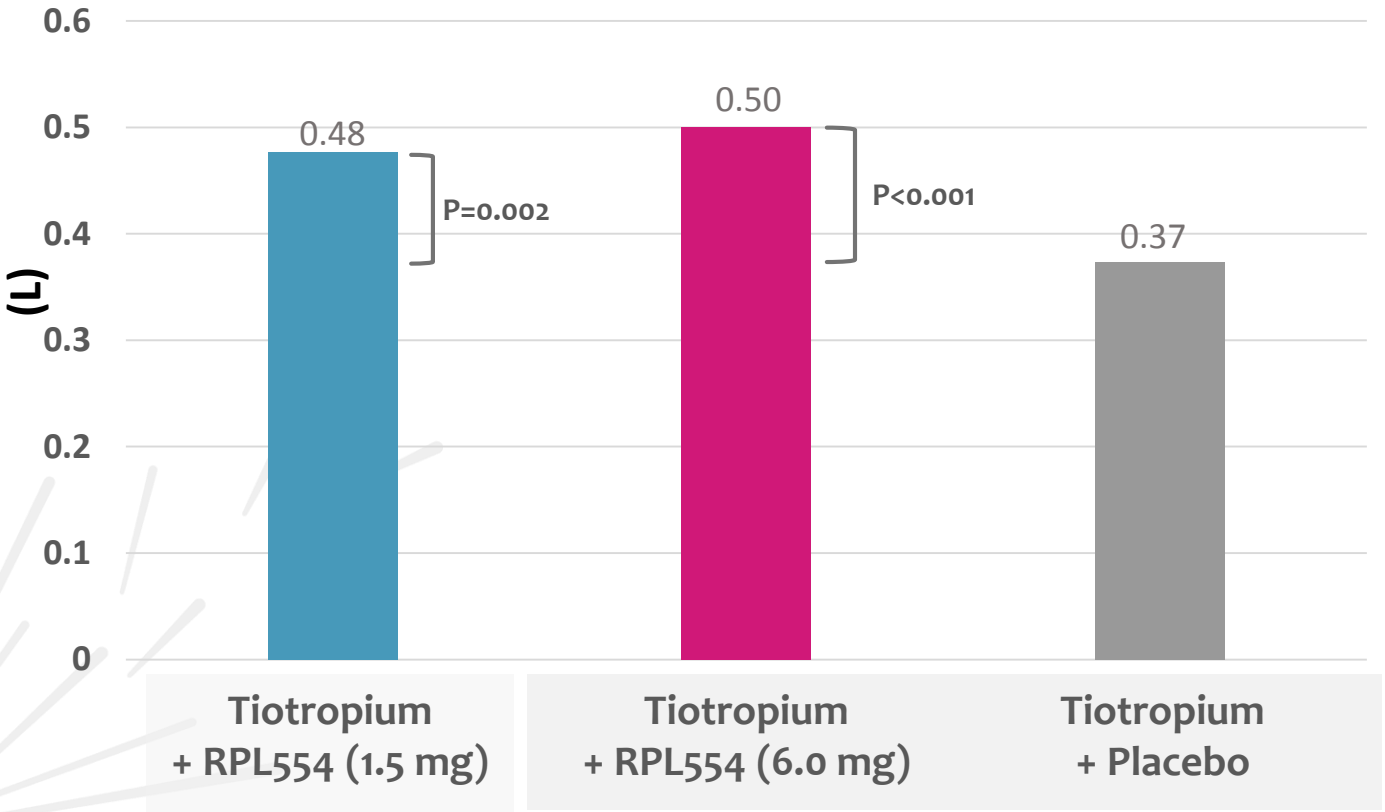
Peak Change from Baseline in FEV_1(L) on Day 3

N=27-28



Source: RPL554-CO-202
P values vs placebo

RPL554: Marked Reduction in Hyperinflation, Residual Volume (RV, air trapping) as Compared to Tiotropium Alone

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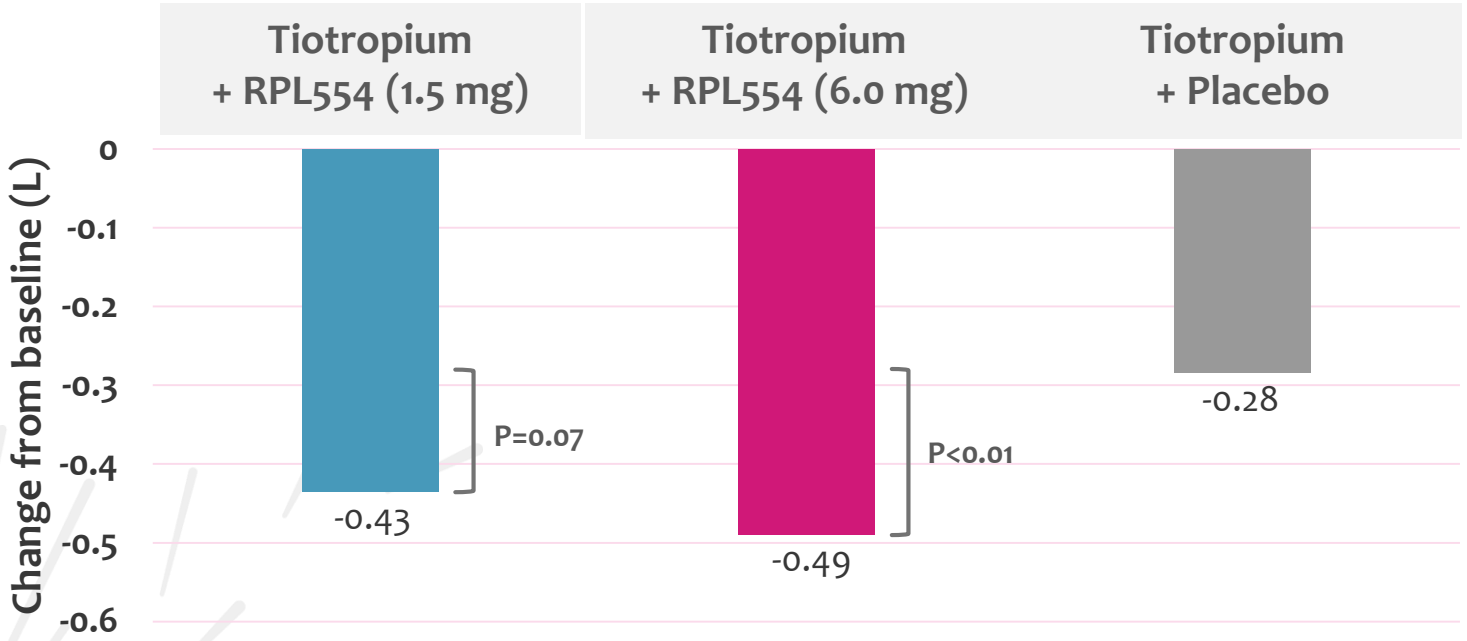
Reduction in Hyperinflation (L) on Day 3

N=27-28



Reduction of hyperinflation is typically correlated with improvement of shortness of breath

Source: RPL554-CO-202
P values vs placebo

RPL554: Combination Increases Speed of Onset of Bronchodilator Effect

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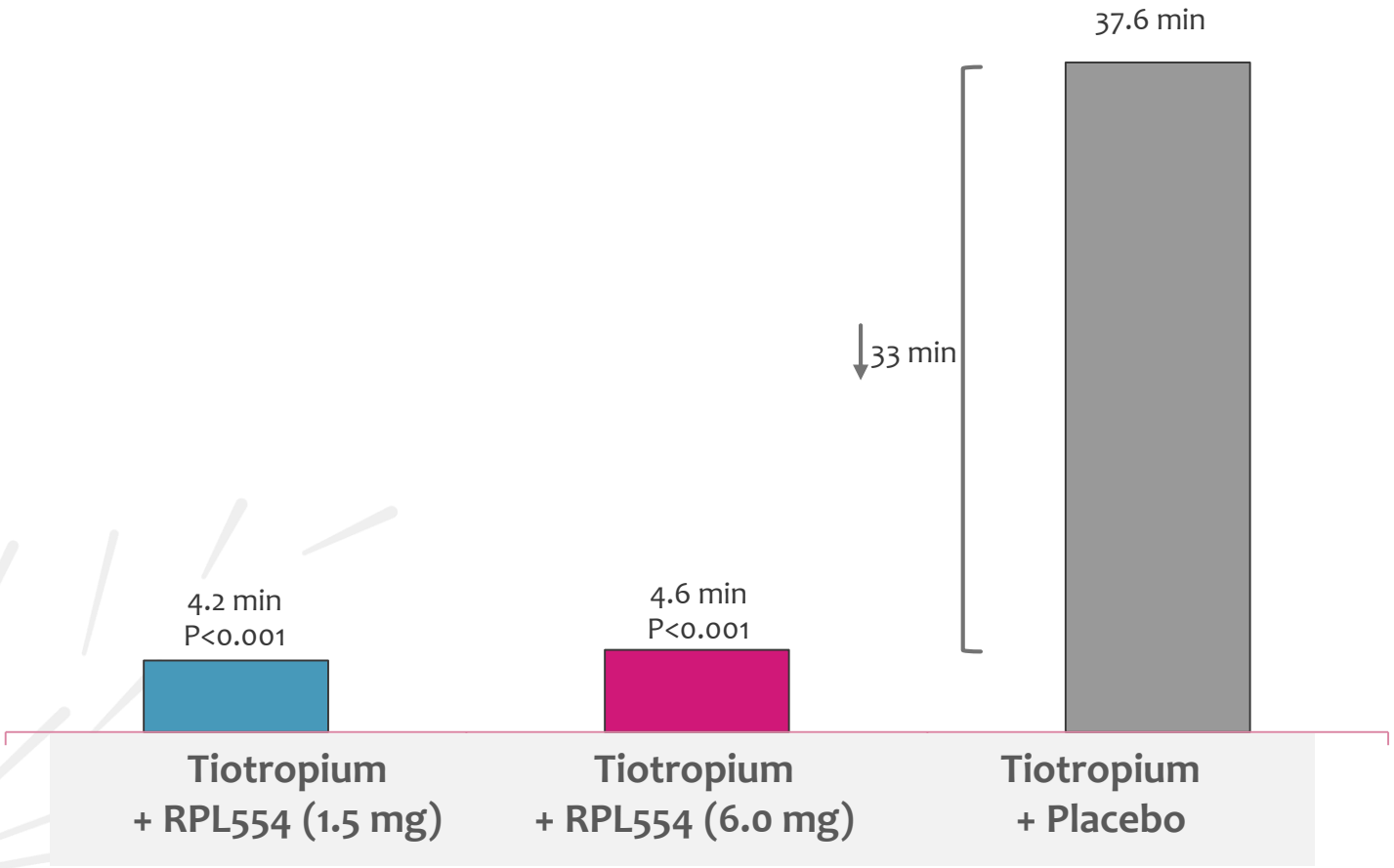
Median Time to Onset (≥10% improvement in FEV_1 ; mins) on Day 1

N=27-28



Reinforces the potential of RPL554 in treating acute exacerbations of COPD

Source: RPL554-CO-202
P values vs placebo

RPL554: Well-Tolerated in Completed Clinical Trials

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	Placebo (n=31)	RPL554 (n=31)	RPL554 + Albuterol (n=31)	Albuterol (n=32)	RPL554 + Ipratropium (n=33)	Ipratropium (n=32)
Any Treatment Related TEAE	8 (25.8%)	5 (16.1%)	8 (25.8%)	11 (34.4%)	10 (30.3%)	6 (18.8%)
Cough	4 (12.9%)	3 (9.7%)	5 (16.1%)	7 (21.9%)	6 (18.2%)	2 (6.3%)
Dizziness	1 (3.2%)			2 (6.3%)	1 (3.0%)	1 (3.1%)
Dyspnea		1 (3.2%)		2 (6.3%)	1 (3.0%)	1 (3.1%)
Headache	1 (3.2%)	1 (3.2%)		1 (3.1%)		
Palpitations	1 (3.2%)					
Rhinorrhea	2 (6.5%)		1 (3.2%)			

Source: RPL554-009-2015, COPD add-on study; number of subjects with adverse reactions following single dosing of RPL554 with the suspension formulation; events with an unlikely, possible or definite relationship are presented.

Across All Studies

No SAEs or AEs of concern

No PDE4 inhibitor-like AEs

RPL554: Potential to Improve Standard of Care Treatment for More Severe Patients

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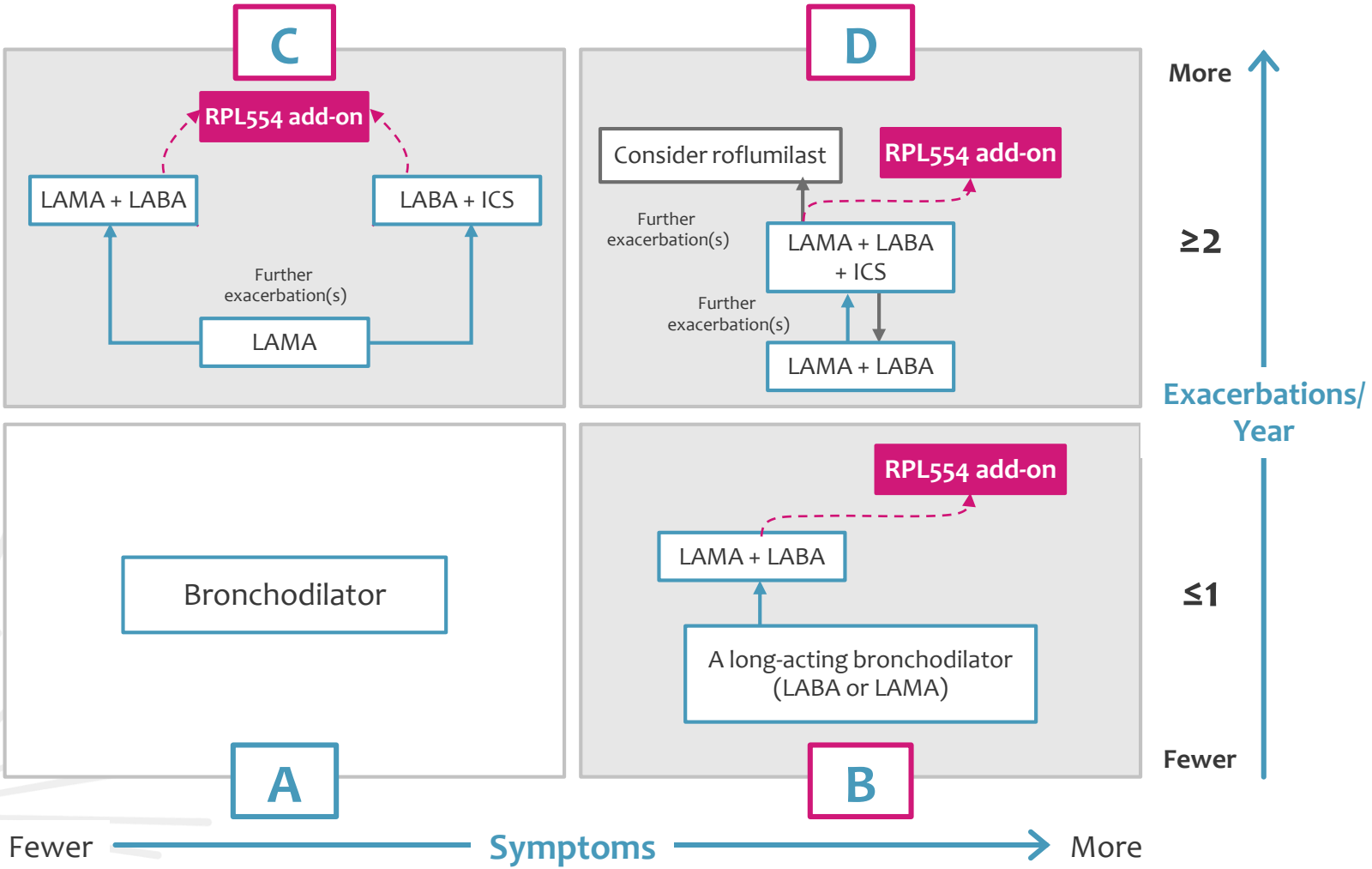
Based on GOLD COPD Guidelines 2017



CF: A Devastating Orphan Disease

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Population:

- Most common fatal inherited disease in U.S.
  - Incidence: ~70K globally; ~30K patients in U.S.

Cause:

- Mutations in gene that encodes CFTR protein

Symptoms:

- Inability to clear thickened mucus, impaired lung function and persistent lung infection

Consequences:

- Frequent exacerbations and hospitalization
- No cure
- Median age of death – 37 years

RPL554: Potential to Provide Treatment Independent of CF Mutation Status

RPL554: Current and Recent Clinical Trials in U.S. and Europe

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Study	Study Design	Milestones
Studies completed – top line data reported Sept 2017		
COPD Phase 2a: **Add-on Therapy to Tiotropium**	• 30 subjects • Age: 40-75; moderate-severe COPD • 2 doses + placebo, 3-way cross-over	• FEV1 improvement of 130mL on top of Spiriva
COPD Phase 1: **PK Study** (Determine Oral Bioavailability)	• 12 healthy subjects • Single dose	• Low oral bioavailability demonstrated
Ongoing		
CF Phase 2a: **PK and PD Trial in Adult CF Patients**	• Up to 10 Patients • Single dose	• Underway • Top-line data in 1H18
COPD Phase 2b, 4 week: **Maintenance Treatment; No background therapy**	• Approximately 400 subjects • Age: 40-75; moderate-severe COPD • 4 doses + placebo, double-blind	• Underway • Top-line data in 2H18

RPL554: Targeting Multiple Indications

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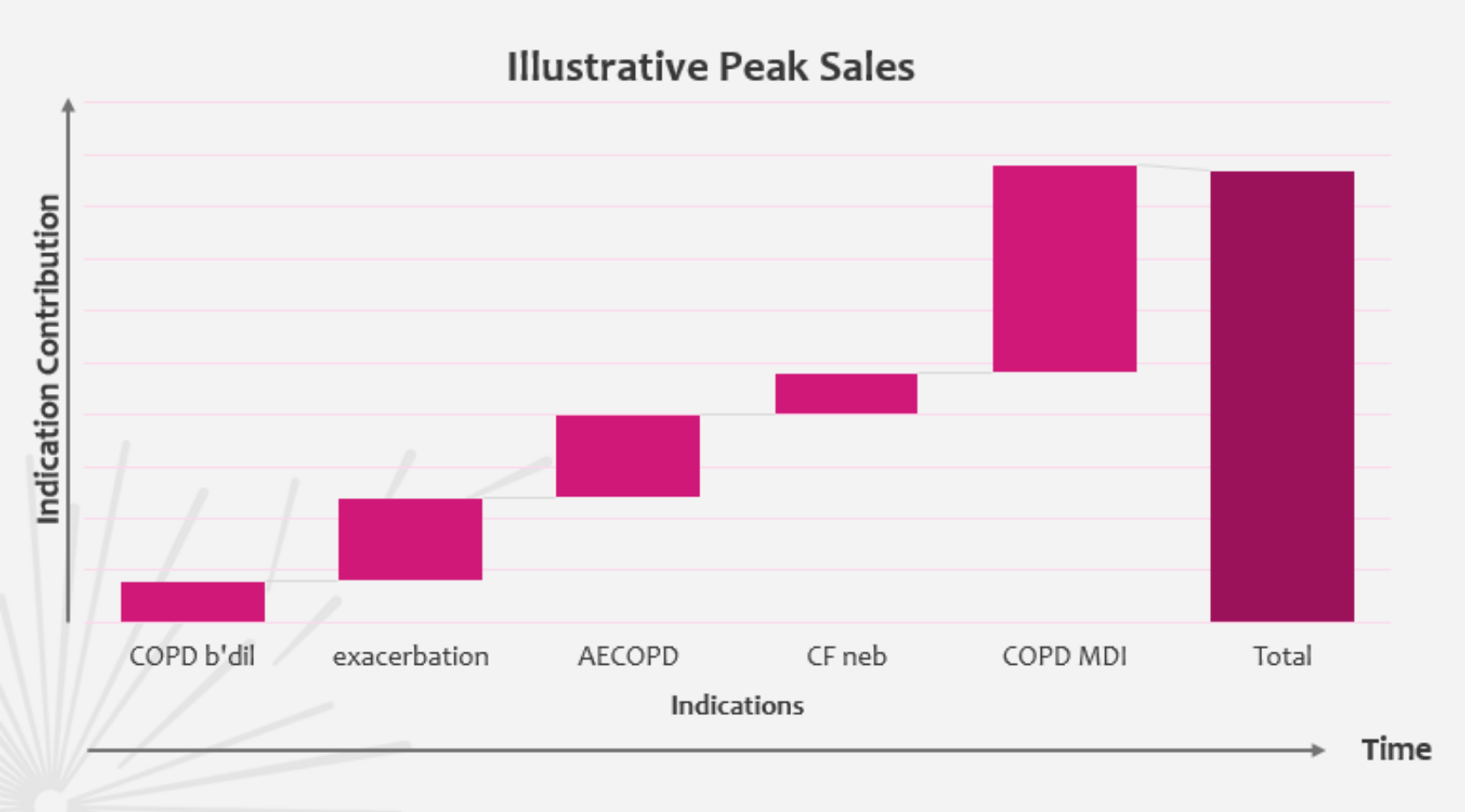

Financial Overview and Shareholder Register

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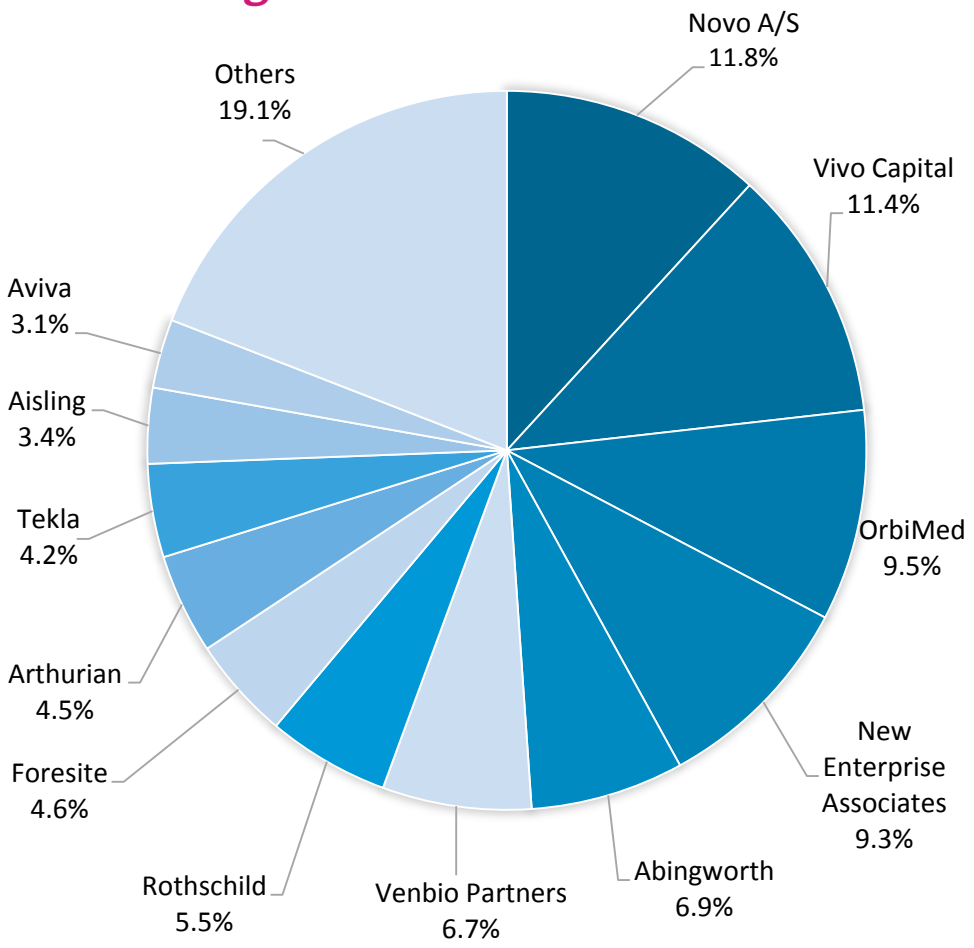
Financial Overview

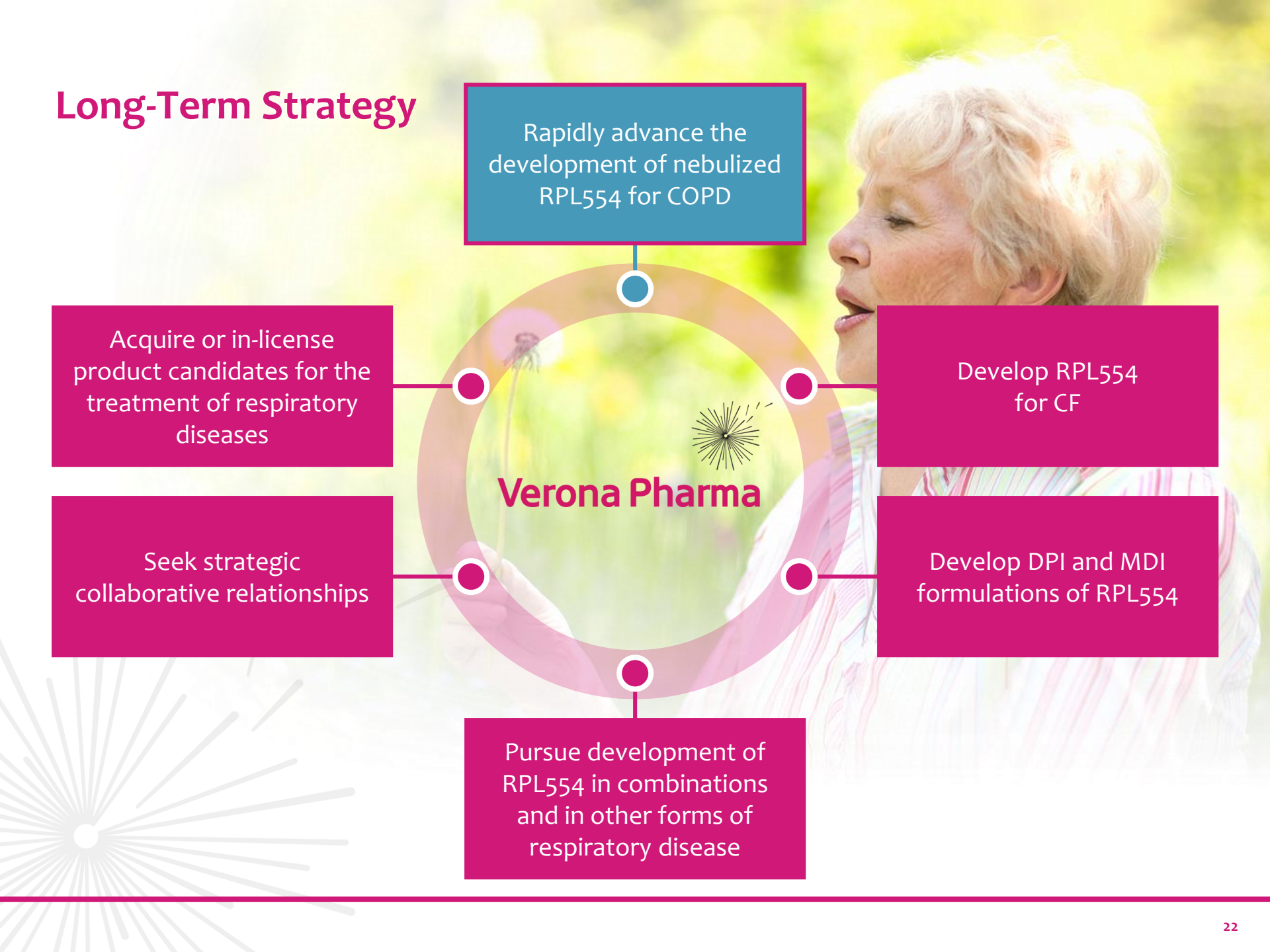
Cash and Cash Equivalents	$122.9M[1] (as of 06/30/2017)
Operating Expenses	$14.2M[1] (6 Months Ended 06/30/2017)
Total Equity	$157M[1] (as of 06/30/2017)

[1]Exchange rate used (U.S. dollars per pound sterling): June 30, 2017 $1.2995

Shareholdings



Long-Term Strategy



Experienced Management Team and Board

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Management

Jan-Anders Karlsson, PhD
Chief Executive Officer

Piers Morgan, MA, ACA
Chief Financial Officer

Kenneth Newman, MD, MBA
Chief Medical Officer

Richard Hennings, BSc
Commercial Director

Peter Spargo, PhD
SVP CMC

Claire Poll, LLB
Legal Counsel

Desiree Luthman, DDS
VP Regulatory Affairs

Board

David Ebsworth, PhD
- Ex CEO Vifor Pharma; CEO Galenica

Jan-Anders Karlsson, PhD
- CEO Verona Pharma

Ken Cunningham, MD
- Chair Abzena plc
- Ex Chair Prosonix; CEO SkyePharma

Rishi Gupta, JD
- Private Equity Partner, OrbiMed

Mahendra G. Shah, PhD
- Managing Director, Vivo Capital
- Ex Chair CEO, NextWave Pharmaceuticals, First Horizon Pharma

Andrew Sinclair, PhD
- Partner and Portfolio Manager, Abingworth

Vikas Sinha, CPA
- Ex EVP, CFO, Alexion

Anders Ullman, PhD, MD
- Ex Head R&D, Baxter Biosciences; EVP R&D, Nycomed Pharma

In team's prior lives …

involved in successful development / commercialization of many of the drugs used to treat COPD

including Symbicort® Daliresp® SPIRIVA® flutiform®

RPL554: Broad Anti-Inflammatory Activity

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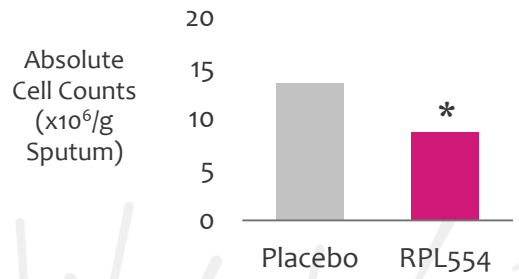
Reduction in Inflammatory Cells

RPL554 (n=21)

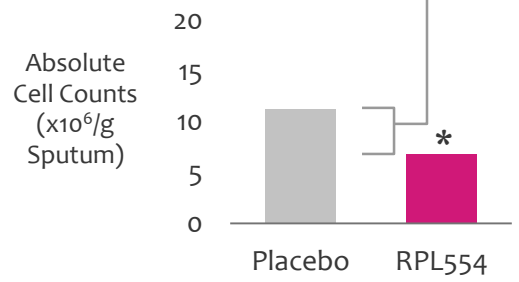
Placebo (n=21)

- Significantly lower absolute number of neutrophils in sputum
  - A critical inflammatory cell in COPD
- Inhaled corticosteroids have no effect on neutrophils

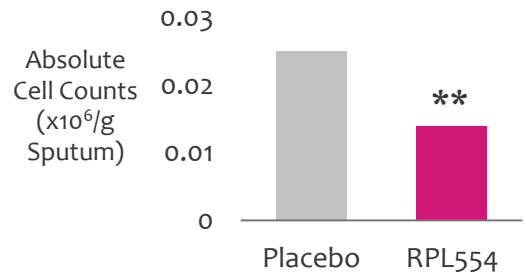
Total Cell Counts



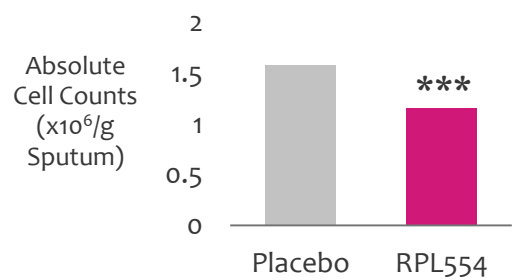
Neutrophils



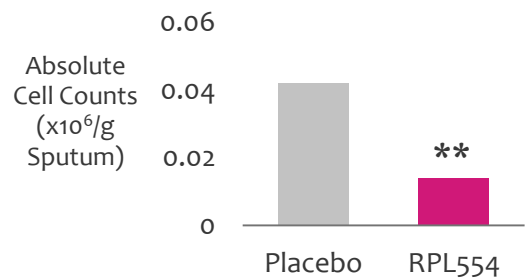
Eosinophils



Macrophages



Lymphocytes



Source: Study VRP 120120, P1 clinical trial; n = 21 healthy subjects; May 2013

* p=0.002

** p=0.001

*** p=0.044

Large Growing COPD Drug Market

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Top U.S. COPD Drug Sales, 2016*

Drug	Type	Launch	Patent Expiry	Sales (2016)**
Spiriva	LAMA	2002	2018	$1,900M
Advair	LABA / ICS	1998	2016	$1,300M
Symbicort	LABA / ICS	2000	2014	$700M
Atrovent (ipratropium)	SAMA	2005	2007	$200M
Breo Ellipta	LABA/ICS	2013	2021	$100M
Daliresp (roflumilast)	PDE4	2011	2020	$131M
Brovana*** *(neb only)*	LABA	2006	2021	$423M
Perforomist*** *(neb only)*	LABA	2007	2021	$178M

*Source: IMS
**12 months ended June 30, 2016
***Only approved in COPD, any off-label use in asthma expected to be limited

WW COPD Sales*