



Verona Pharma



Breathtaking science

Developing respiratory drugs
to improve health and quality of life



www.veronapharma.com

November 2017



Forward-Looking Statements

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**










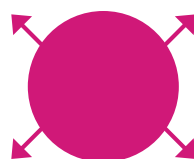


Inhaled dual inhibitor of
enzymes PDE3 and PDE4

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

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						



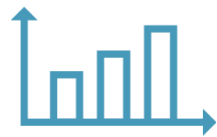
Clear Success Drivers



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



**Significant
Market opportunity**



Robust clinical data and validated endpoints

FEV₁ in 10 P1 and P2a trials

P2b initiated –
4 weeks; 400 subjects



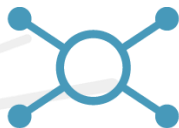
**Clear, efficient
pathway to
Approval**



**Significant potential
demand** from
patients and physicians
for new medications



**Strong potential for
Adoption**

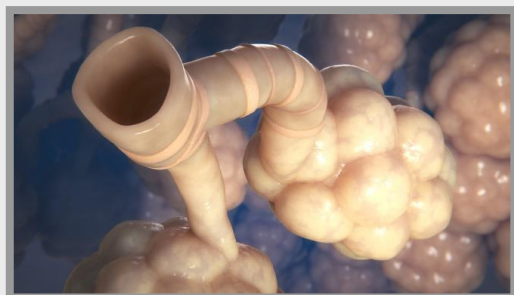


Broad application:
“pipeline in a product”
Global commercialization
rights



**Significant outlook for
Growth**

COPD: Devastating Disease, Affecting Many



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

Increasing prevalence
384M global sufferers
3rd leading cause of death in U.S.

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

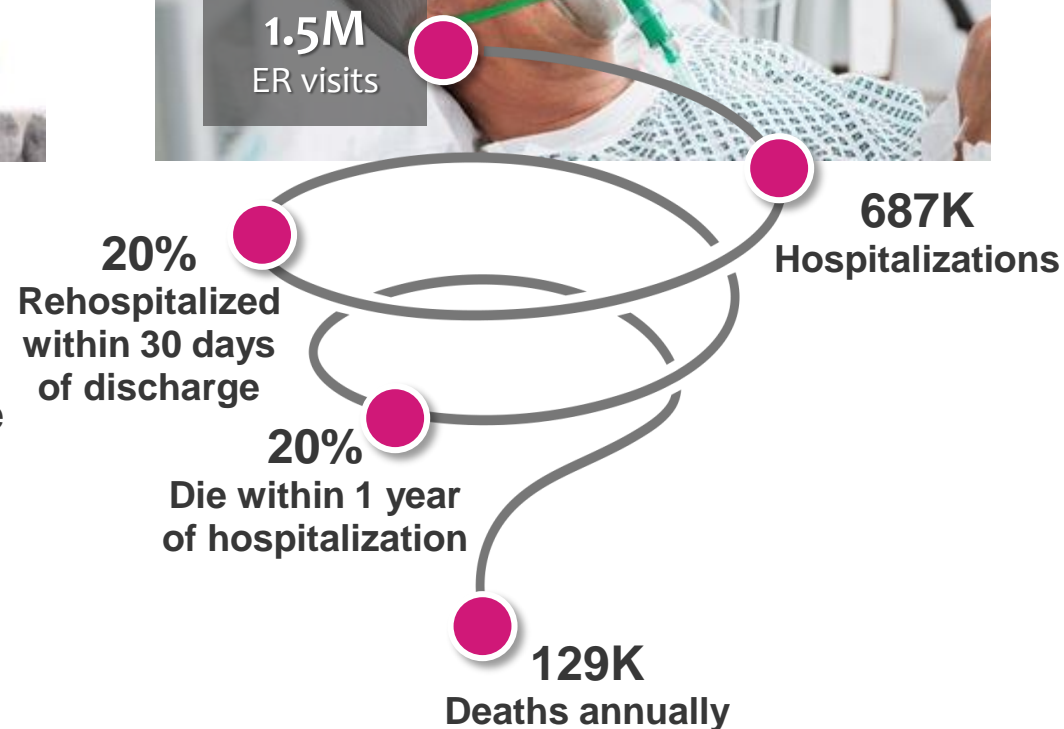
- 15M diagnosed and under treatment
- Approximately 2M severe/very severe

Treatment goals:

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

Note: U.S. only data

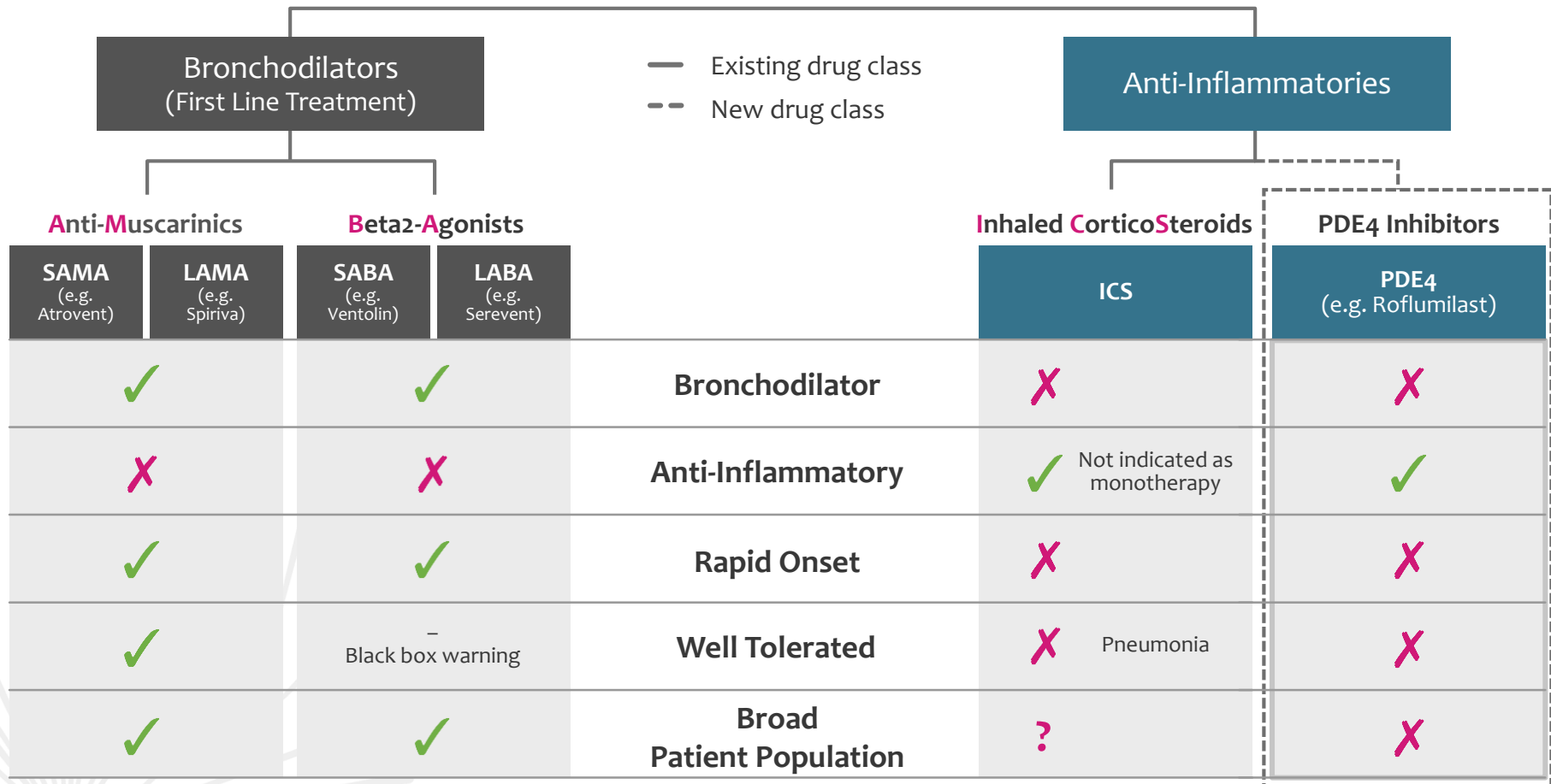
Acute (Hospital)



Current Therapies: Little Innovation and Many Limitations

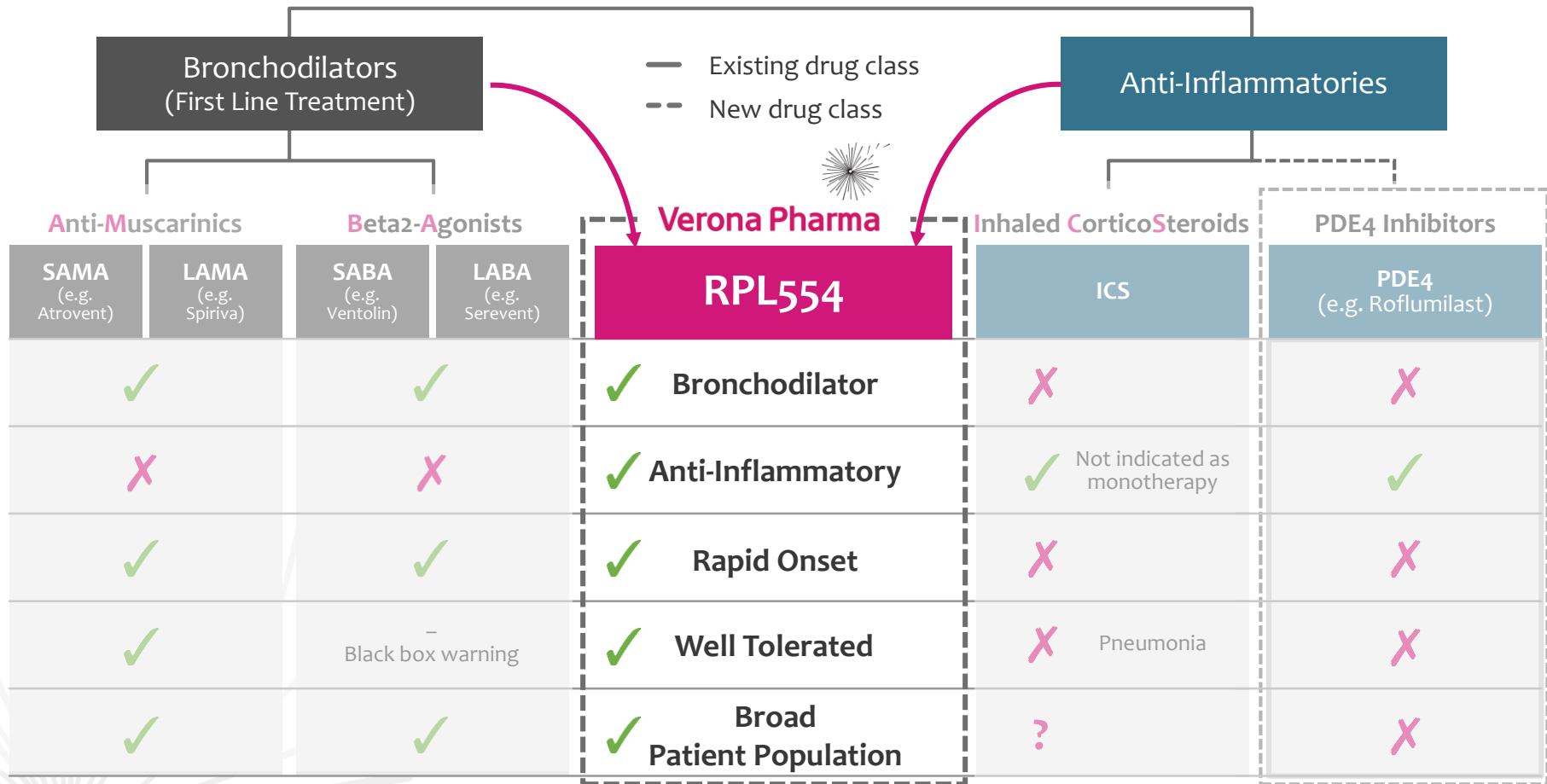


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Many patients treated with approved COPD drugs/combinations do not experience significant improvements in quality of life and continue to suffer from significant symptoms

RPL554: Potential to Address Limitations of Current Therapies



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

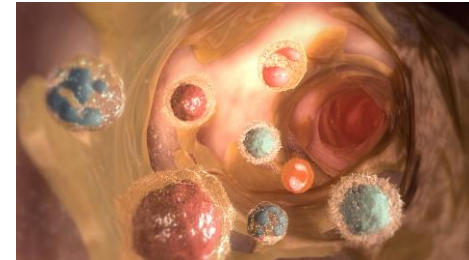
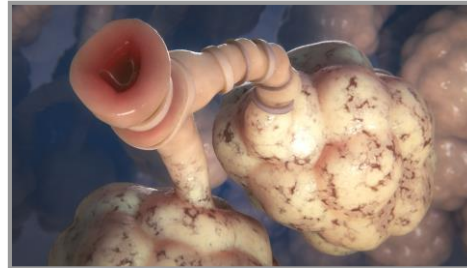
RPL554 First-in-Class Candidate: Bronchodilator and Anti-inflammatory in a Single Compound



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RPL554
Dual PDE₃ and PDE₄ enzyme inhibitor

Impacts 3 Key Mechanisms in Respiratory Disease:



Airway Smooth Muscle



PDE₃, PDE₄

Relaxation



Increased bronchodilation

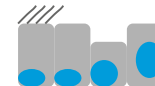
Inflammatory Cells



Neutrophils
PDE₄



Eosinophils
PDE₄



Epithelial cells
PDE₃, PDE₄



Lymphocytes
PDE₃, PDE₄



Macrophages
PDE₃, PDE₄



Fibroblasts
PDE₄



Increased anti-inflammatory effects

Epithelial Cells



PDE₃, PDE₄

CFTR Activation

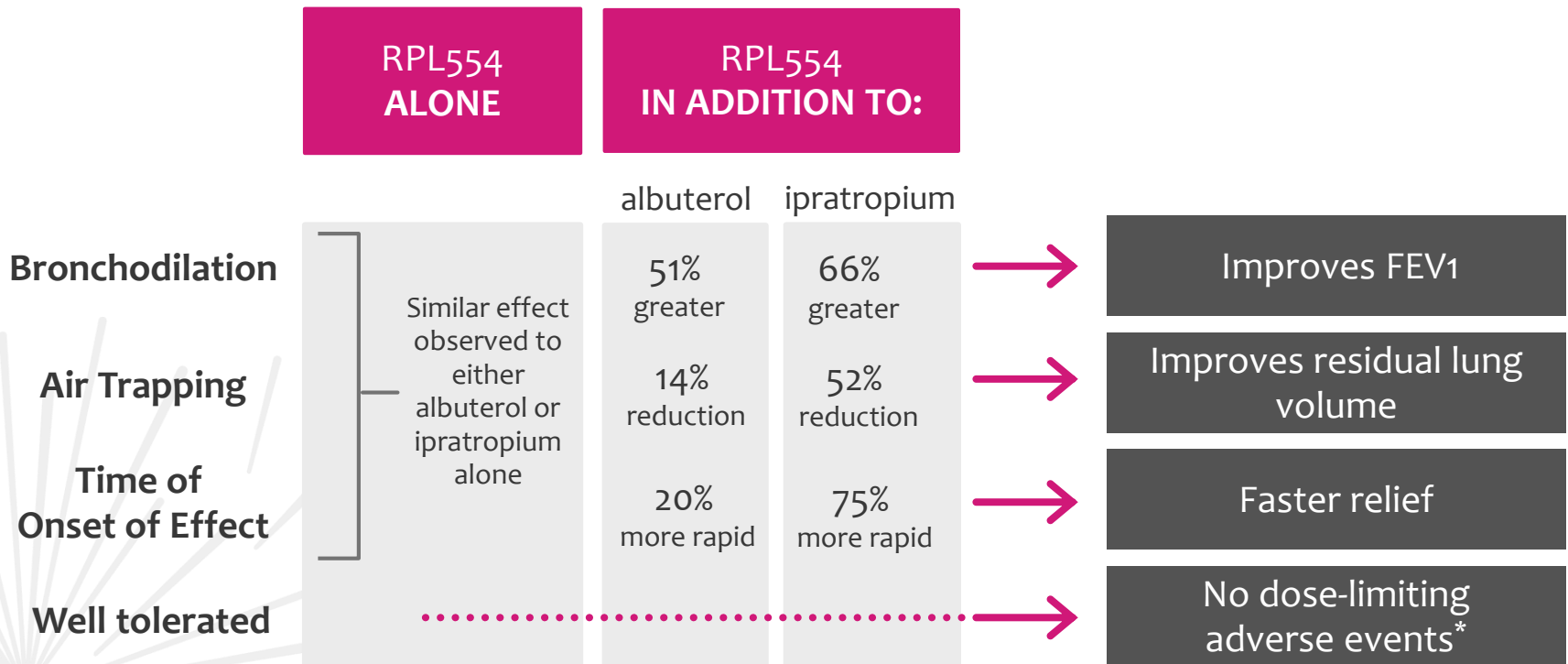


Increased mucociliary clearance

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

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

Key Findings

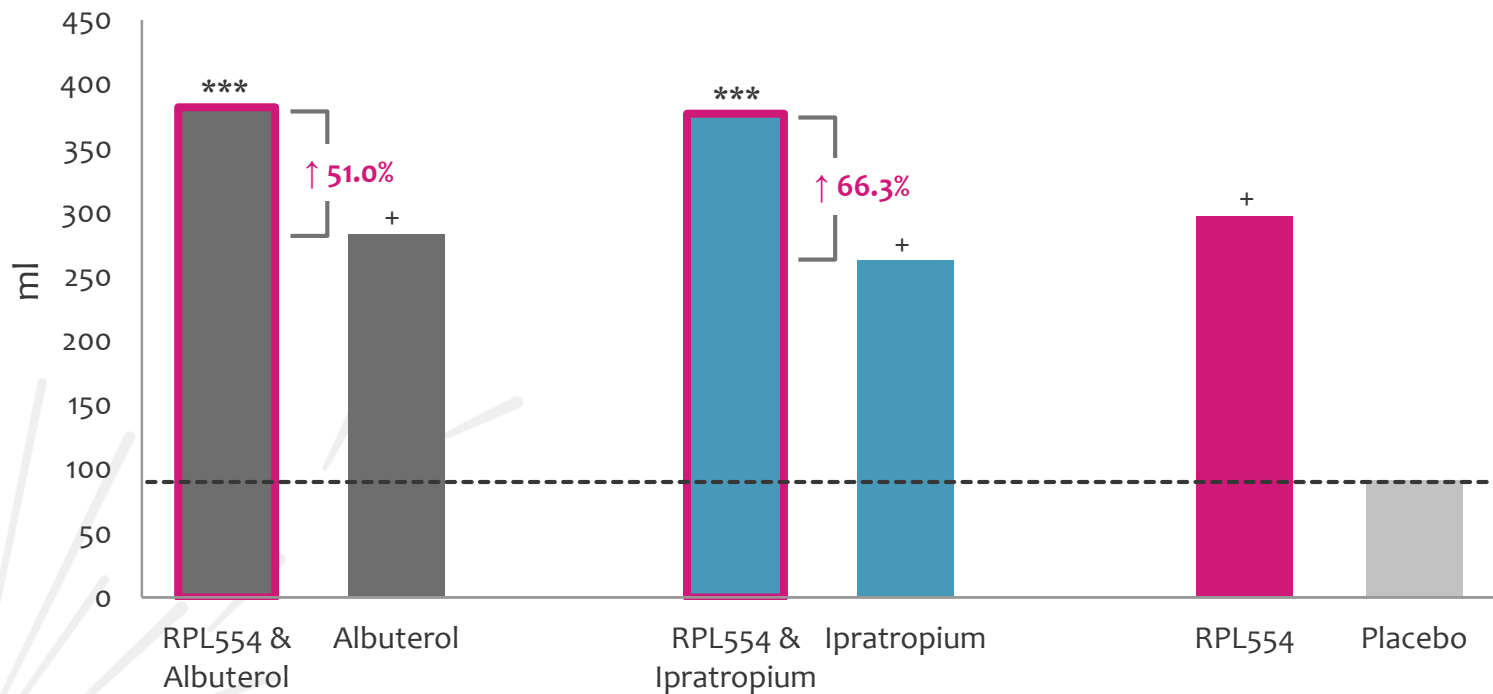


*in completed clinical trials

RPL554: Significantly Improves Lung Function in COPD Patients

Peak Change from Baseline in FEV₁(ml)

N=36



Source: RPL554-009-2015

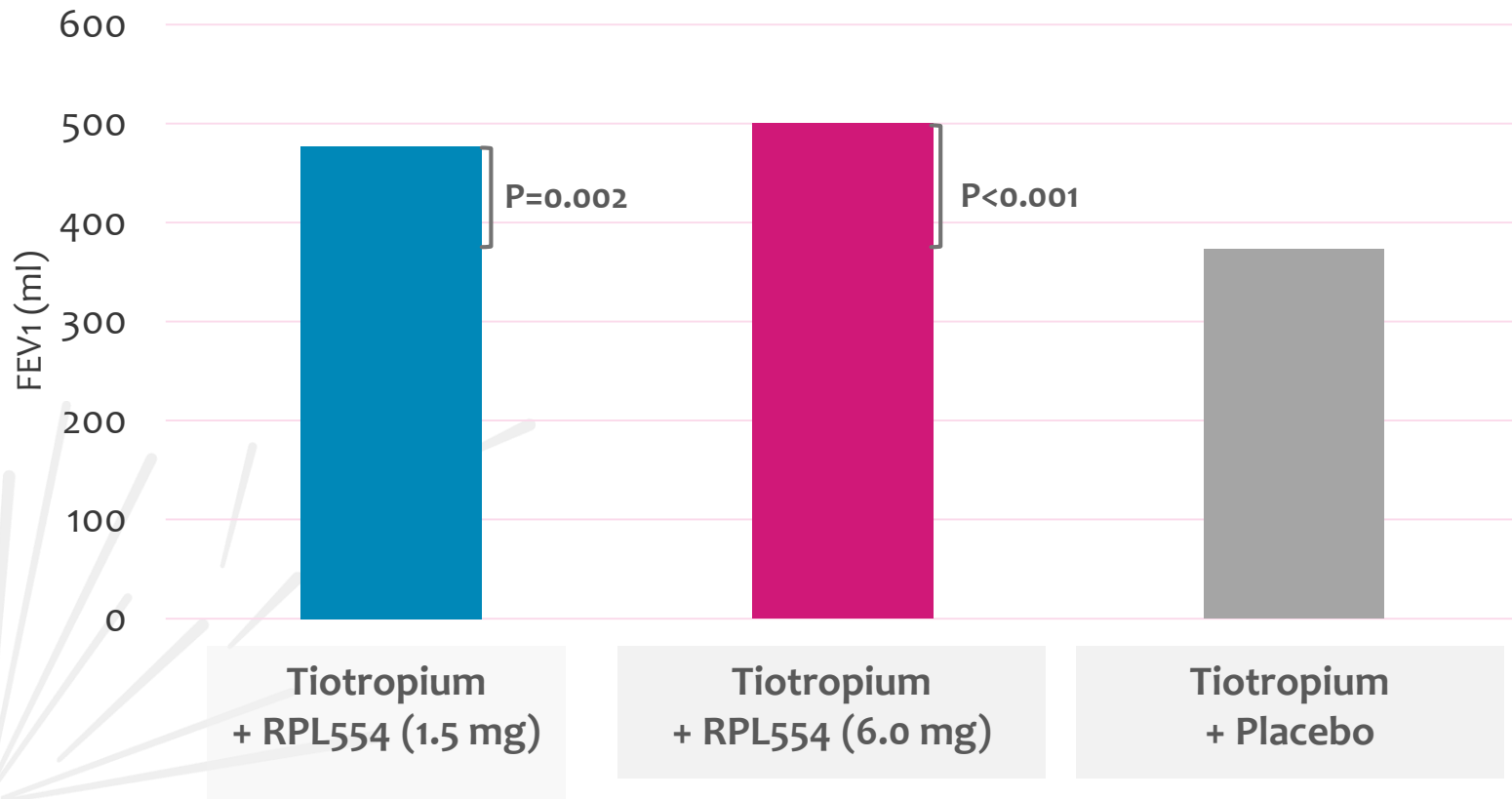
+ p<0.001 vs placebo

*** p<0.001 vs. albuterol or ipratropium alone

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

Peak Change from Baseline in FEV₁ (ml) on Day 3

N=27-28



Source: RPL554-CO-202
P values vs placebo

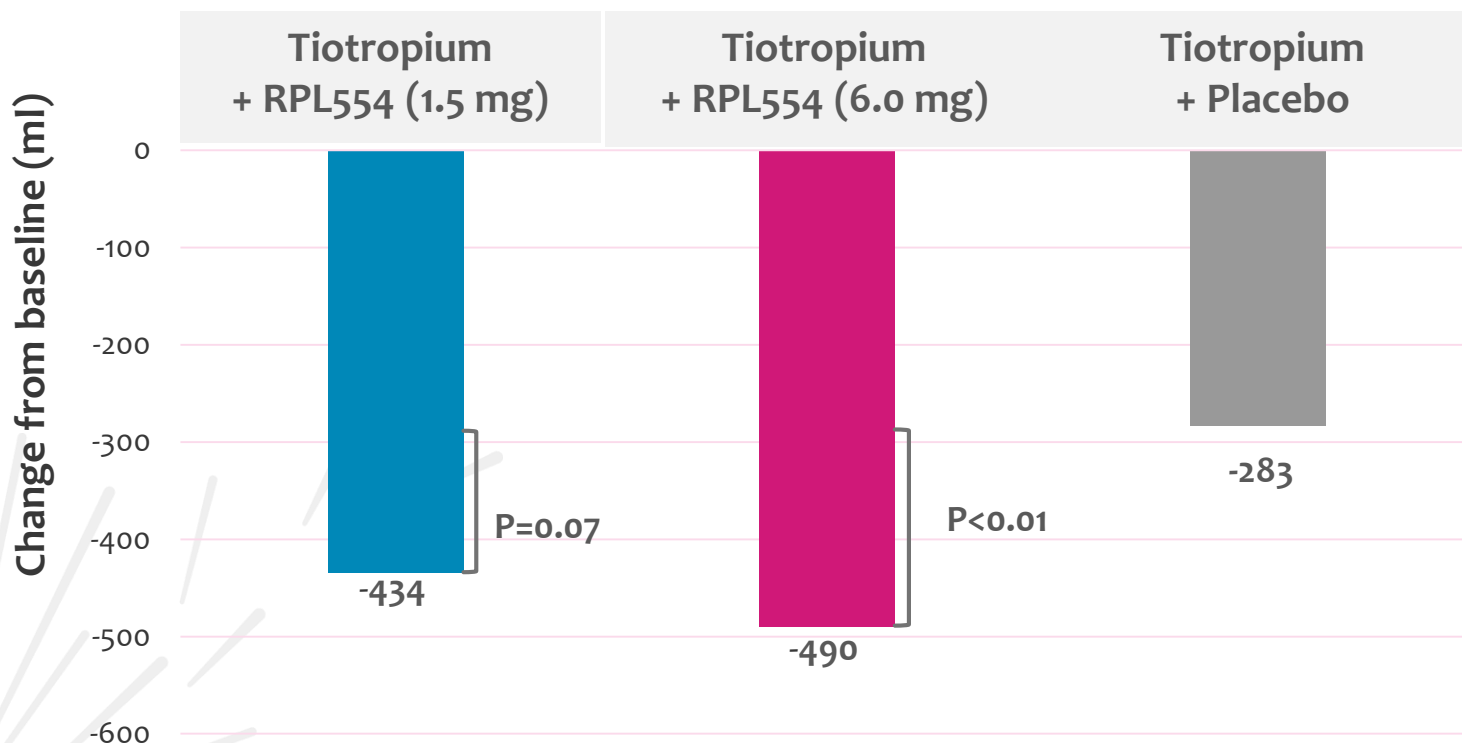
RPL554: Marked Reduction in Hyperinflation, Residual Volume (RV, air trapping) as Compared to Tiotropium Alone



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Reduction in Hyperinflation (ml) 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

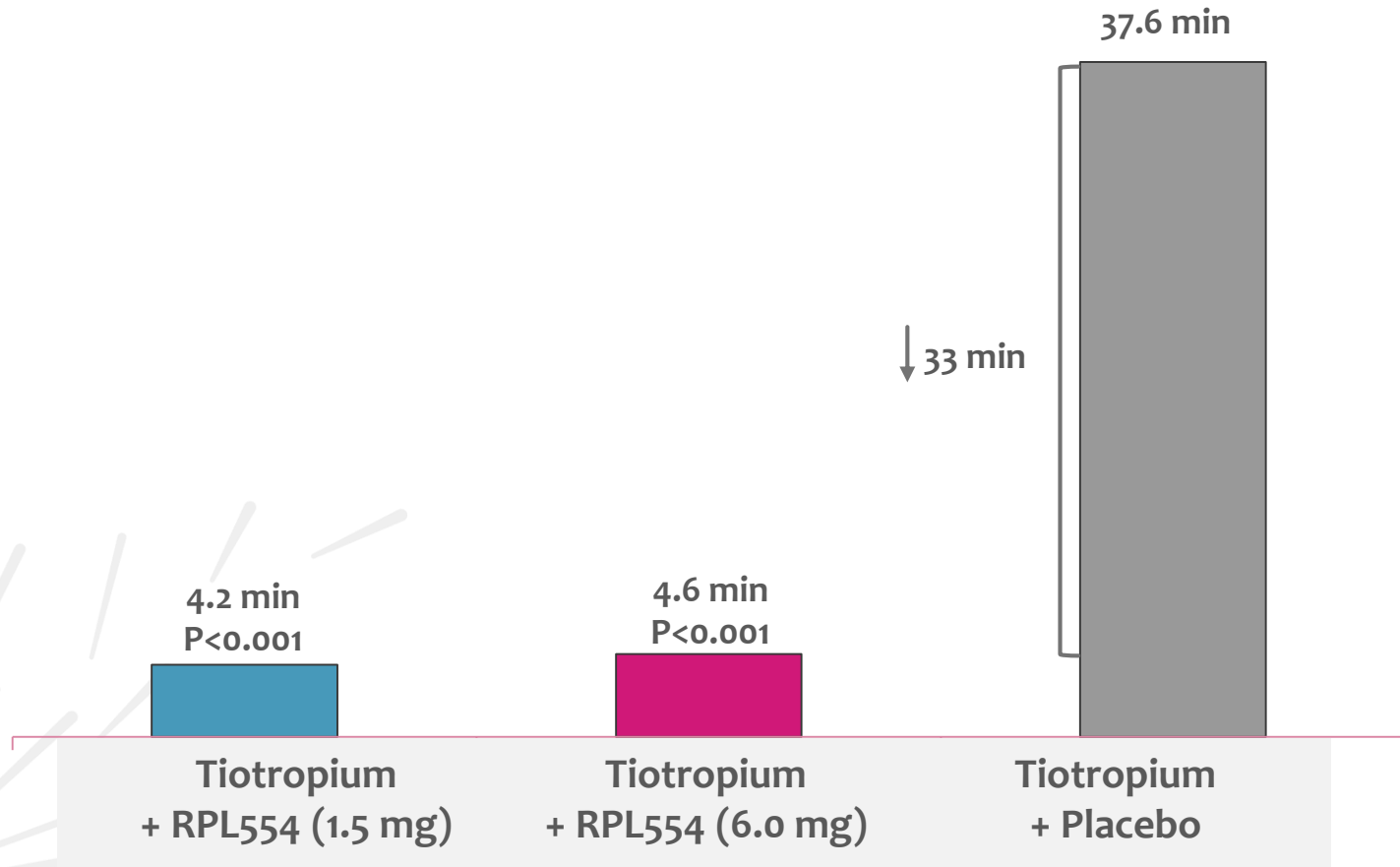
RPL554: Combination Increases Speed of Onset of Bronchodilator Effect



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Median Time to Onset ($\geq 10\%$ improvement in FEV₁; mins) on Day 3

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

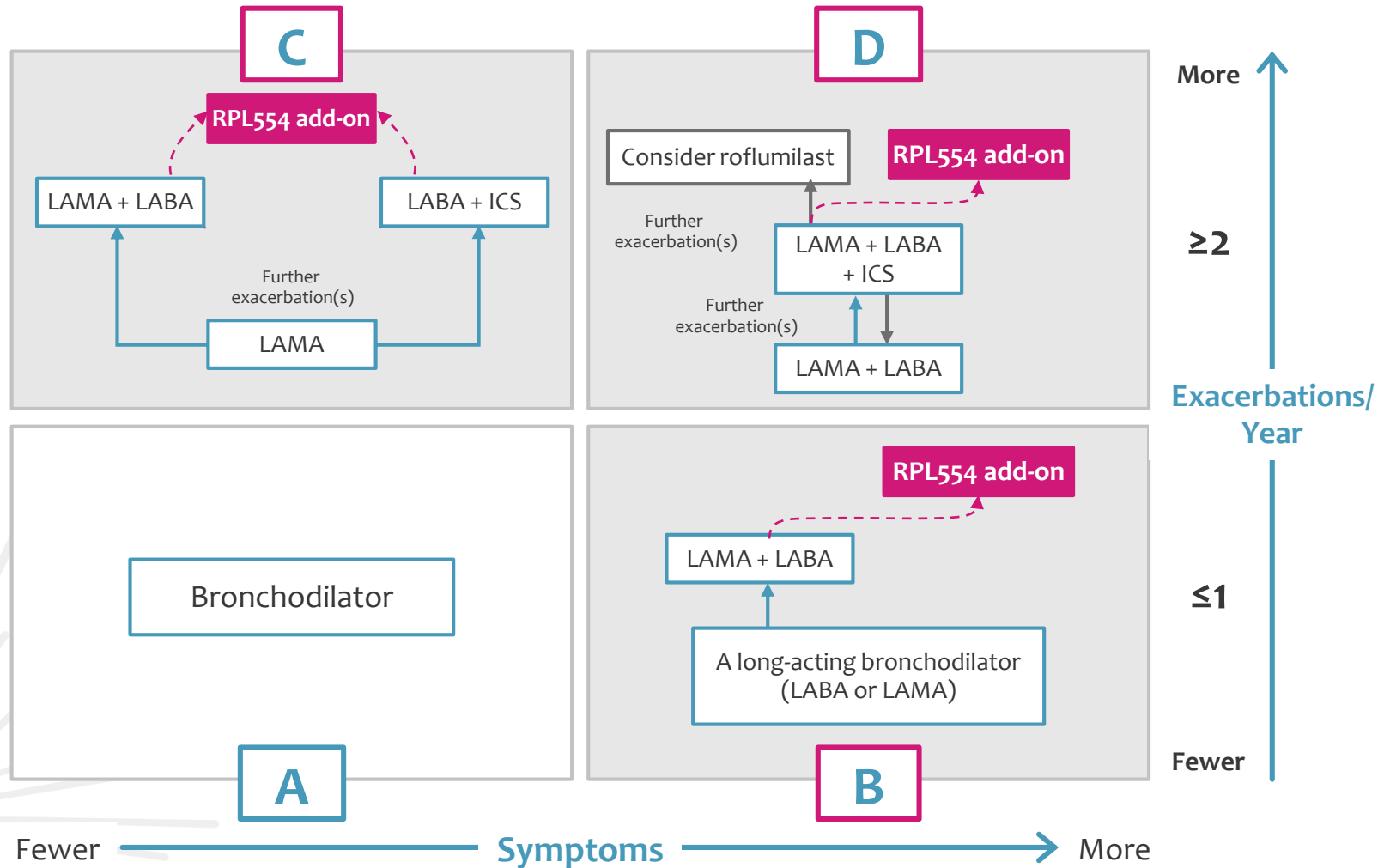
No PDE4 inhibitor-like AEs

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



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: Clinical Trials in U.S. and Europe

Study

Study Design

Data/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

Ongoing

CF Phase 2a: **PK & PD Trial in Adult CF Patients**

- Up to 10 patients
- Single dose

- Underway
- **Top-line data in 1H18**

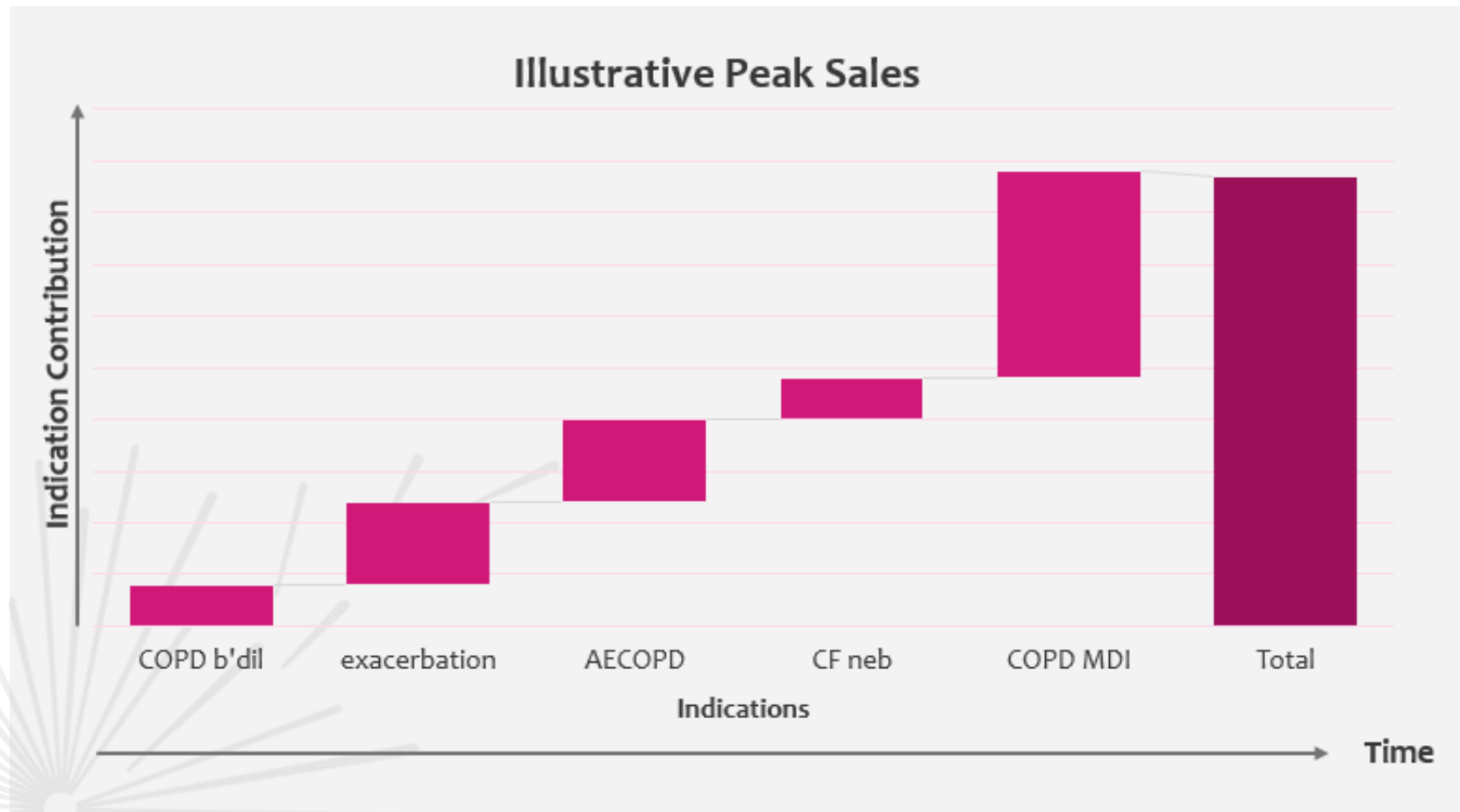
COPD Phase 2b, 4 week: **Maintenance Treatment; No background therapy**

- Approximately 400 subjects
- Age: 40-75; moderate-severe COPD
- 4 doses + placebo, double-blind

- >50% enrolled
- **Top-line data now mid-18**



RPL554: Targeting Multiple Indications



Financial Highlights:

9 months ended September 30, 2017



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	9M17 (unaudited) \$'m	9M17 (unaudited) £'m	9M16 (unaudited) £'m
Research and development costs	(18.8)	(14.0)	(2.7)
General and administrative costs	(6.8)	(5.1)	(1.4)
Operating loss	(25.6)	(19.1)	(4.1)
Loss for period	(19.1)	(14.2)	(4.2)
Loss per ADS — basic and diluted	(1.86)	(1.39)	(1.23)

	9M17 (unaudited) \$'m	9M17 (unaudited) £'m	9M16 (audited) £'m
Non-current assets:	3.3	2.5	2.3
Current assets:	123.9	92.4	43.8
Total assets	127.2	94.9	46.1
Total equity	114.2	85.2	34.4
Total current liabilities	11.9	8.8	10.9
Total non-current liabilities	1.1	0.9	0.8
Total equity and liabilities	127.2	94.9	46.1

Cash, equivalents and short term investments	114.5	85.5	39.8
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Convenience translation as of September 30, 2017 and for the nine month period ended September 30, 2017 into US dollars at the noon buying rate of the Federal Reserve Bank of New York on September 29, 2017, which was £1.00 to \$1.3402

Financial Overview and Shareholder Register

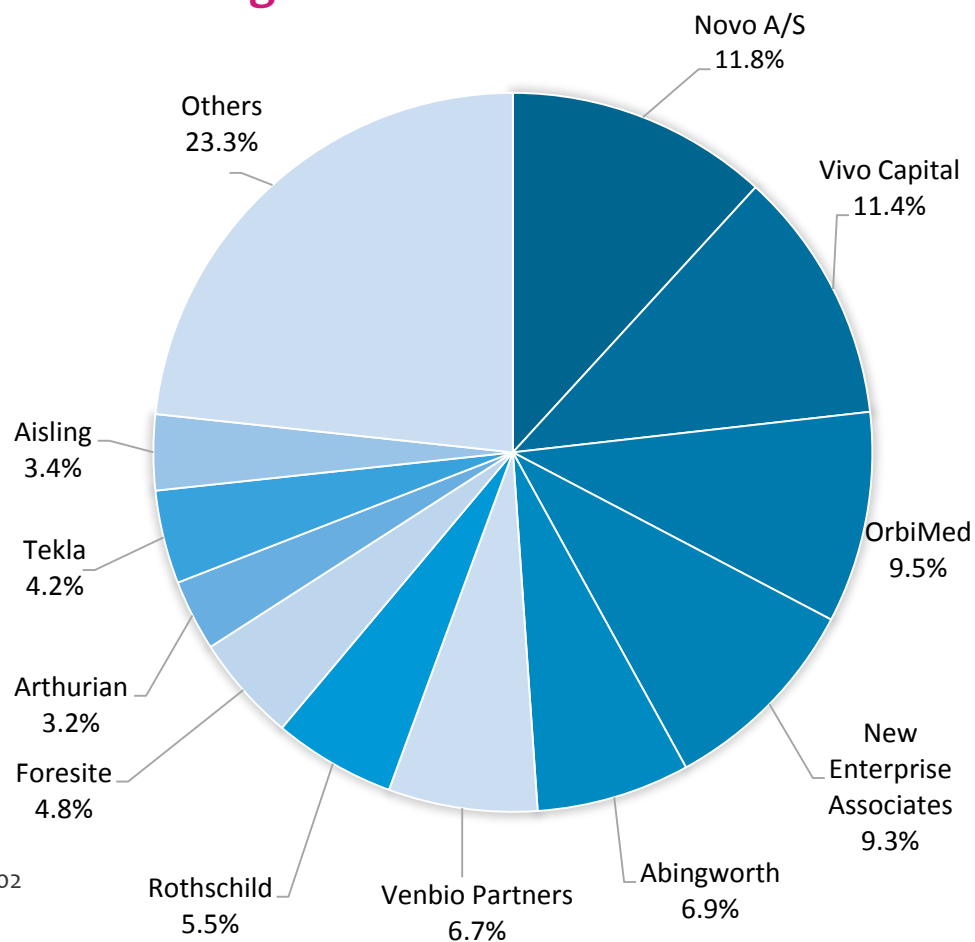
Financial Overview

Cash and Cash Equivalents	\$114.5M ¹ (as of 09/30/2017)
Operating Expenses	\$25.6M ¹ (9 Months Ended 09/30/2017)
Total Equity	\$114M ¹ (as of 09/30/2017)

¹Exchange rate used (US dollars per pound sterling): September 30, 2017 \$1.3402

²Based on 126m fully diluted shares, \$15.35 ADS price on September 29, 2017

Shareholdings



Long-Term Strategy

Rapidly advance the development of nebulized RPL554 for COPD

Acquire or in-license product candidates for the treatment of respiratory diseases

Seek strategic collaborative relationships

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Develop RPL554 for CF

Develop DPI and MDI formulations of RPL554

Pursue development of RPL554 in combinations and in other forms of respiratory disease



Experienced Management Team and Board

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®
fluticasone propionate/formoterol