Verona Pharma

Breathtaking science

Developing respiratory drugs for better quality of life

November 2019

Nasdaq: VRNA
AIM: VRP
www.veronapharma.com

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 of its product candidate, 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 Company's annual report on Form 20-F filed with the Securities and Exchange Commission (the "SEC") on March 19, 2019, 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.

This presentation also contains estimates, projections and other information concerning the Company's business and the markets for the Company's product candidate, including data regarding the estimated size of those markets, and the incidence and prevalence of certain medical conditions. Information that is based on estimates, forecasts, projections, market research, or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, the Company obtained this industry, business, market and other data from reports, research surveys, clinical trials studies and similar data prepared by market research firms and other third parties, from industry, medical and general publications, and from government data and similar sources.

Ensifentrine is a first-in-class candidate for respiratory disease

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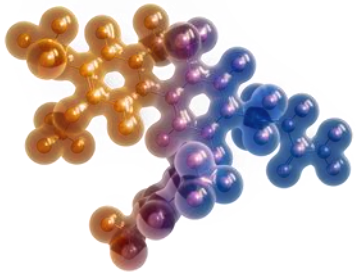
Unique PDE3 and 4 inhibitor for COPD – plan to enter Ph3 in 2020



Investment highlights

- Both bronchodilator and anti-inflammatory activity in single compound; well tolerated in >850 subjects
- Phase 2b data for nebulized ensifentrine expected late 2019/early 2020
- Successful Phase 2 study with DPI formulation in 2019
- Phase 2 data for MDI formulation expected Q1 2020

- Experienced management team; successful COPD and asthma developments
- Capitalized to deliver on key clinical milestones; partnering opportunities

Large US COPD market - A very significant commercial opportunity

COPD: A silent epidemic

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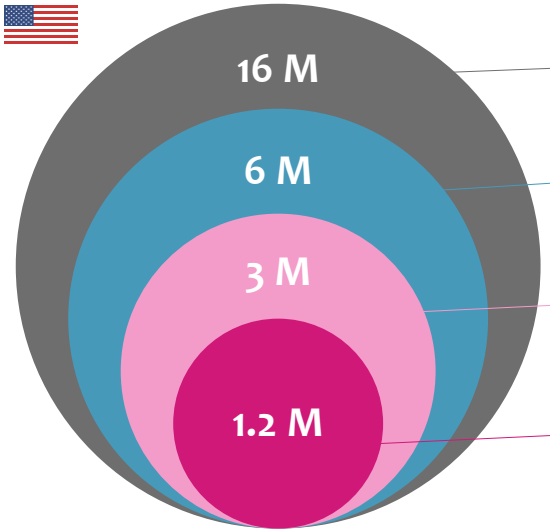
3rd leading cause of death
worldwide by 2030

384 million patients worldwide

Breathless
Millions of patients remain symptomatic despite maximum treatment

Progressive deterioration
Loss of lung function, leading to hospitalizations and death



Diagnosed in US

Patients on treatment

Patients on dual/triple therapy

Symptomatic patients despite maximum therapy

Cost in US
~$50 billion/year by 2020
Indirect & direct

Sources: COPD Foundation. Sullivan J, et al. Chronic Obstr Pulm Dis. 2018; 5(4): 324-333; DRG research Q4:2018

China: Large and growing COPD market

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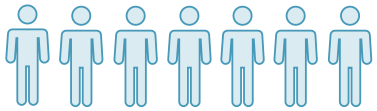
~70 million patients in China
(>2x US COPD population)



~7M
Treated
patients

Forecast to rise to

~16 million treated patients by 2030

$2 billion respiratory sales* -
forecast to grow

~40% of sales from
nebulized products

Sales partly driven by nebulizer
rooms in Tier 1-4 city hospitals

>15,000 established by AstraZeneca

COPD Maintenance Treatment

~30% of physicians report they used
nebulized drugs for maintenance

Strategic opportunity for ensifentrine

(*Asthma/ COPD products combined sales)

COPD: a significant unmet need

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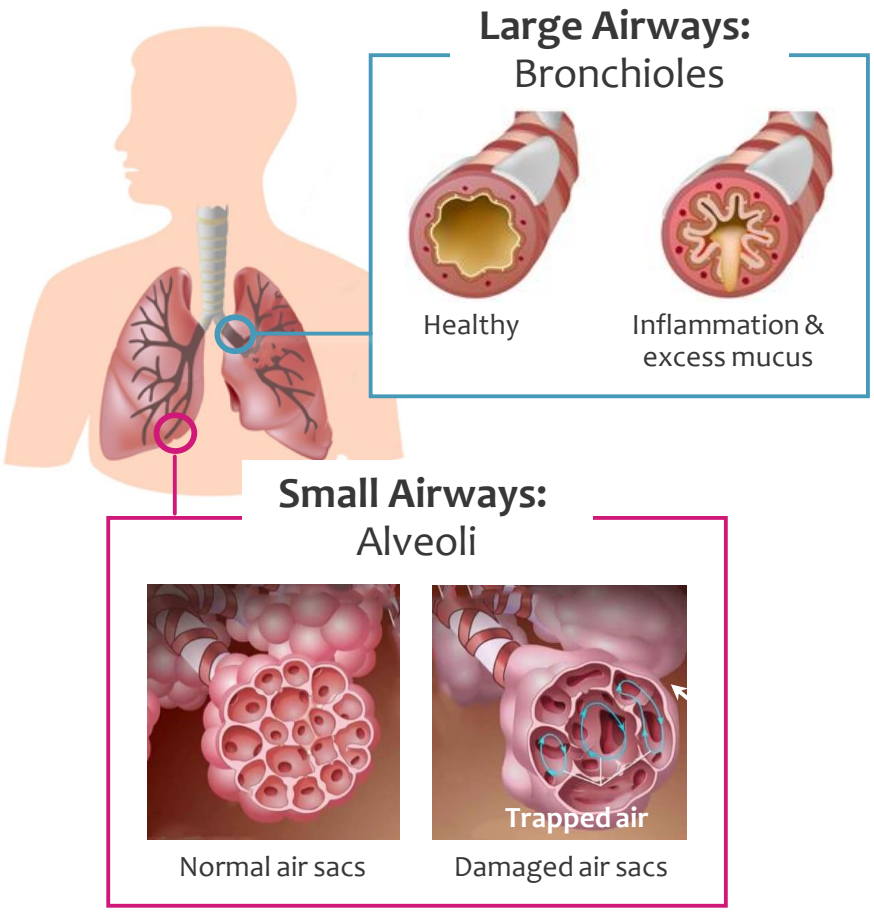

Consequences and symptoms

- Debilitating breathlessness
- Coughing, sputum
- Poor lung function
- Fatigue / struggle with daily tasks
- Exacerbations / flare-ups / death

"When I bend over, I can't breathe. I can't unload the dishwasher, or make a bed … I wake up but I can't move. I am so short of breath."

John Linnell, Living with COPD

Ensifentrine: first-in-class candidate with dual bronchodilator and anti-inflammatory effects

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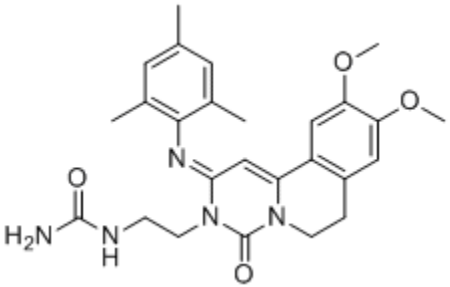
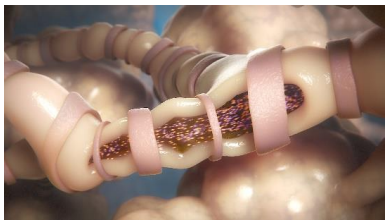
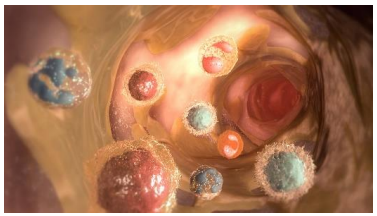


Ensifentrine impacts 3 key mechanisms in respiratory disease

Ensifentrine (RPL554): Dual **PDE3** and **PDE4** enzyme inhibitor





Airway Smooth Muscle[1-4]

PDE3, PDE4

Relaxation

↓

Increased bronchodilation

Inflammatory Cells[5,6]

Neutrophils
PDE4

Epithelial cells
PDE3, **PDE4**

Macrophages
PDE3, **PDE4**

Eosinophils
PDE4

Lymphocytes
PDE3, **PDE4**

Fibroblasts
PDE4

↓

Increased anti-inflammatory effects

Epithelial Cells[7,8]

PDE3, **PDE4**

CFTR Activation

↓

Increased mucociliary clearance

→ **Leads to symptom improvement**

1. Calzetta L, et al. J Pharmacol Exp Ther 2013;346:414-23; 2. Calzetta L, et al. Pulm Pharmacol Ther 2015;32:15-23; 3. Matera MG, et al. Am J Respir Crit Care Med 2013;187:A1495; 4. Venkatasamy R, et al. Br J Pharmacol 2016;173:2335-51; 5. Boswell-Amith V, et al. J Pharmacol Exp Ther 2006;318:840-8; 6. Franciosi LG, et al. Lancet Respir Med 2013;1:714-27; 7. Schmidt D, et al. Br J Pharmacol 2000;131:1607-18; 8. Turner MJ, et al Am J Physiol Lung Cell Mol Physiol 2016;310:L59-70.

Opportunity for nebulized ensifentrine as add-on for dual/ triple treated patients

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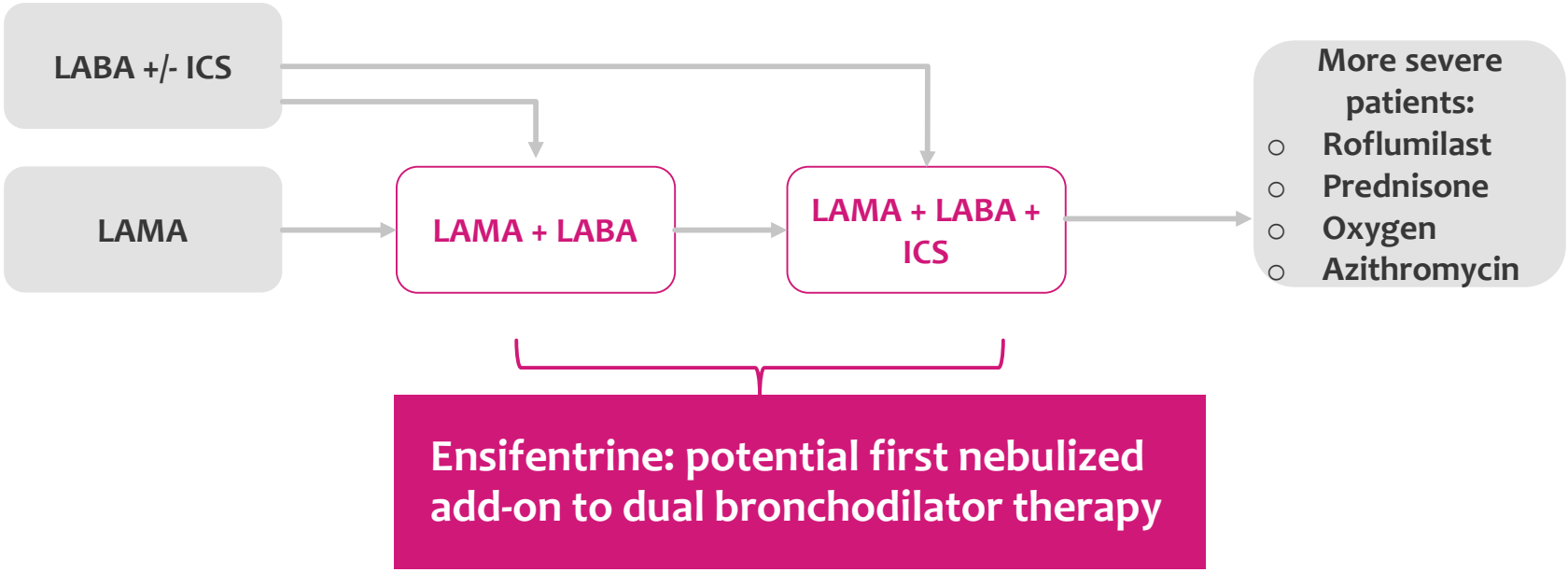
COPD treatment pathway



~40% of COPD patients on dual/triple therapy are uncontrolled and continue to experience debilitating symptoms of breathlessness and exacerbations[1, 2, 3]

1. Lipson et al. N Engl J Med 2018; 2. Ferguson et al. Lancet Respir Med 2018,
3. Mullerova H., et al., AJRCCM 2017, Vestbo J, et al., The Lancet, 2017

Compelling US market opportunity for nebulized ensifentrine

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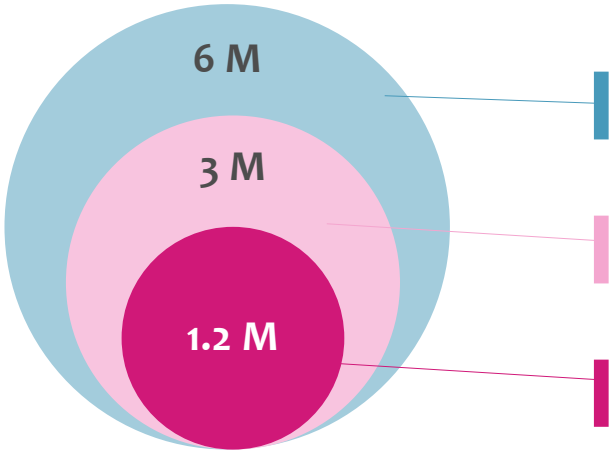

Patients on treatment in US

Patients on dual/triple therapy

Symptomatic patients despite maximum therapy – need additional therapy

Current market data	Potential patient population
About 1/3 of symptomatic patients on maximum therapy use nebulizers	>400,000
Avg. Annual WAC Price of existing nebulized COPD drugs	$12,000

Attractive Medicare Part B Reimbursement

Top-prescribing physicians can be reached with focused salesforce

Source: DRG research Q4:2018. WAC; Wholesale Acquisition Cost.

1 week treatment: Significant anti-inflammatory effect

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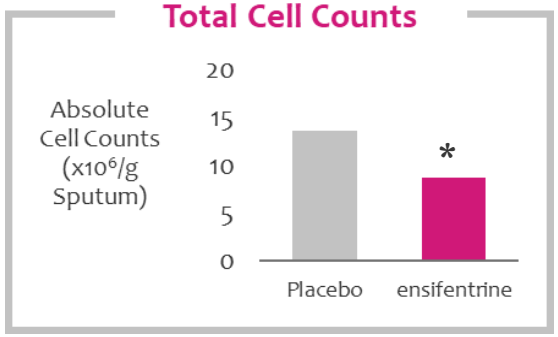
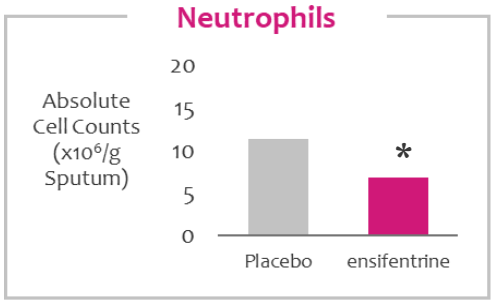
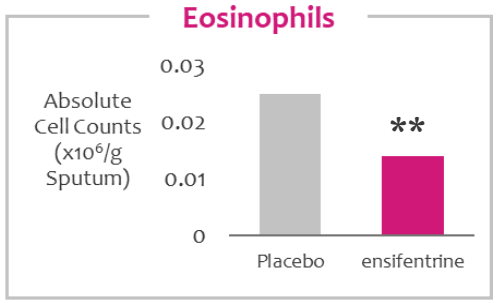
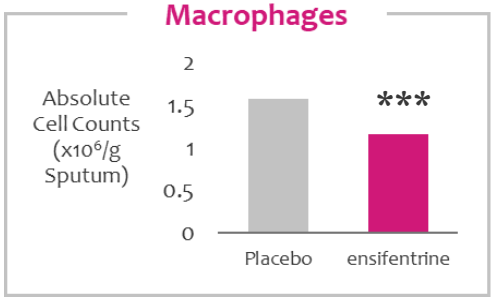
Reduction in inflammatory cells

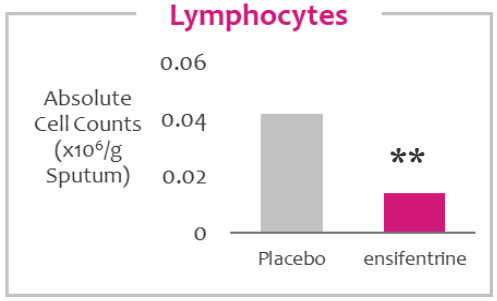
N=21











Phase 1 trial in 21 healthy subjects†

Cell count in induced sputum * p= 0.002; ** p=0.001; ***p = 0.044

† *Franciosi et al, Lancet Respir Med. 2013 Nov;1(9):714-27.*

4 week Phase 2b: Rapid, Significant and Clinically Meaningful Bronchodilator Response (N=403)

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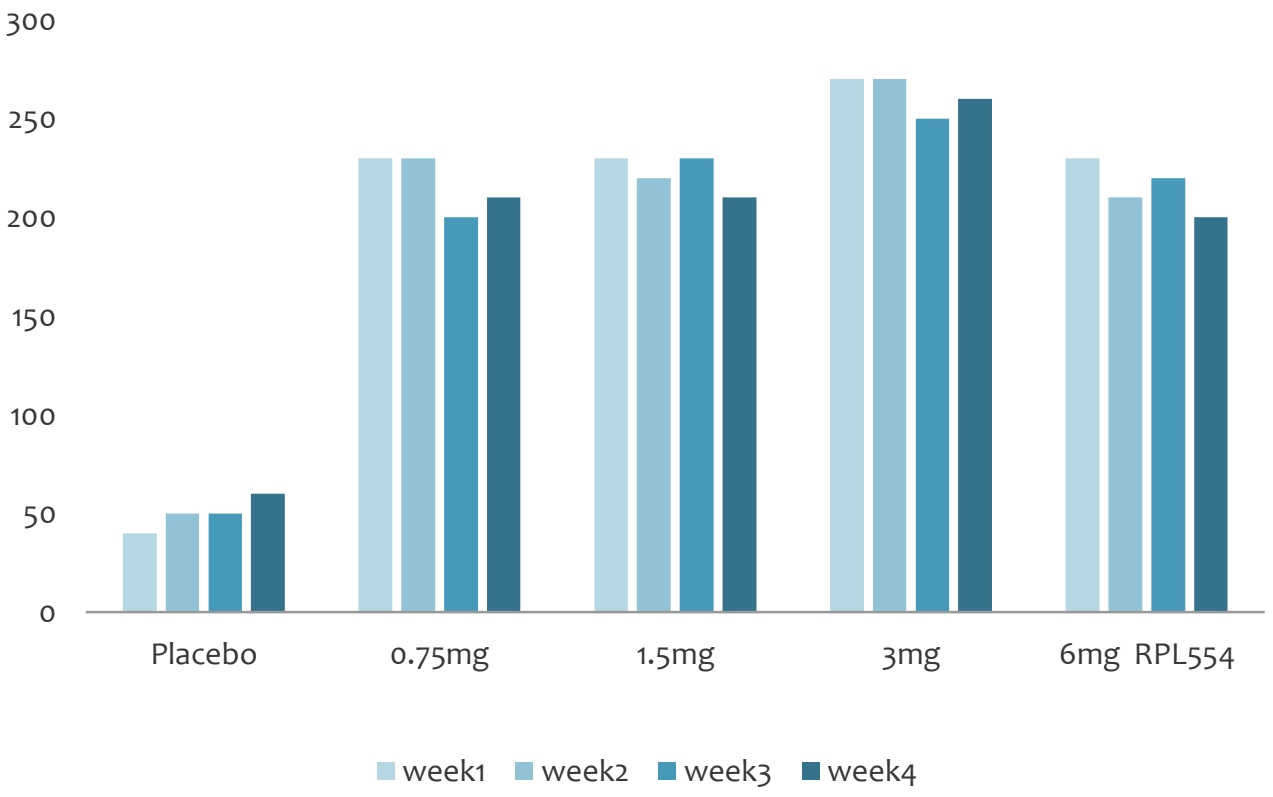
Lung function

Peak Change FEV_1 (mL), p<0.001*



*Peak Change from Day 1 in Baseline in FEV_1 (mL) on Day 28, Week 4, Primary endpoint was met

4 Week Phase 2b: Progressive symptom relief

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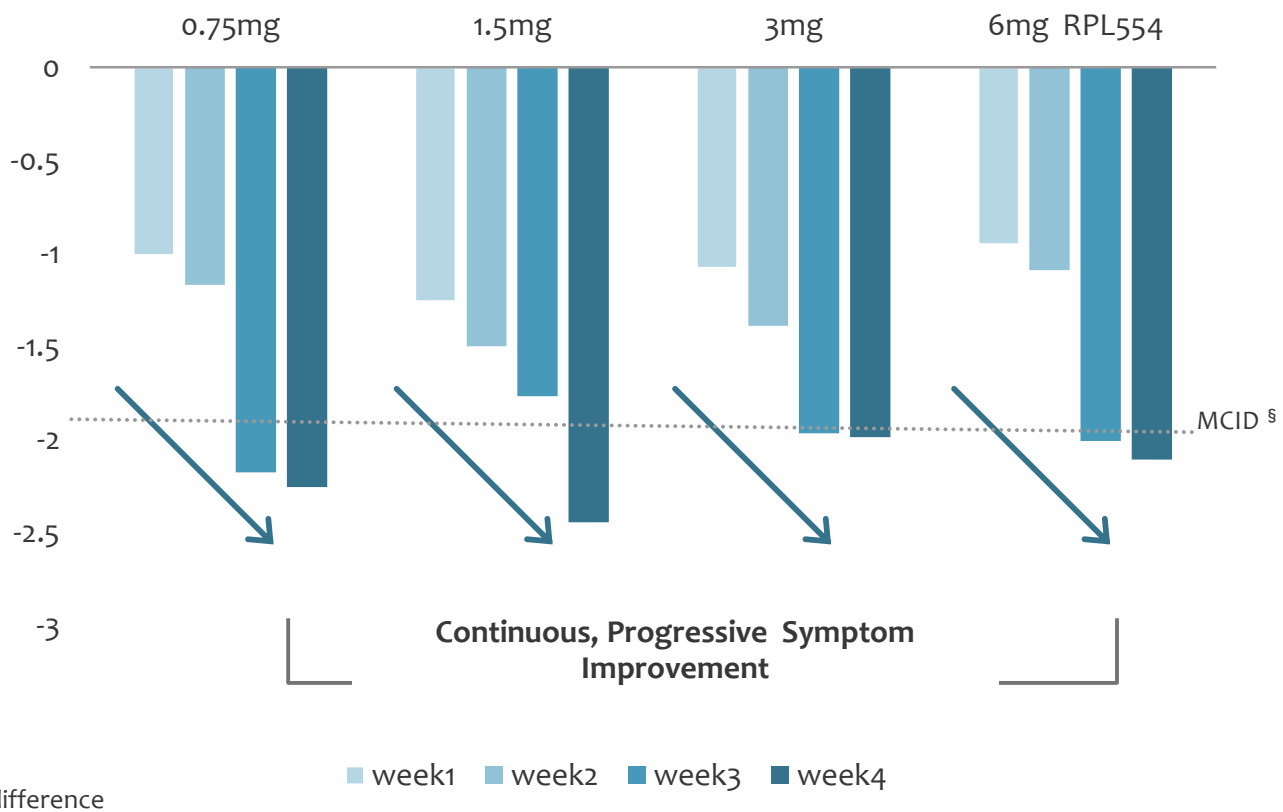
Symptom relief (N=403)

Total Score E-RS: COPD by Week, p<0.02**



** Placebo corrected
§ Minimal clinically important difference

Bronchodilator + anti-inflammatory = Potential to reduce symptoms and exacerbations*

- Symptoms are a precursor to exacerbations;
Müllerová H, et al. PLoS One 2014;9:e85540

Effective symptom improvement in both reversible and non-reversible patients with COPD

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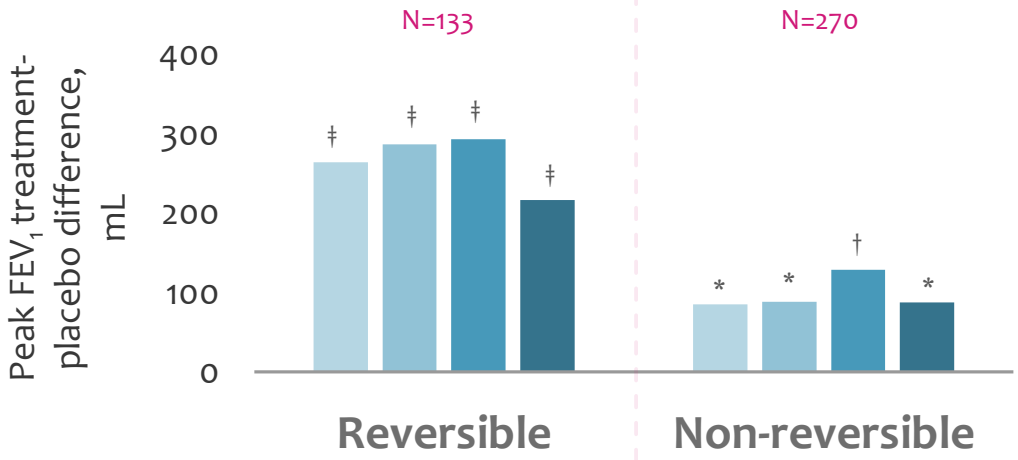
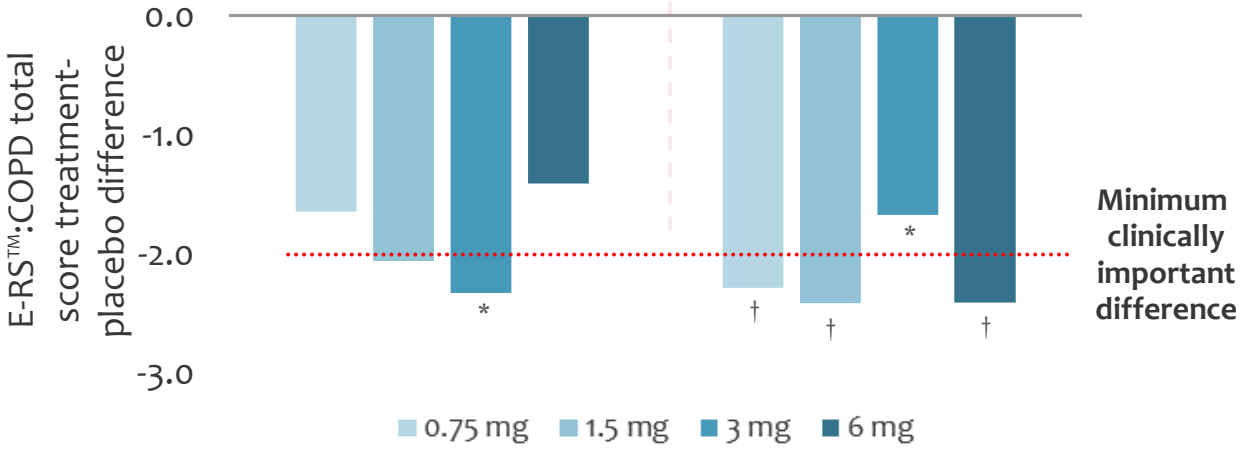
Symptom improvement appears unrelated to magnitude of bronchodilation

Lung function
Peak FEV_1 at Week 4



Reversibility defined as pre- to post-salbutamol change in FEV1 at screening of ≥200 mL and ≥12%.

Symptom relief
(E-RS™:COPD total score at Week 4)



*p<0.05; †p<0.01; ‡p<0.001. Data are least squares mean ensifentrine–placebo differences.

24h lung function improvement as *add-on to dual and triple* COPD therapy

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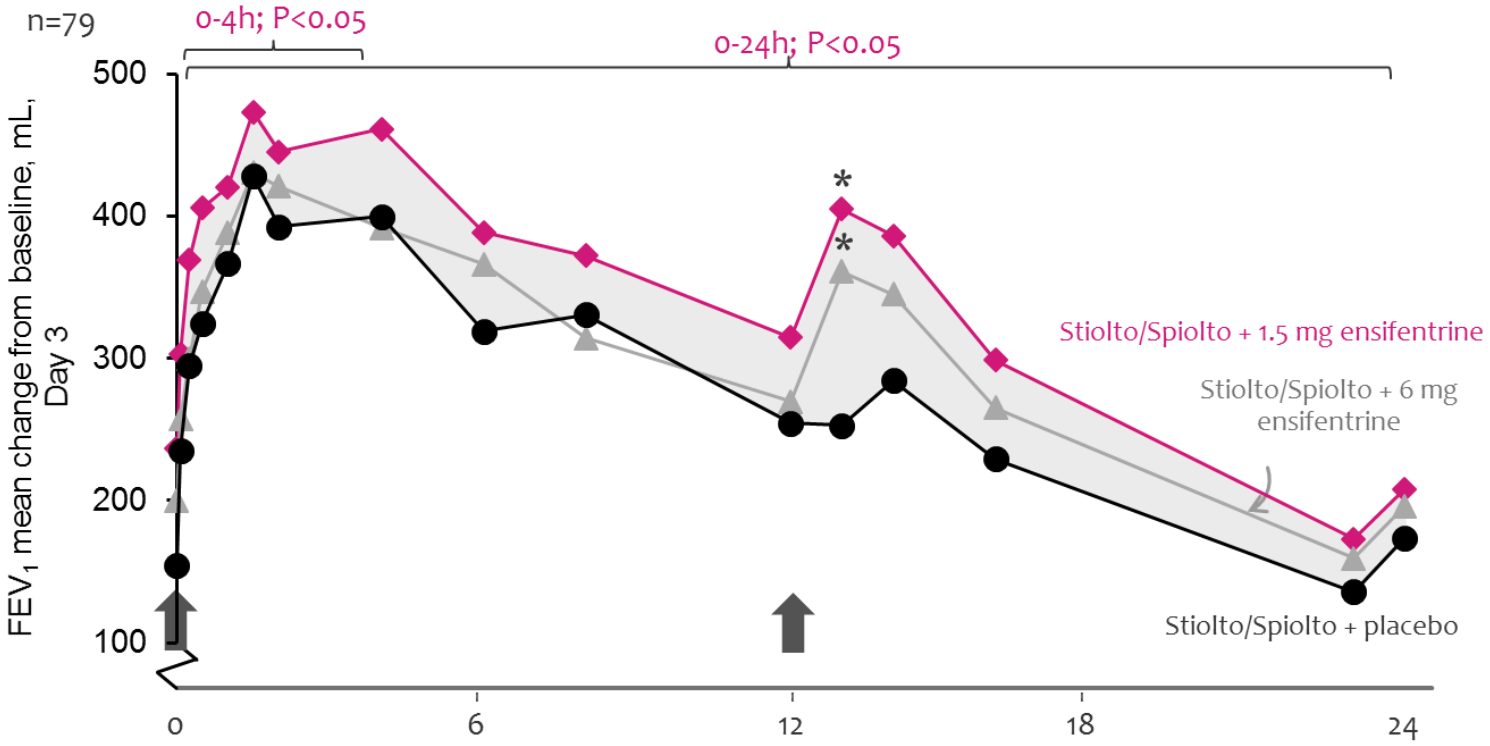

Additional significant bronchodilation throughout 24h

Significant reduction in hyperinflation (= reduced breathlessness)

Well tolerated

Ongoing Phase 2b trial to inform Ph3 dose selection

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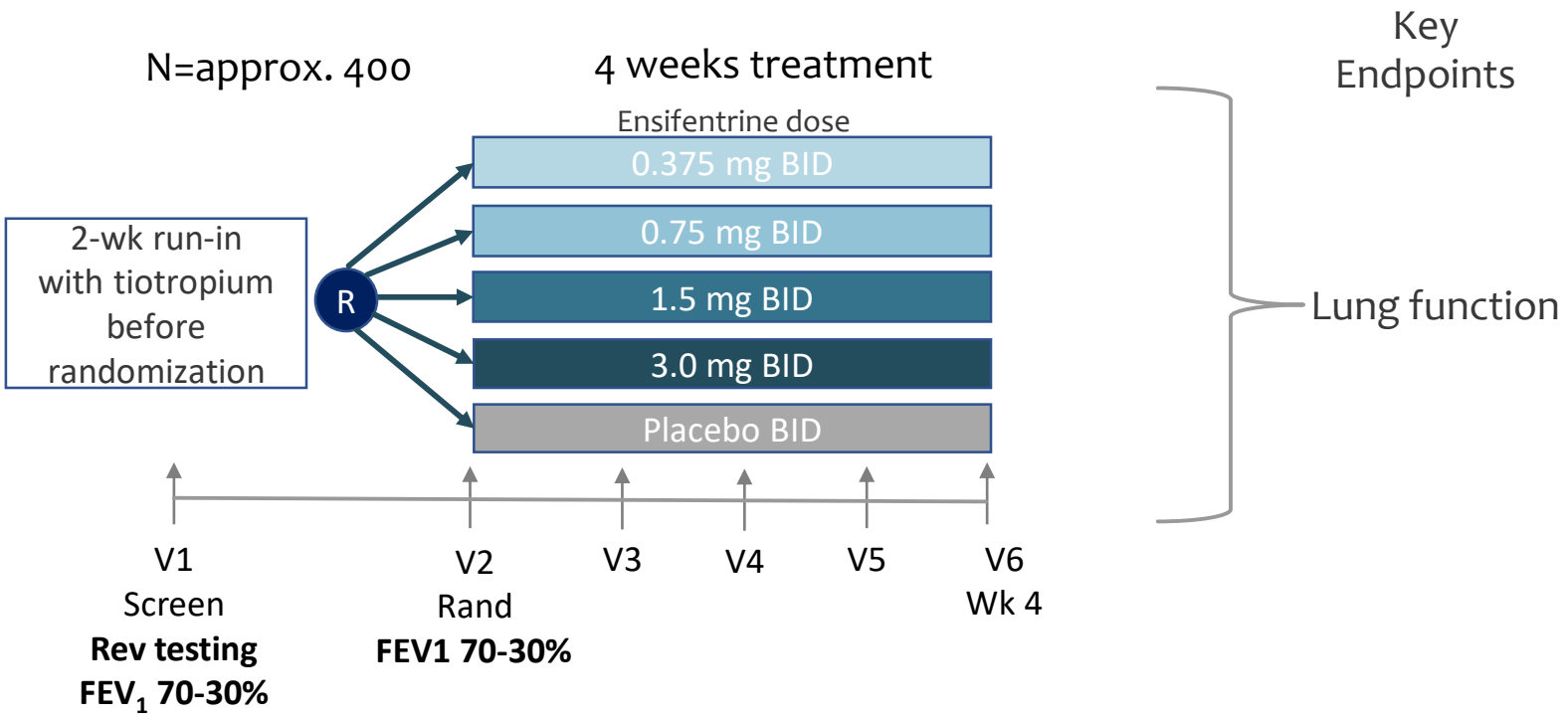
Purpose: Investigate the dose response of ensifentrine in patients with moderate to severe COPD and on tiotropium medication



Fully enrolled – data expected around year end

Nebulized ensifentrine: Plan to enter Phase 3 with differentiated profile

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Phase 2: Establish activity + profile

1 Monotherapy (Dose Ranging) **~400 pts**

Bronchodilator + anti-inflammatory
Completed 2018

Add-on to Double/Triple Therapy

Bronchodilator
Completed Jan 2019

2 Add-on to Single Therapy (Dose Ranging)*

Bronchodilator + anti-inflammatory*

End of Phase 2 Meeting with FDA, target H1 2020

Proposed Phase 3 design and endpoints

A. Regulatory studies:

2 trials of 6 month duration, one with 6 month safety extension

-

None or single bronchodilator Background 1 + 2

-

FEV1 and symptom improvement, explore exacerbations in pooled data

B. Positioning study:
Inform physicians and payors

Add-on treatment to dual bronchodilators

* *Results expected in 4Q 2019/1Q2020*

Ensifentrine: Pipeline of indications and formulations

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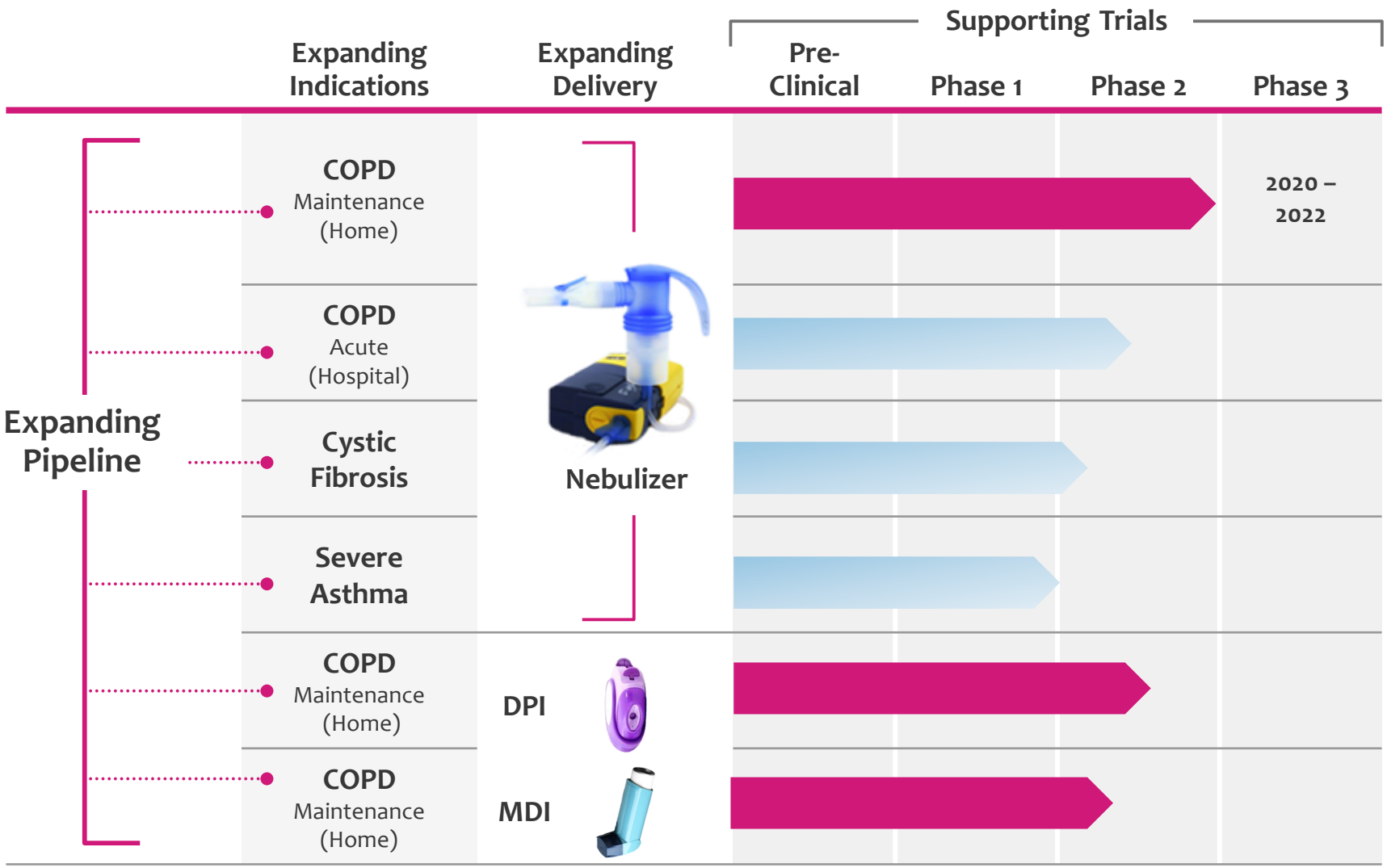

DPI formulation delivers positive Ph2 COPD results

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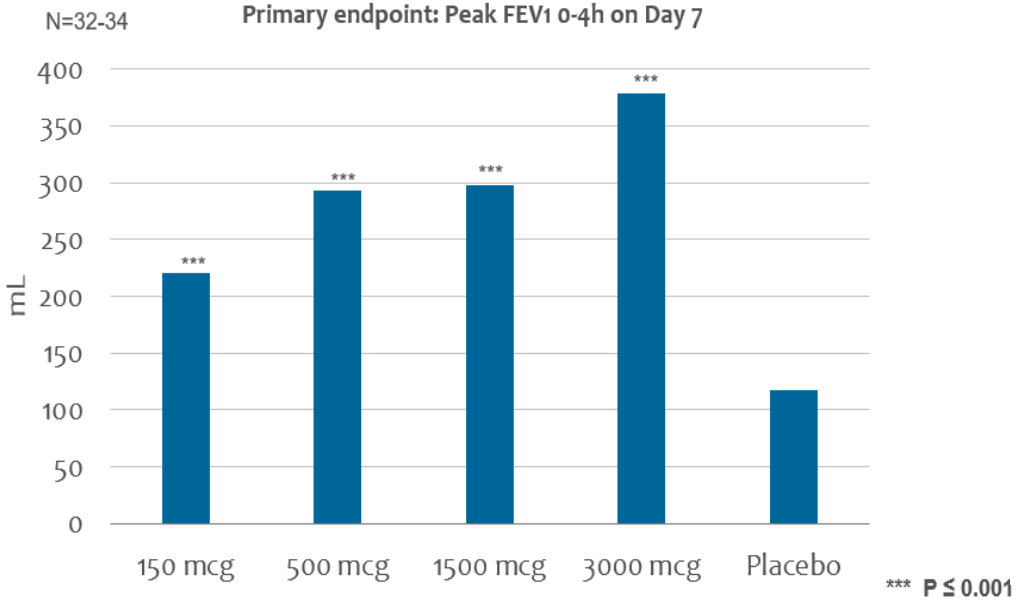
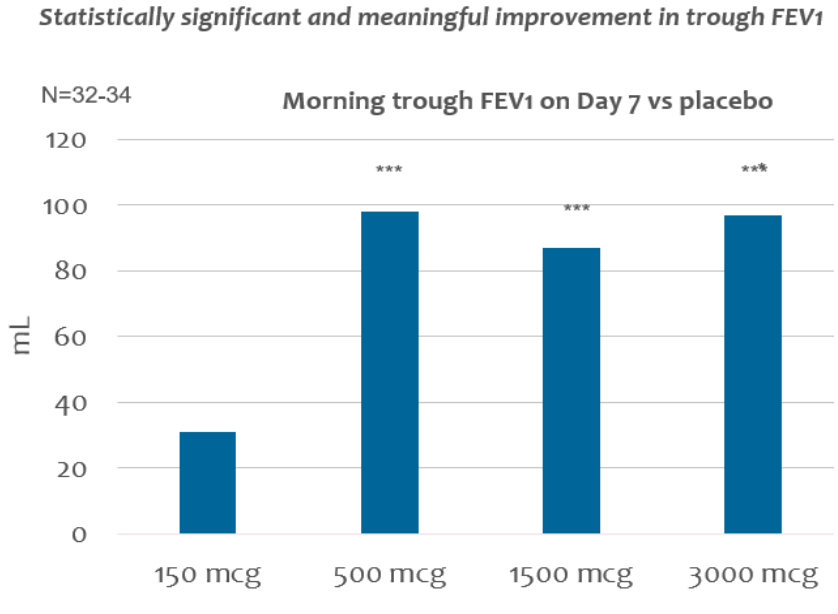
Clinically meaningful, statistically significant & dose-dependent bronchodilation





DPI/ MDI partnering opportunity could significantly expand commercial potential

Blue chip shareholder base with long-term focus

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Financial overview Sep 30, 2019

Cash and cash equivalents	$50.5M[1]
Operating expenses 9M19	$41.5M[1]
Market cap	$62.4M[2]

VIVO CAPITAL
OrbiMed Healthcare Fund Management
NEA
ABINGWORTH Life Science Investing
venBio
TEKLA Capital Management LLC
novo holdings
andera PARTNERS
POLAR CAPITAL
AISLING CAPITAL
ARTHURIAN LIFE SCIENCES

[1]Exchange rate used (US dollars per pound sterling): September 30, 2019: $1.2305
Cash and cash equivalents comprises cash + cash deposits > 3 months maturity
Cash and equivalents at September 30, 2019 amounted to £41.1M ($50.5M)
[2]Current issued 105.3M shares or 13.2m ADSs, share price £0.46, exchange rate of $1.2885
As disclosed to the Company in accordance with AIM Rule 26, or through s80 notices and 13F and 13G filings

Ensifentrine: multiple opportunities for value-creation

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In COPD

Nebulized formulation in US
- 1.2 million symptomatic patients on dual bronchodilator/triple therapy need additional treatment

Nebulized formulation in China
- Prevalence ~70 million COPD patients; potential large market for nebulized drugs as about 90% of drug sales are in the hospital

DPI or MDI formulation for COPD
- Large market, >5 million patients in US; partnering opportunity

In other indications

Cystic fibrosis
- Potential first anti-inflammatory drug, independent of CF mutation status

Severe Asthma
- Bronchodilator and anti-inflammatory agent, possibly before initiating more restrictive biologics treatments

Chronic cough
- Anti-inflammatory mechanism reduces cough and improves mucociliary clearance

Nebulizer Phase 3 planned to start in US in 2020

Upside potential: China, DPI/MDI formulations and additional indications

Anticipated milestones as ensifentrine advances towards Phase 3 in 2020

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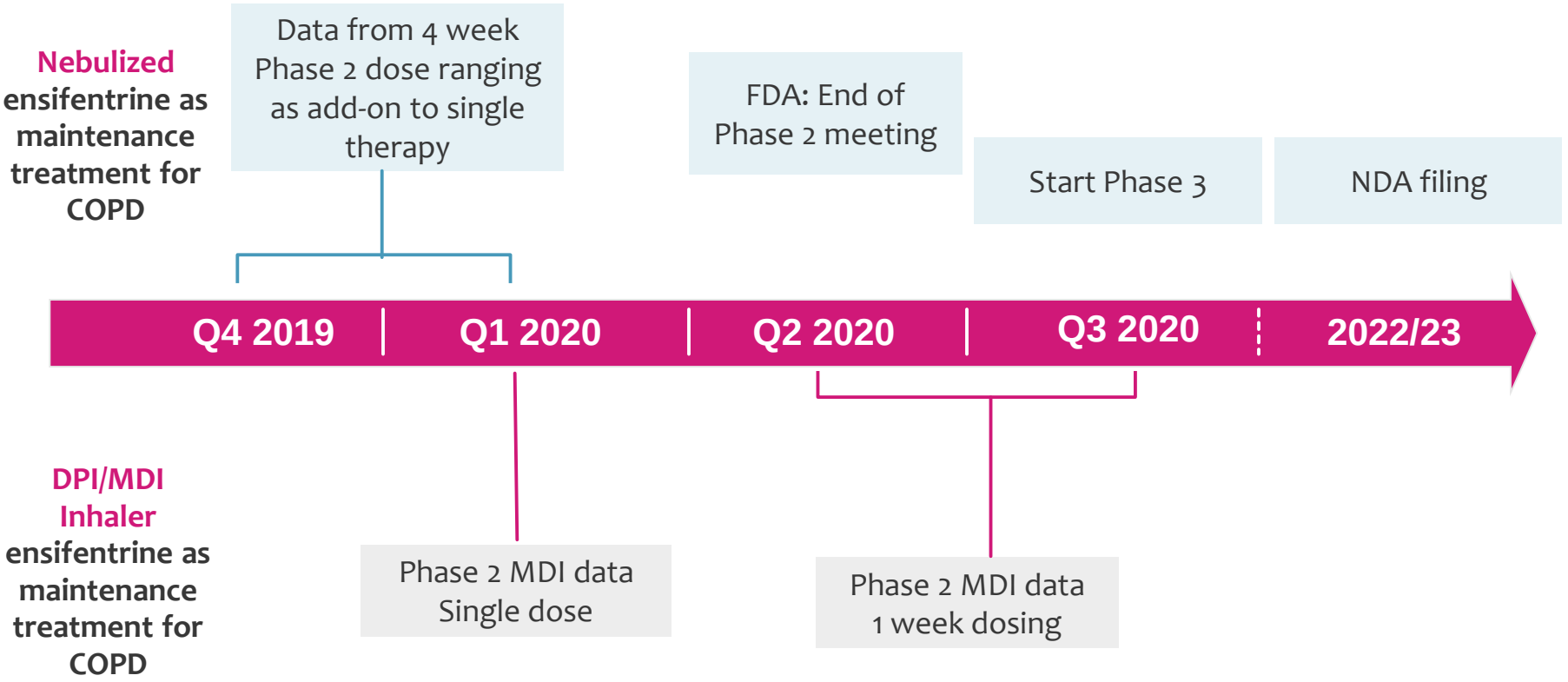

Phase 3 trial design similar to Phase 2b to increase likelihood of regulatory success

Ensifentrine: promising novel therapy for patients with COPD

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Unique product profile

- **Bronchodilator and anti-inflammatory, rapid onset of action**
- **Improves symptoms in moderate to severe, symptomatic COPD**
- **Well tolerated in >850 subjects to date**
- **Additive benefit on top of existing therapies**

Significant commercial opportunity

- **>1 million symptomatic COPD patients in the US, despite max treatment**
- **Direct sales in US + partnering opportunities**
- **Upside potential in China and additional indications and formulations**

Plan to enter Phase 3 in 2020

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Thank you

IP estate for ensifentrine

Verona Pharma owns global rights

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Robust patent portfolio

>200 issued patents in key countries; >50 applications to potentially extend protection

- Polymorph patent – granted US, EU, Japan, other; expires 2031
- Suspension formulation – granted US, EU, other; expires 2035
- Manufacturing/API, use, salt forms, and combination patents: granted and pending in US, EU, and other territories; expiries 2031 – 2037
- Composition of matter – granted US, EU, Japan, other; expires 2020
- Proprietary know-how and IP opportunities to expand IP

New chemical entity (NCE) protections

- US: Market exclusivity up to 5 years post NDA approval
- EU: Market & data exclusivity up to 10 years post approval

Execution-driven leadership team

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Management

Jan-Anders Karlsson, PhD *Chief Executive Officer*	S*BIO, Bayer, Rhône-Poulenc Rorer, AstraZeneca
Piers Morgan, MA, ACA *Chief Financial Officer*	uniQure, Close Brothers, C4X Discovery, EY
Kathy Rickard, MD *Chief Medical Officer*	GSK, Circassia
Richard Hennings, BSc *Commercial Director*	Gilead, AstraZeneca, Novartis
Peter Spargo, PhD *SVP CMC*	Pfizer, Creabilis, Novexel
Claire Poll, LLB *Legal Counsel*	King&Wood Mallesons, Inmarsat
Desiree Luthman, DDS *VP Regulatory Affairs*	Celgene, Sanofi, Bristol-Myers Squibb
Tara Rheault, PhD *VP R&D Ops & Global Proj Mgmt*	GSK, IQVIA

Verona's executives highly experienced in developing /commercializing many COPD drugs including:

ADVAIR, Anoro Ellipta, Breo, FloVent, flutiform, Incruse Ellipta, SereVent, Symbicort, Tudorza Pressair, Ventolin

Maintenance COPD: Substantial Market with Premium Pricing in Nebulized Segment

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US Sales of common bronchodilators	Administration	Class	Avg monthly $ WAC price[1]	US only sales $M[2]
Brovana *(Sunovion)*	**Nebulizer - open**	**LABA**	**1,030**	457
Perforomist *(Mylan)*	**Nebulizer - open**	**LABA**	**972**	210
Lonhala *(Sunovion)*	**Nebulizer - closed**	**LAMA**	**1,133**	-
Yupelri *(Mylan/Theravance)* [3]	**Nebulizer - open**	**LAMA**	**1,030**	>1,000[3]
Advair *(GSK)*	**Inhaler**	**LABA / ICS**	394	1,561
Spiriva *(Boehringer)*	**Inhaler**	**LAMA**	429	2,453
Anoro *(GSK)*	**Inhaler**	**LAMA / LABA**	410	870
Trelegy *(GSK)*	**Inhaler**	**LAMA / LABA / ICS**	546	337
Breo (GSK)	**Inhaler**	**LABA/ICS**	351	895
Symbicort (AZ)	**Inhaler**	**LABA/ICS**	346	1,271

1. PriceRx; accessed April 2019
2. January 2018 – December 2018; COPD diagnosis only
3. Launched December 2018; analyst estimate of potential peak sales

Compelling need for therapy with new mode of action for COPD

*… but few such drugs in development for COPD, and high rate of failure**

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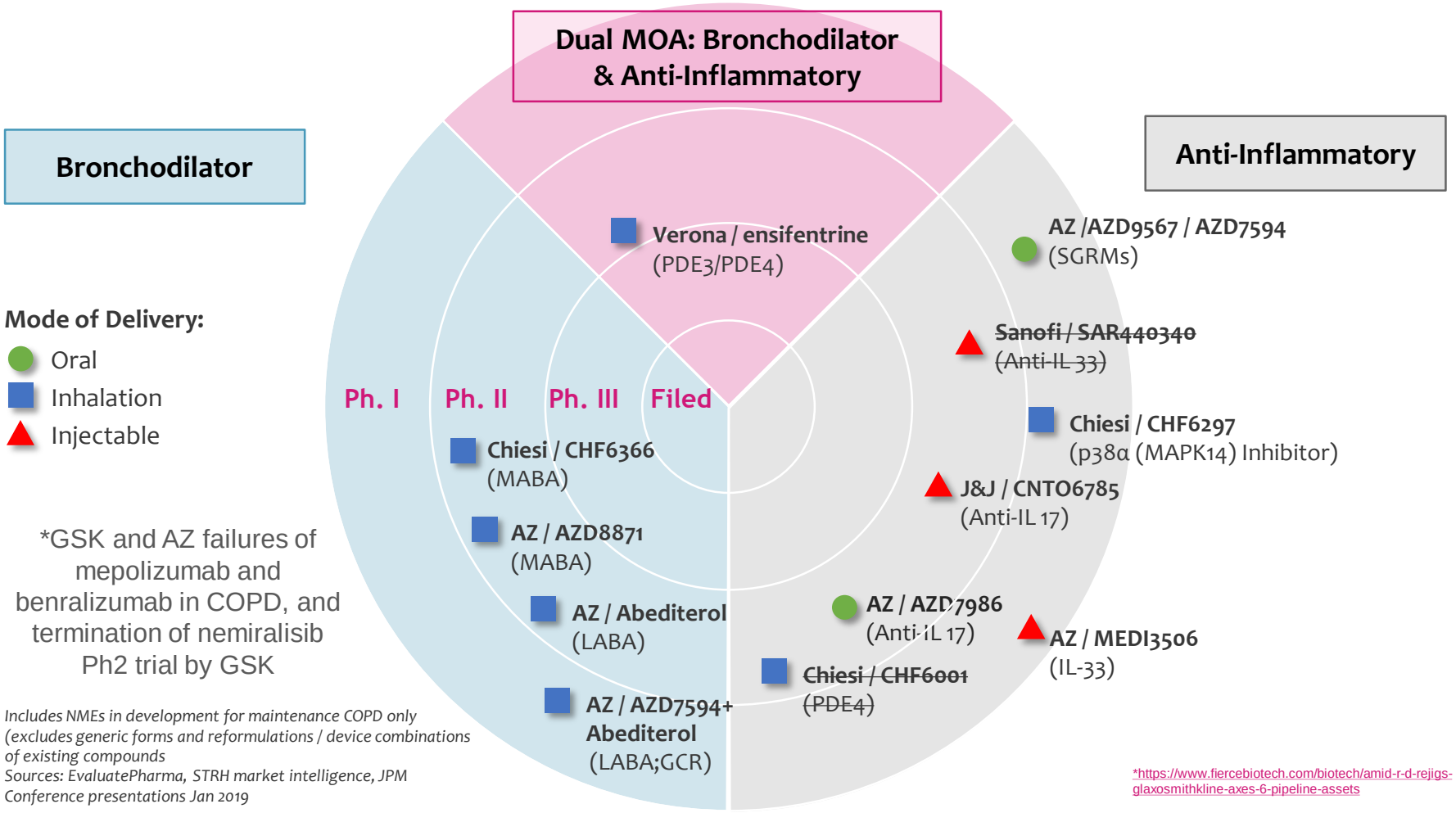

*GSK and AZ failures of mepolizumab and benralizumab in COPD, and termination of nemiralisib Ph2 trial by GSK

Includes NMEs in development for maintenance COPD only (excludes generic forms and reformulations / device combinations of existing compounds
Sources: EvaluatePharma, STRH market intelligence, JPM Conference presentations Jan 2019

*https://www.fiercebiotech.com/biotech/amid-r-d-rejigs-glaxosmithkline-axes-6-pipeline-assets

Ensifentrine improved lung function as add-on to LAMA (tiotropium / Spiriva®)
(Reported Sep 2017)

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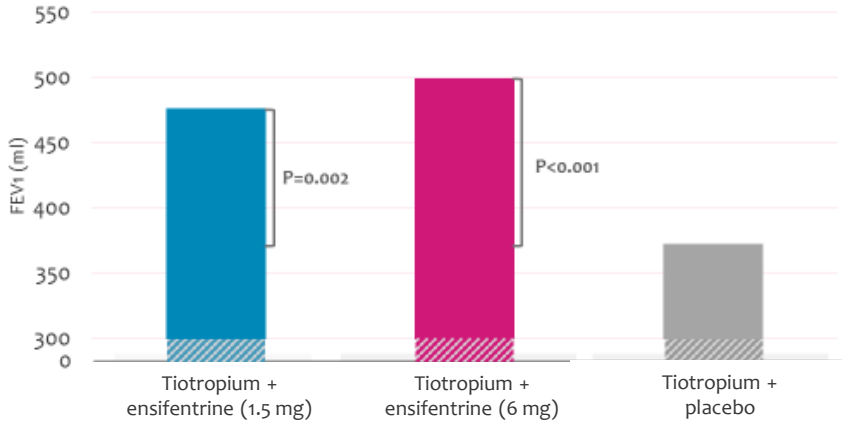
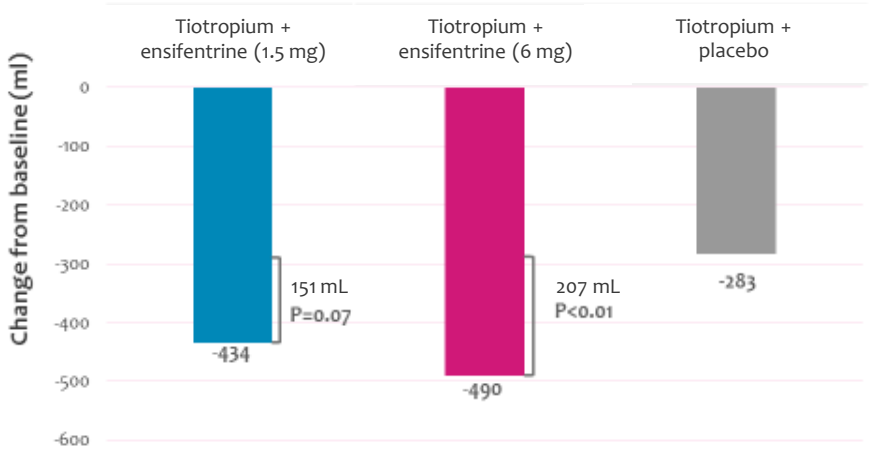
Change in Morning Peak FEV_1 from Baseline (mL), Day 3

N=27-28



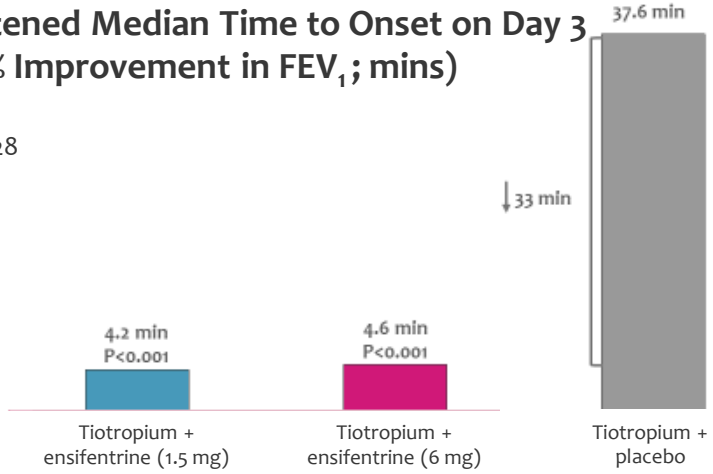
Reduced Hyperinflation (mL) on Day 2 (Morning)

N=27-28



Shortened Median Time to Onset on Day 3 (≥ 10% Improvement in FEV_1; mins)

N=27-28



- Additional improvement in peak FEV1
- Reduction of hyperinflation - typically correlated with improvement in symptoms
- Rapid onset of action
- Well tolerated

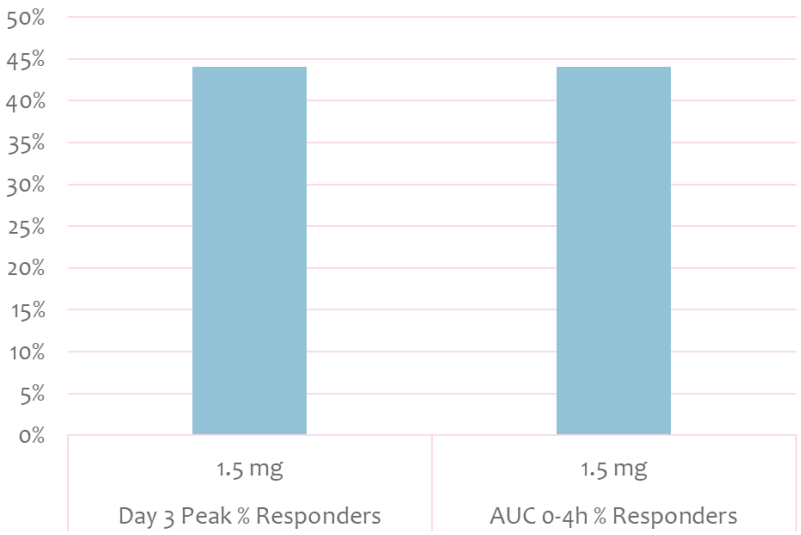
Post hoc analysis informs Ph3 clinical study

Verona Pharma

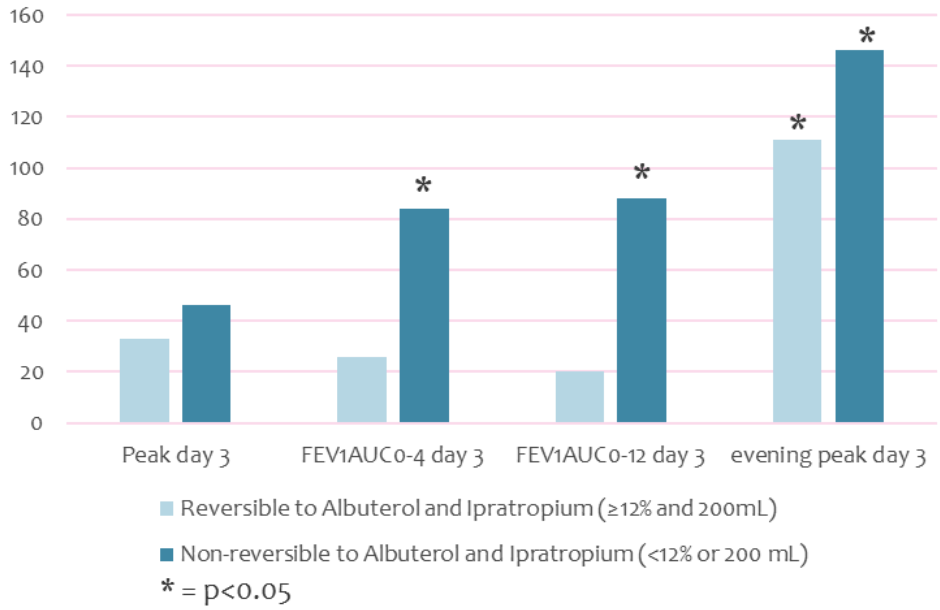
Substantial group of patients show significant response, >100mL improvement in Peak FEV_1

Greater response seen in patients who are less responsive to existing classes of bronchodilators

>40% of patients had ≥ 100 mL increase in peak FEV1 vs placebo

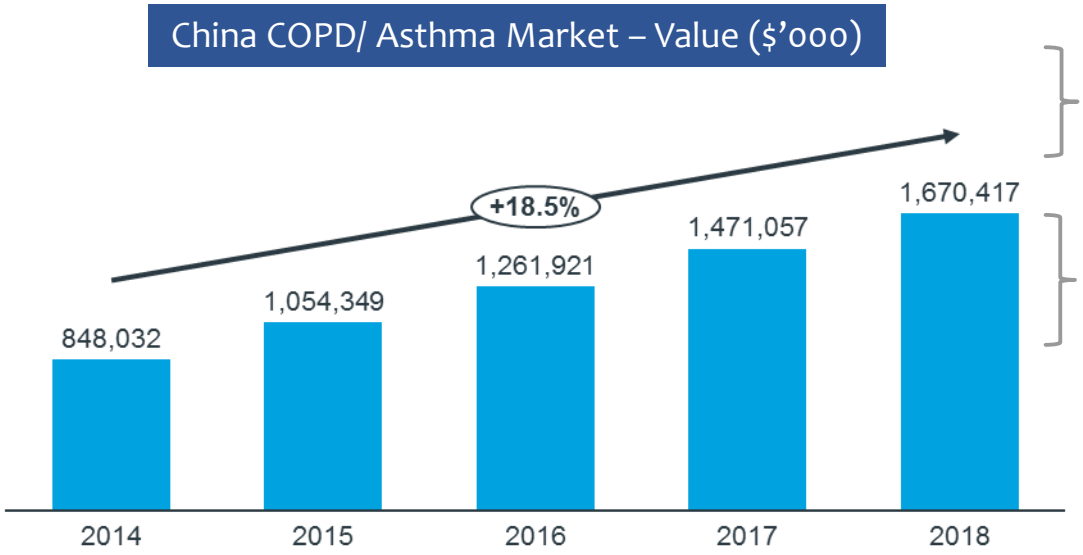


1.5 mg ensifentrine: additional response in non-reversible patients vs. those reversible to beta2 agonist and muscarinic antagonist



China: Large and Fast Growing COPD Market

Verona Pharma



- Treated COPD population: ~8 million (vs US 6M) cigarette smoking and air pollution leading causes
- Hospital driven market ~90% of sales in terms of value (vs. US ~80% in retail channel)
- ~15,000 hospital 'nebulizer rooms' supporting annual ~$500M Pulmicort nebulized market

*Calculated based on sum of forecasted sales of R3 sub-classes from Therapy Prognosis report. MAT: Moving Annual Total. Traditional Chinese Medicines (TCMs) excluded

Sources: MIDAS (see appendix for details); IQVIA Therapy Prognosis report; IQVIA Disease Insights report