Verona Pharma

Breathtaking science

Developing respiratory drugs to improve health and quality of life

Stifel Healthcare Conference, November 2018

NASDAQ VRNA
www.veronapharma.com

Forward-Looking Statements

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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**	Bronchodilator + anti-inflammatory agent in single compound

- Developing nebulized RPL554 for COPD
  - Demonstrated efficacy as **add-on to single bronchodilator**
  - Phase 2 underway to assess efficacy as **add-on to dual bronchodilators (w/wo ICS)**
  - On track to commence **Phase 3** following end of Phase 2 meeting
- Advancing DPI and MDI formulations for COPD into clinic
- Opportunities in other respiratory indications: Cystic Fibrosis , Asthma

COPD: Significant Unmet Medical

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Third leading cause of death in US

- 2-year mortality rate for severe COPD: ~50%[1]

24 million US patients with COPD

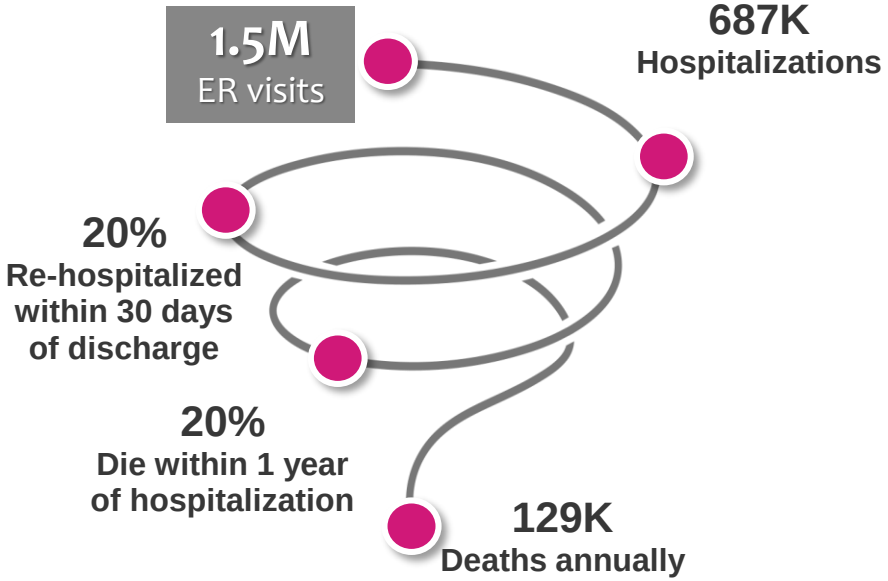
- ~6 million on maintenance treatment
  - Many continue with daily COPD symptoms

Unmet Need For New Treatments: Bronchodilator + Anti-inflammatory

- Add on to current therapies
- Improve lung function
- Reduce breathlessness
- Improve symptoms
- Prevent exacerbations

'These symptoms have a huge impact on our patients lives. They become more limited in their activities and they have increasing shortness of breath '
– US COPD KOL
Verona Pharma Investor R&D Day, NYC, Oct. 12, 2018

Consequences of severe exacerbations



~$32 billion US annual direct healthcare costs[1]

[1] Goodridge, D, RN, PhD, "COPD as Life-Limiting Illness," Topics in Advanced Nursing eJournal, 2006;6(4)
Note: U.S. only data

RPL554: Uniquely Placed as Bronchodilator and Anti-inflammatory with Novel Mode of Action

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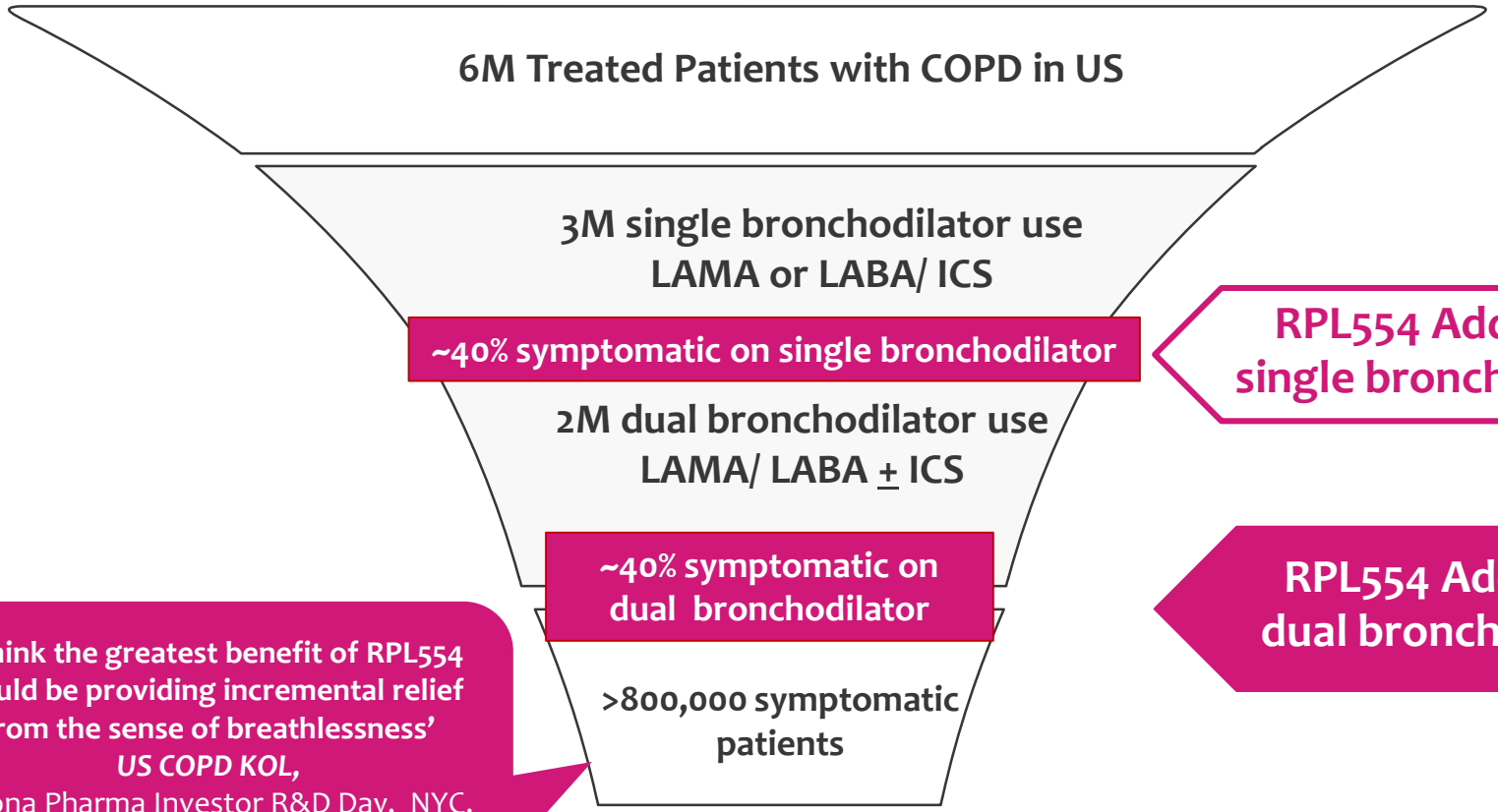
Large numbers of uncontrolled and symptomatic COPD patients



RPL554 Add-on to single bronchodilator

RPL554 Add-on to dual bronchodilator

'I think the greatest benefit of RPL554 would be providing incremental relief from the sense of breathlessness'
US COPD KOL,
Verona Pharma Investor R&D Day, NYC, Oct 12, 2018

Sources: Q2 2017 US COPD patient database & physician survey research, IQVIA MIDAS Sales, Mullerova H et al. American Journal of Respiratory and Critical Care Medicine 2017; Vestbo J, et al. Lancet 2017; Bateman et al. Eur Respir J 2013; Vogelmeier et al. Lancet Respir Med. 2013; Mahler et al. Eur Respir J 2013

Compelling Need For Therapy with New Mode of Action for COPD

… but few such drugs in development for COPD

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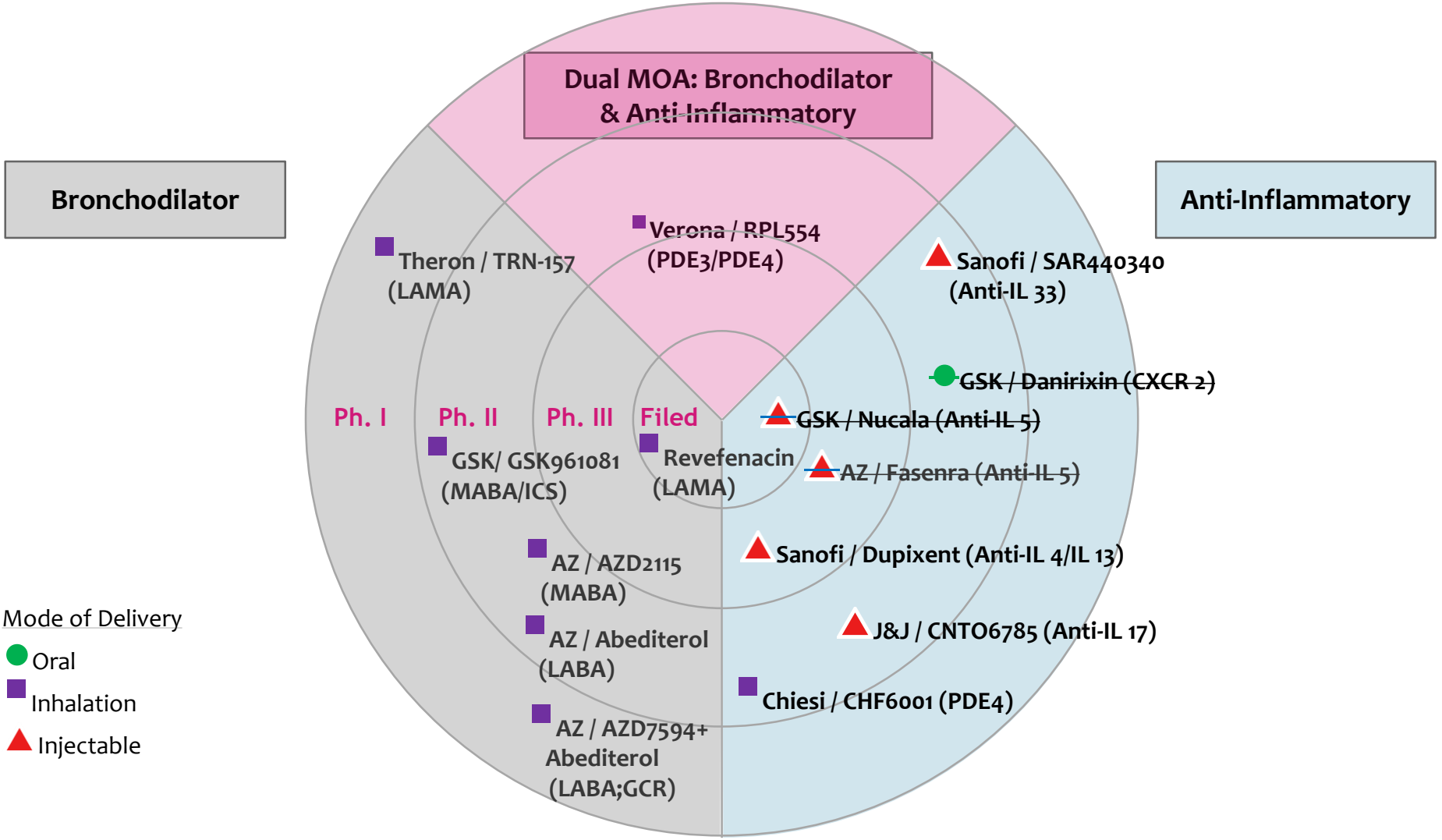

Includes NMEs in development for maintenance COPD only (excludes generic forms and reformulations / device combinations of existing compounds
Source: EvaluatePharma and STRH market intelligence

Maintenance Treatment of 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**	**971**	339
Perforomist *(Mylan)*	**Nebulizer - open**	**LABA**	**972**	155
Lonhala *(Sunovion)*[3]	**Nebulizer - closed**	**LAMA**	**1,190**[4]	-
Revefenacin *(Mylan/Theravance)*	**Nebulizer - open**	**LAMA**	FDA approval Nov 9, 2018	
Advair *(GSK)*	**Inhaler**	**LABA / ICS**	398	1,094
Spiriva *(Bohringer)*	**Inhaler**	**LAMA**	398	1,779
Anoro *(GSK)*	**Inhaler**	**LAMA / LABA**	398	277
Trelegy *(GSK)*[3]	**Inhaler**	**LAMA / LABA / ICS**	530	-

1. Oct 17 – Jan 18
2. May 2016 – April 2017
3. Launched April 2018
4. Retail price, www.drug.com

Sources: Q2 2017 US COPD patient database & physician survey research, IQVIA MIDAS Sales. Mullerova H., et al., Characterization of COPD Patients Treated With Inhaled Triple Therapy Containing Inhaled Corticosteroid [ICS], Long-Acting Beta2-Agonists [LABA], and Long-Acting Muscarinic Antagonists [LAMA] in the UK, American Journal of Respiratory and Critical Care Medicine 2017;195: A4986. Vestbo J, et al., Single inhaler extrafine triple therapy versus long-acting muscarinic antagonist therapy for chronic obstructive pulmonary disease (TRINTY); a double-blind, parallel group, randomised controlled trial, The Lancet, Vol 389, p. 1919-1929; May 13, 2017

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

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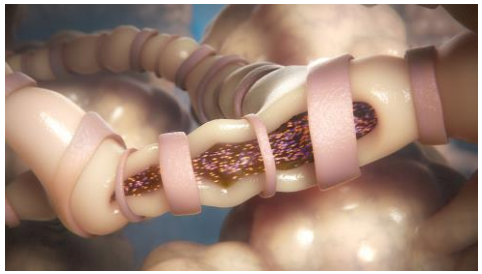
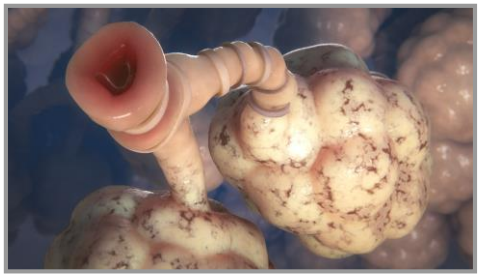
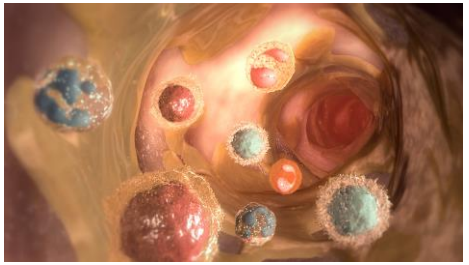
RPL554
Dual **PDE3** and **PDE4** enzyme inhibitor

Impacts 3 Key Mechanisms in Respiratory Disease:







Airway Smooth Muscle

PDE3, PDE4

Relaxation

↓

Increased bronchodilation

Inflammatory Cells

Neutrophils
PDE4

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

Nebulized RPL554: Effective and Well Tolerated in 12 completed Clinical Trials with >730 Subjects enrolled

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Recent trials:

Trial	Program	# of Subjects	Duration	Status
Phase 1/2	SAD MAD study with new suspension formulation	**112**	Single dose and twice daily for 5 days	Completed Sept 2015
Phase 2a	Dose ranging in asthma	**29**	Single dose	Completed March 2016
Phase 2a	Add-on to each of albuterol or ipratropium	**30**	Single dose	Completed May 2016
Phase 2a	Add-on to tiotropium (Spiriva®)	**30**	Dosed twice-daily for three days	Completed Sept 2017
Phase 1	Pharmacokinetic trial, US FDA new IND	**12**	Single dose	Completed Sept 2017
Phase 2b	Maintenance treatment	**403**	Dosed twice daily for four weeks	Completed March 2018
Phase 2	Add-on to dual bronchodilator therapy (LAMA/LABA: Stiolto)	**79 enrolled**	Dose twice daily for three days	LPFV Oct 2018 Top-line Jan 2019

Four Week Phase 2b Study
Moderate to Severe COPD

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Trial Description:

- Phase 2b randomized, double blind, placebo controlled, dose ranging study
- Assess nebulized RPL554 in patients with moderate to severe COPD
- Outpatient setting
- No background bronchodilator therapy (stable ICS regimen can be maintained)

Patient Population:

- 403 moderate-to-severe COPD patients, diagnosed >12 months previously
- Males and females, age 40-75

Location:

- Approximately 45 centres in Western & Eastern Europe

RPL554 Dosage:

- Five arms, twice daily dosing with RPL554 at 0.75 mg, 1.5 mg, 3 mg, 6 mg or placebo

Significant, Clinically Meaningful Bronchodilator Response Maintained over Four Weeks

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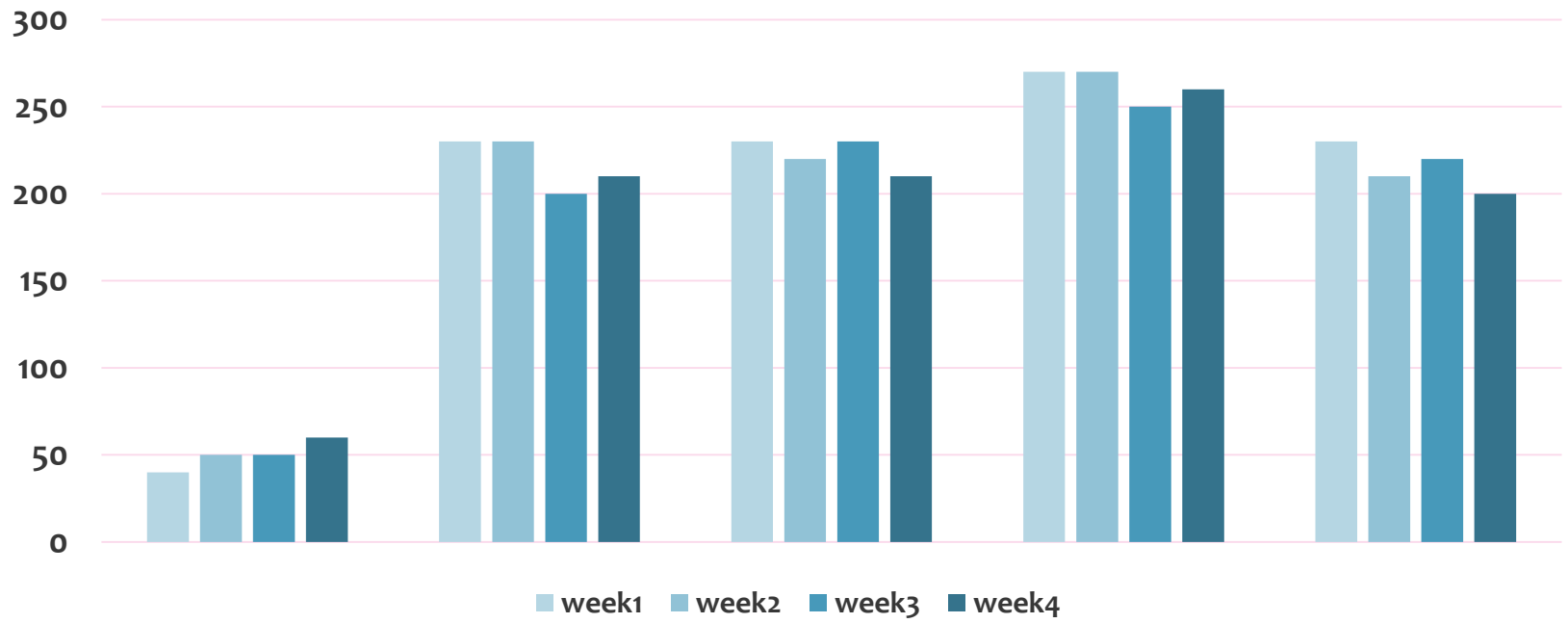
Peak Change from Day 1 in Baseline in FEV_1 (mL) on week 4 ($p<0.001$)

N=403



Significant Improvement in Lung Function over 0–12 Hours after 4 Weeks Treatment

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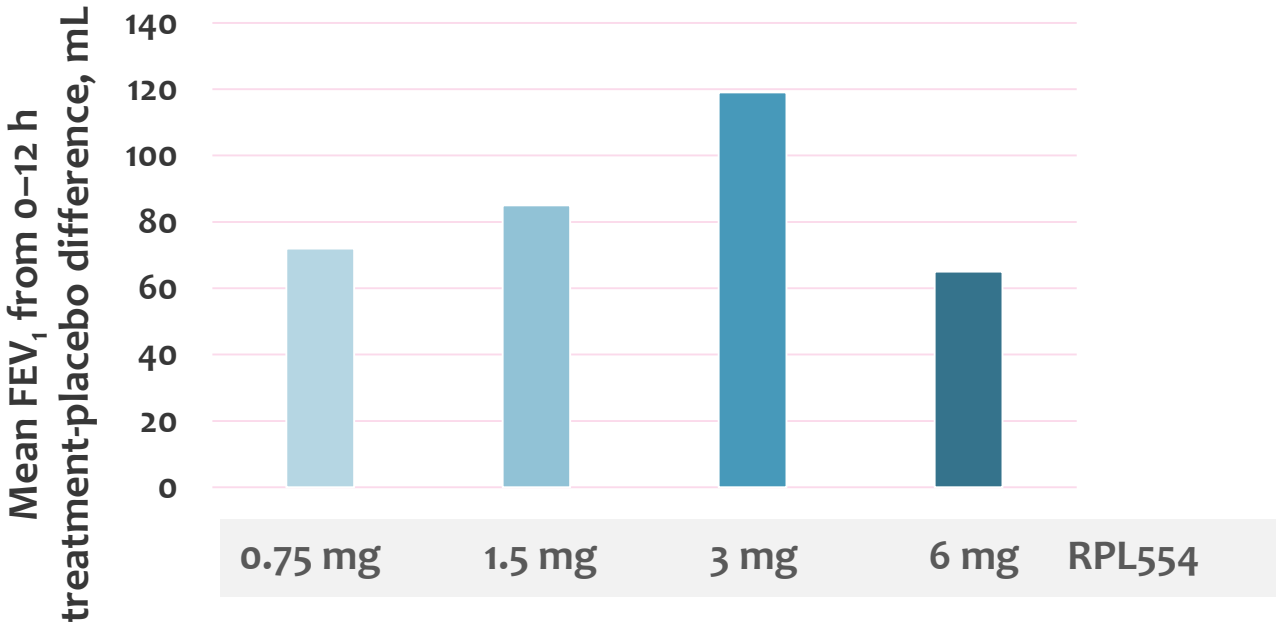
Change from Baseline FEV_1 to Average FEV_1 (ml) Over 12 Hours ($p<0.05$)

N=403



Rapid and Progressive Improvement of COPD Symptoms with All Doses from Weeks 1 to 4

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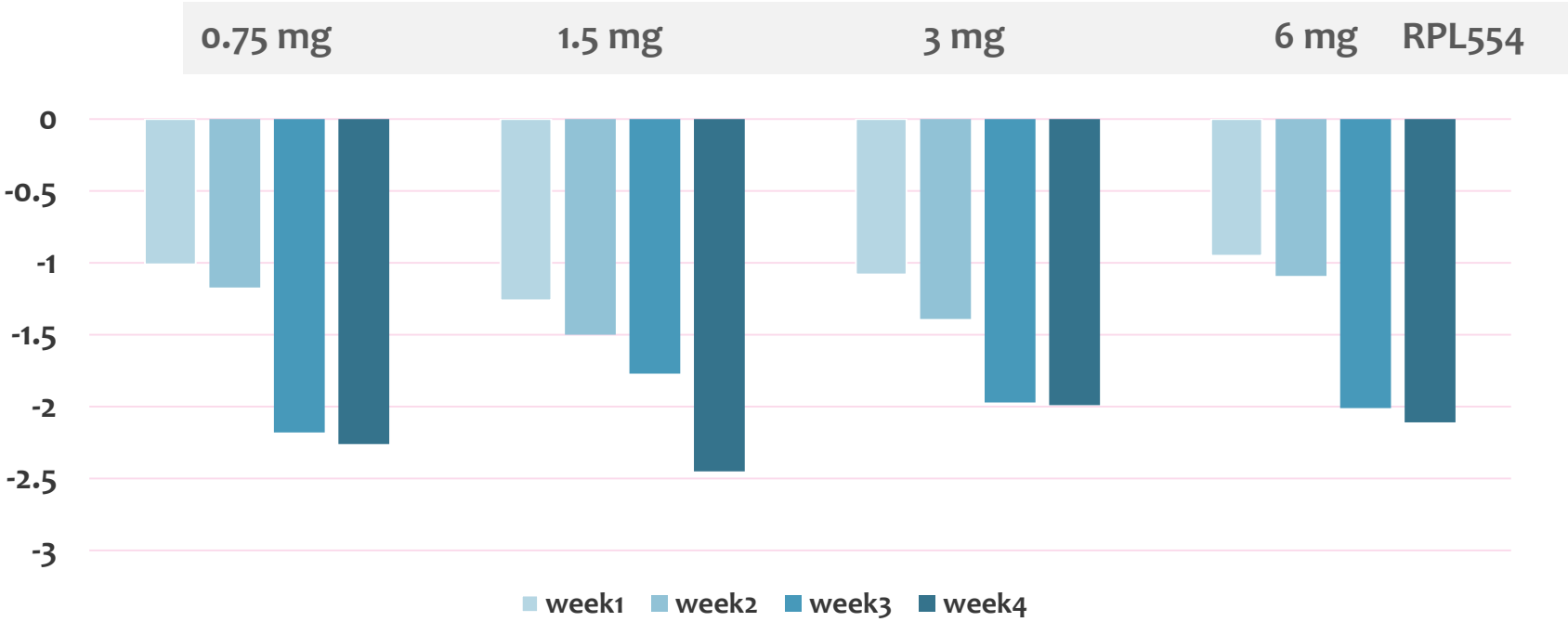
Total score E-RS*: COPD by week (placebo corrected, p<0.02)

N=403



(*E-RS (EXACT-PRO) - a recognized patient-reported outcome measure for use in clinical studies of COPD)

Improvement in both lung function and reduction of COPD symptoms could potentially lead to reduction in COPD exacerbations

RPL554: Add-on Effect to Single Bronchodilator Reproduced in Two Independent Studies

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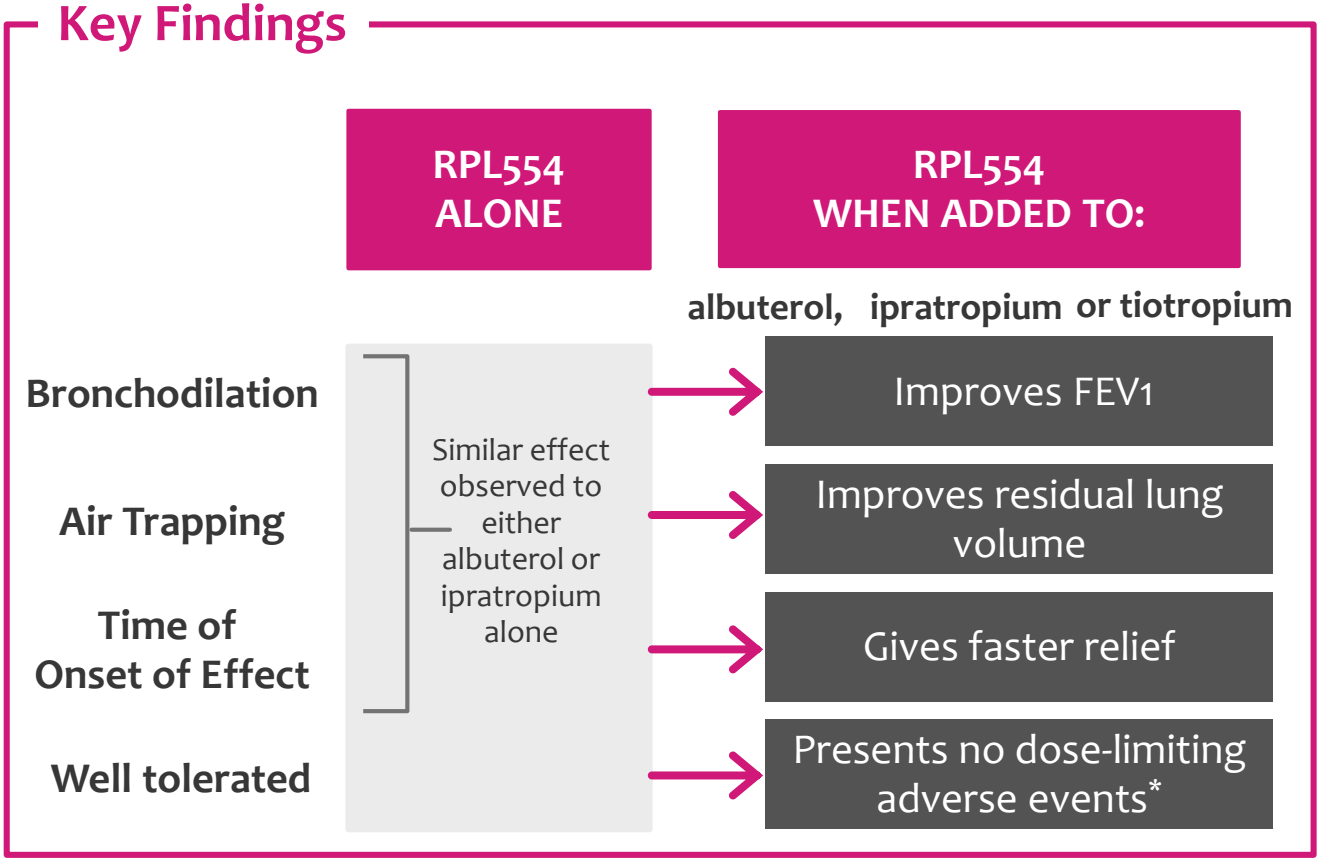
Key Findings



*in completed clinical trials

Source: Ph2 studies RPL554-009-2015; RPL554-CO-202

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

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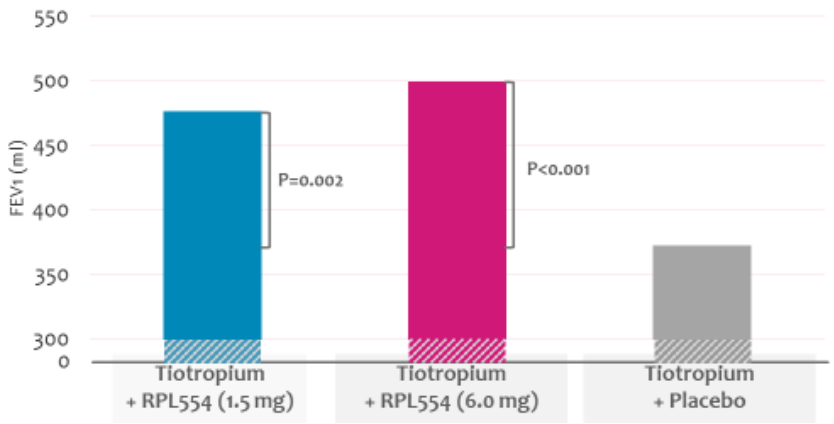
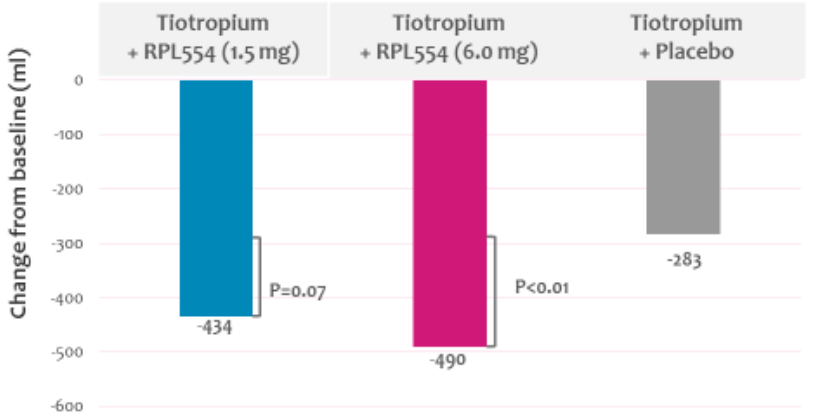
Peak Change from Baseline in FEV_1 (ml) on Day 3

N=27-28



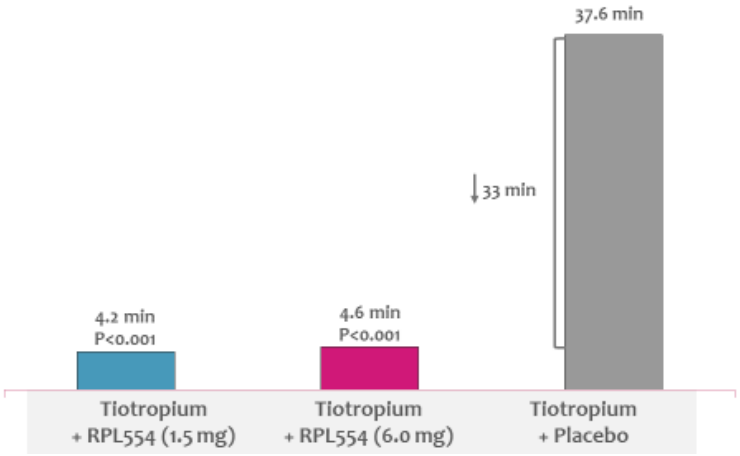
Reduction in Hyperinflation (ml) on Day 2

N=27-28



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

N=27-28



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

Evaluating RPL554 as Add-on to Dual Bronchodilator Treatment in COPD Patients

Ongoing clinical study, data expected Jan 2019

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Trial Description:

- Phase 2 randomized, double blind, placebo controlled, cross-over study
- Three day treatment with baseline to peak FEV1 on Day 3 as primary endpoint
- Assess nebulized RPL554 as add-on to LAMA/LABA treatment; some patients will maintain stable dose of ICS providing a triple background

Patient Population:

- Enrolled 79 moderate-to-severe COPD patients
- Males and females, age 40-75

Location:

- Centres in US and UK

RPL554 Dosage:

- Three arms, twice daily dosing with RPL554 at 1.5 mg and 6 mg or placebo

Planned Development Pathway – Next Steps

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Further Phase 2 study	End of Phase 2 meeting with FDA	Phase 3 development
FPFV 1H19 Data 2H19	2H19	Preparation 2H19
De-risk Phase 3 dose selection De-risk commercial positioning		Add-on to current "Standard-of-Care"
Finalize design following data from current 3-day add-on study		Two trials, each 3 - 6 months duration; 12 months safety data
Add-on to single or dual bronchodilator therapy		Potential endpoints: lung function (e.g. FEV_1), symptom improvement, explore exacerbations
Potentially multiple doses, 2-4 weeks dosing, parallel groups		

Following registration for COPD maintenance treatment, opportunity to expand into Acute Exacerbations, CF, Asthma and other respiratory diseases

RPL554: Robust Product Pipeline

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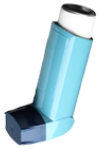
Indication	Delivery	Pre-Clinical	Phase 1	Phase 2	Phase 3
COPD Maintenance (Home)	 Nebulizer				
COPD Acute (Hospital)					
Cystic Fibrosis					
COPD Maintenance (Home)	MDI 				
COPD Maintenance (Home)	DPI 				

Compelling data in COPD and CF
Additional opportunities in novel inhaler formulations and potentially in asthma

DPI and MDI Formulations of RPL554 - Potential to Expand Commercial Opportunity in COPD

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- Inhaler usage for maintenance therapy (U.S. estimates)
  - ~90% of 3.7 million mild/moderate COPD patients
  - ~80% of 2.7 million severe/very severe COPD patients
- Next steps in DPI and MDI formulation development
  - DPI clinical trials planned to start in December 2018
  - MDI clinical trials planned to start in 1H 2019
- Potential to broaden use in other indications, such as asthma
- Available for out-licensing

CF: A Devastating Orphan Disease

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- Most common fatal inherited disease in U.S.
- Mutations in gene that encodes CFTR protein
- Inability to clear thickened mucus, impaired lung function and persistent lung infection
- Frequent exacerbations and hospitalization
- No cure
- Median age of death – 37 years
- RPL554 has potential to provide treatment independent of CF mutation status
  - Reduce airway obstruction and inhibit inflammation

Pre-clinical studies and Phase 2a study, data reported March 2018

RPL554: Pre-clinical Activity in CFTR Mutants and Favorable PK and PD Profile in CF Patients

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In cell models:

- Activity on class IV CFTR mutants R117H, R334W and T338I
- Activity on class III mutants G551D and S549R in presence of VX770 (+/- VX809)
- stimulate ciliary beat frequency

In CF patients:

- Randomized, double blind, cross-over trial comparing 1.5 mg and 6.0 mg doses with RPL554 to placebo in 10 patients with a range of CFTR mutations
- Favorable pharmacokinetic ("PK") profile and increased forced expiratory volume in one second ("FEV_1") among patients with CF

Results support further development in CF
Timing related to Ph3 preparations in COPD

RPL554 IP Summary

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Patent Portfolio:

- Composition of Matter – granted US, EU, Japan, other; expires 2020
- Polymorphs – granted US, EU, Japan, other; expires 2031
- Formulations, combinations, salt forms, use, manufacturing: granted and pending in US, EU, and other territories; expiries 2031 – 2037
- Additional IP opportunities being explored

New Chemical Entity

- US: Market exclusivity 5 years post NDA approval
- EU: Market & Data exclusivity up to 10 years post Marketing Authorization

Verona Pharma has global rights

Well Financed with Major Healthcare Investors

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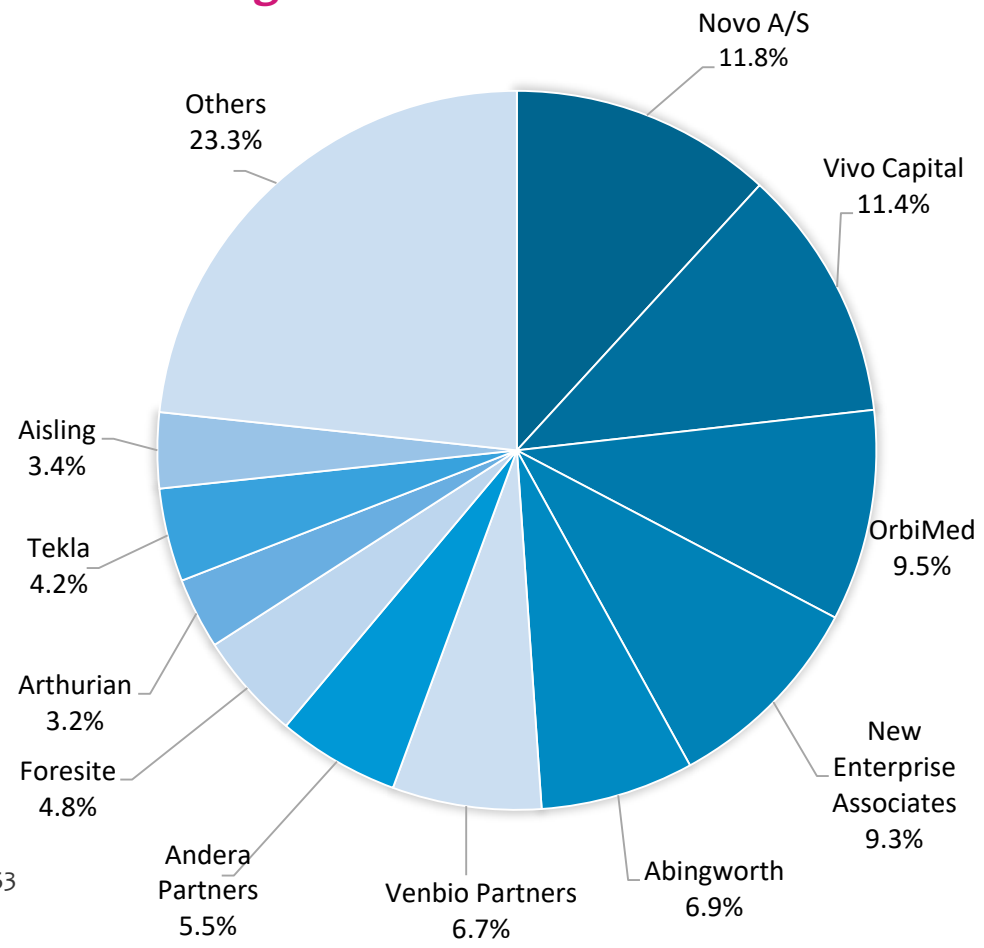
Financial Overview September 30, 2018

Cash and Cash Equivalents	$89.9M[1]
Operating Expenses Year To Date 3Q18	$23.9M[1]
Market cap	$203M[1,2]

Shareholdings



[1]Exchange rate used (US dollars per pound sterling): September 30, 2018: $1.3053
[2]Fully diluted 125m shares or 15.6m ADSs, share price 120p on November 6, 2018

Multiple Near-Term Inflection Points

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Clinical Development	Timing
Nebulized RPL554 as maintenance treatment of COPD	
Additional data from Phase 2b study presented at ERS	Sept 2018 ✓
Top-line data from Phase 2 RPL554 as add-on to LAMA/LABA w/wo ICS	Jan 2019
Further Phase 2 trial, multi dose, 2-4 weeks, add-on to single or dual bronchodilator therapy	Start 1H 2019
Data from multi-dose 2-4 week study	2H19
FDA: EOP2 meeting	late 2019
Subsequently, advancing into Phase 3 trials	end 2019/early 2020
RPL554 DPI and MDI Formulation	
DPI start of clinical Phase 2 trials	Dec 2018
Top-line data from Phase 2 DPI studies	1H 2019
MDI start of clinical Phase 2 trials	1H 2019
Estimated top-line data MDI Phase 2 trials	2H 2019

RPL554: A Promising Novel Treatment For Patients with COPD:

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Data collected to date indicates:

- ✓ RPL554 – unique PDE3/4 inhibitor with bronchodilator and anti-inflammatory effects, and well tolerated
- ✓ Improves symptoms in moderate to severe, symptomatic COPD patients on twice daily dosing
- ✓ Effective both as stand-alone drug and as add-on to standard COPD treatments

Planning FDA End of phase 2 meeting in 2H 2019

Subsequently, advancing nebulized RPL554 into Phase 3 trials in uncontrolled and symptomatic patients despite using standard COPD medications