Company Number 05375156

# VERONA PHARMA PLC

# ANNUAL REPORT AND ACCOUNTS

# YEAR ENDED DECEMBER 31, 2024

**VERONA PHARMA PLC**
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|---|---|
| Directors | Dr. David Ebsworth (Non-Executive Chairperson)<br>Dr. David Zaccardelli (President & Chief Executive Officer)<br>Ms. Christina Ackermann<br>Mr. Michael Austwick<br>Mr. James Brady<br>Dr. Ken Cunningham<br>Ms. Lisa Deschamps<br>Dr. Martin Edwards<br>Dr. Mahendra Shah<br>Mr. Vikas Sinha<br>Dr. Anders Ullman |
| Company Secretary | Mr. Ben Harber |
| Registered Office | One Central Square<br>Cardiff CF10 1FS |
| Company Number | 05375156 |
| Independent Auditors | Ernst & Young Chartered Accountants<br>City Quarter<br>Lapps Quay<br>Cork T12 KC5P |
| Solicitors | Latham & Watkins LLP<br>99 Bishopsgate<br>London EC2M 3XF |
| Registrars | Computershare Investor Services plc<br>The Pavilions<br>Bridgewater Road<br>Bristol BS13 8AE |

## DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements, audited company financial statements and auditors' report for the year ended December 31, 2024.

***Results and dividends***

The Group results for the year are set out on page 53. The loss after taxation for the year was $183.5 million (2023: $72.3 million). The loss was higher in 2024 primarily due to an increase selling, general and administrative costs related to the launch of Ohtuvayre and related costs and people expenses for the build-out of our commercial organization and sales team in 2024. Additionally, we incurred increased research and development costs as we initiated two Phase 2 studies in the third quarter of 2024. The Company has no distributable reserves so the Directors cannot recommend the payment of a dividend (2023: $nil). Cash and cash equivalents at December 31, 2024 increased to $399.8 million from $271.8 million at December 31, 2023 primarily due to cash inflows from financing activities due to a loan agreement and a revenue interest purchase and sale agreement entered into in 2024 with Oaktree Fund Administration, LLC as administrative agent and certain funds managed by each of Oaktree Capital Management, L.P. ("Oaktree") and OCM Life Sciences Portfolio LP ("OMERS") party thereto (collectively, the "2024 Lenders") as well as proceeds from the issuance of shares under the at-the-market offering program at an average price of approximately $4.92 per share (equivalent to $39.35 per ADS). These proceeds were partially offset by outflows related to operating activities and the repayment, in full, the outstanding indebtedness owed by the Group under the prior loan and security agreement.

The Strategic Report describes the Group's research and development strategy and activities.

***Directors***

The Directors of the Company who were in office during 2024 and up to the date of signing of the financial statements unless otherwise stated were:

***Executive Directors***

Dr. David Zaccardelli

***Non-executive Directors***

Dr. David Ebsworth

Ms. Christina Ackermann

Mr. Michael Austwick (appointed February 1, 2024)

Mr. James Brady

Dr. Ken Cunningham

Ms. Lisa Deschamps

Dr. Martin Edwards

Dr. Mahendra Shah

Mr. Vikas Sinha

Dr. Anders Ullman

To the extent permitted by the U.K. Companies Act 2006, we are empowered to indemnify our directors against any liability they incur by reason of their directorship. We have also entered into a deed of indemnity with each of our directors and executive officers, in accordance with the Companies Act. These deeds of indemnity were in place during the year ended December 31, 2024, and up to the date of signing of the financial statements. In addition to such indemnification, we provide our directors and executive officers with directors' and officers' liability insurance.

***Pensions***

Verona Pharma plc operates defined contribution pension plans open to all executive directors and employees.

***Political and charitable contributions***

There were no political or charitable contributions made by the Company during the years ended December 31, 2024, or 2023.

***Engagement with suppliers, customers and others in a business relationship with the Company***

The Board values good relations with the Company's shareholders and understands the importance of effectively communicating the Company's operational and financial performance as well as its future strategy. The Company's website provides financial information as well as historical news releases and matters relating to corporate governance.

The Chairperson of the Board and the CEO and CFO maintain ongoing dialogue with shareholders and communicate their views to the Board. The Board recognizes it is accountable to shareholders and ensures that their views are taken into account in agreeing the Company's strategy and other operational matters. The Board also recognizes the importance of treating all shareholders equally.

Annual and interim results are filed with the Securities and Exchange Commission and communicated by news services as ad hoc operational and regulatory releases. Shareholders may also attend the Annual General Meeting where they can ask questions to the Board.

The Company endeavors to maintain good relationships with its suppliers by contracting them on reasonable business terms and paying them promptly, within agreed terms. Management report to the Board on the performance of significant suppliers engaged for the development, manufacturing, sales and distribution of the Company's drug product to ensure that our research and development program and commercialisation activities are planned and delivered effectively in a timely and cost-efficient manner. This ensures interests are aligned between the Company and our significant suppliers.

***Future developments***

The Strategic Report describes the Group's activities, strategy and future prospects.

***Capital Structure***

As at December 31, 2024, the Company had 703,189,462 ordinary shares of 5p nominal value each, of which 48,088,896 are non-voting. In all other respects they rank pari passu. The Company is listed on the Nasdaq Global Market ("Nasdaq") and American Depositary Shares ("ADSs") are traded on Nasdaq. One ADS represents eight ordinary shares.

***Principal Risks and Uncertainties***

See the Strategic Report for a discussion of risks facing the Group.

***Financial risk management***

We are exposed to a variety of financial risks. Our overall risk management program seeks to minimize potential adverse effects of these financial risks on our financial performance.

***Credit Risk***

Financial instruments that potentially subject us to concentration of credit risk consist of principally cash and cash equivalents, bank deposits and certain receivables.

We hold cash and cash equivalents with highly rated financial institutions and in highly rated money market funds and we have not experienced any significant credit losses in these financial statements and do not believe we are exposed to any significant credit risk on these instruments.

***Liquidity Risk***

We manage our liquidity risk by investing surplus cash in funds with highly liquid money market funds investing in U.S. and U.K. government securities.

***Market Risk***

Foreign currency risk reflects the risk that the value of a financial commitment or recognized asset or liability will fluctuate due to changes in foreign currency rates. Our financial position, as expressed in U.S. dollars, is exposed to movements in foreign exchange rates against pounds sterling and the euro. Our main trading currencies are the U.S. dollar, pounds sterling, and the euro. We are exposed to foreign currency risk as a result of operating transactions and the translation of foreign bank accounts. We monitor our exposure to foreign exchange risk; sensitivity analysis and exposure is described further in note 4.1 in the financial statements. We have not entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

***Locations***

The Company’s principal place of business is in London, U.K., and it operates subsidiary offices in Raleigh, North Carolina, and Savannah, Georgia, USA.

***Hiring policy***

The Company is an Equal Employment Opportunity employer and prohibits discrimination based on race, color, national origin or ancestry, religion, sex (including pregnancy, childbirth, and related medical conditions), age, marital status, sexual orientation, genetic characteristics, physical or mental disability, veteran status, or any other characteristic protected by applicable law. This policy applies to all personnel practices, terms and conditions of employment, and prohibits discrimination by or against any employee or third party, including clients, candidates for employment, or other business partners.

***Carbon dioxide emissions***

The Strategic Report discusses the Company's carbon dioxide emissions.

***Post Period Events***

None.

***Independent auditors***

At the Company's Annual General Meeting held on April 26, 2024, the Company's shareholders appointed Ernst & Young ("EY") as the Company's independent auditors for the year ended December 31, 2024. EY have expressed their willingness to continue in office as auditors for another year. In accordance with Section 489 of the Companies Act 2006, a resolution proposing that EY be re-appointed as auditors of the Company and that the Directors be authorized to approve their remuneration will be proposed at the Annual General Meeting.

***Annual General Meeting***

A notice of Annual General Meeting of the Company will be sent out in due course, setting out time, date and location of the meeting, together with the resolutions relating to the business which the Company proposes to conduct at such meeting.

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with U.K.-adopted international accounting standards and the Company financial statements in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable U.K.-adopted international accounting standards have been followed by the Group and FRS 101 by the Company, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the U.K. governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Directors' confirmations**

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

On behalf of the Board.

Dr. David Zaccardelli

Chief Executive Officer

March 14, 2025

## STRATEGIC REPORT

The Directors present their strategic report together with the audited consolidated financial statements, audited company financial statements and auditors' report for the year ended December 31, 2024.

***Principal activity***

The Company was incorporated on February 24, 2005. On September 18, 2006, the Company successfully acquired all the shares of Rhinopharma Limited, a private company incorporated in Canada, and changed its name from Isis Resources plc to Verona Pharma plc ("Verona Pharma", the "Company" or the "Parent"). On December 12, 2014, the Company established a U.S. subsidiary, Verona Pharma, Inc., in the state of Delaware. In June 2021, Rhinopharma Limited was dissolved. The Company and Verona Pharma, Inc. are collectively referred to as the "Group".

The principal activity of the Group is the development and commercialization of innovative therapeutics for the treatment of respiratory diseases with significant unmet medical need.

*Section 172(1) Companies Act 2006*

The Directors are required by law to act in good faith to promote success of the Company for the benefit of the shareholders as a whole and are also required to have regard to the following:

- the principal decisions made by the Board and the likely long-term consequences of any decision;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.

The impact of the Company's operations on the environment is discussed further within "Greenhouse Gas Emissions" on page 16 in this Strategic Report.

Outlook and Strategy in this Strategic Report describes the Group's activities, strategy and future prospects, including the considerations for long-term decision making.

## OUTLOOK AND STRATEGY

We are a biopharmaceutical company focused on developing and commercializing innovative therapeutics for the treatment of respiratory diseases with significant unmet medical needs.

On June 26, 2024, the U.S. Food and Drug Administration ("FDA") approved Ohtuvayre (ensifentrine) for the maintenance treatment of chronic obstructive pulmonary disease (“COPD”) in adult patients and we launched Ohtuvayre in the United States ("U.S.") through an exclusive network of accredited specialty pharmacies in August 2024. Ohtuvayre is the Company’s first commercial product and the first inhaled therapy with a novel mechanism of action available for the maintenance treatment of COPD in more than 20 years.

Ohtuvayre is a first-in-class selective dual inhibitor of the enzymes phosphodiesterase 3 and 4 (“PDE3” and “PDE 4”) that combines bronchodilator and non-steroidal anti-inflammatory effects in one molecule. Ohtuvayre is delivered directly to the lungs through a standard jet nebulizer without the need for high inspiratory flow rates or complex hand-breath coordination.

We are commercializing Ohtuvayre for the maintenance treatment of COPD in the U.S. Outside the U.S., we intend to license Ohtuvayre to companies with expertise and experience in developing and commercializing products in those regions. To that end, we have entered into a strategic collaboration with Nuance Pharma Limited, a Shanghai-based specialty pharmaceutical company (“Nuance Pharma”), to develop and commercialize ensifentrine, including Ohtuvayre, in Greater China. In February 2025, Nuance announced that Ohtuvayre was approved in Macau, the first approval outside of the U.S., for the maintenance treatment of COPD in adult patients. In addition, in September 2024, Nuance completed enrollment in its own pivotal Phase 3 trial evaluating ensifentrine for the maintenance treatment of COPD in China and results are expected in mid-2025.

The approval of Ohtuvayre in the U.S. was based on extensive data including the Phase 3 ENHANCE (“Ensifentrine as a Novel inHAled Nebulized COPD thErapy”) trials, the results of have been published in the American Journal of Respiratory and Critical Care Medicine (“AJRCCM”). Ohtuvayre met the primary endpoint in both the ENHANCE-1 and ENHANCE-2 trials demonstrating statistically significant and clinically meaningful improvements in measures of lung function. In addition, other endpoint data demonstrated that Ohtuvayre substantially reduced the rate and risk of COPD exacerbations in ENHANCE-1 and ENHANCE-2. Ohtuvayre was well tolerated in both trials.

During 2024, we presented additional analyses of data from the ENHANCE trials at international scientific conferences and the data were published in peer reviewed publications:

- In May 2024, we presented eight posters, including two mini oral symposia, highlighting additional pooled analyses of the ENHANCE studies at the American Thoracic Society International Conference (“ATS”) 2024. A pooled analysis demonstrating reductions in the rate and risk of exacerbations with Ohtuvayre was presented as part of the ‘Late Breaking Mini Symposium’ focusing on new breakthroughs. In addition, we hosted an exhibition booth exploring the role of PDE in inflammation and lung function impairment in COPD as well as three innovation hub presentations led by clinical experts. The abstracts were published on the ATS website and in the publication, AJRCCM;

- In September 2024, we gave an oral presentation and presented three posters on additional analyses from the ENHANCE studies at the European Respiratory Society International Congress 2024. The analyses summarized the efficacy and safety of Ohtuvayre in subgroups of patients and a pooled analysis of patient reported outcomes demonstrated its effect on reducing cough and sputum. The abstracts were published in the publication, European Respiratory Journal; and

- In October 2024, we gave four oral presentations and presented two posters on analyses from the ENHANCE studies at CHEST Annual Meeting 2024 (“CHEST”). These included subgroup data supporting improvements in lung function, symptoms and quality of life, as well as reductions in the rate of exacerbations, regardless of COPD severity (moderate or severe), smoking status (current or former) and chronic bronchitis (with or without). An analysis of Ohtuvayre’s impact on reducing exacerbation rates and COPD-related healthcare resource utilization was also presented. The analyses were published in the CHEST Annual Meeting on-line supplement.

***Overview of COPD and current treatments***

COPD is a common, progressive, life-threatening respiratory disease without a cure. It causes loss of lung function, leading to debilitating breathlessness, hospitalizations, and death. COPD has a major impact on everyday life. Patients struggle with basic activities such as getting out of bed, showering, eating, and walking. Worldwide, COPD affects approximately 392 million people and is the third leading cause of death, according to the Global Initiative for Chronic Obstructive Lung Disease.

The goal of COPD pharmacological therapy is to improve patients’ quality of life by reducing symptoms, decreasing the quantity and severity of exacerbations (often an escalation of symptoms) and to improve patients’ ability to function.

For approximately 40 years, the treatment of COPD has been dominated by three classes of inhaled therapies approved for use by the FDA and the European Commission based on the European Medicines Agency's (“EMA”) opinion: anti-muscarinics, beta-agonists and inhaled corticosteroids (“ICSs”). COPD patients are frequently treated with bronchodilators, including LAMAs and long-acting beta-agonists (“LABAs”), to relieve airway constriction and make it easier to breathe. In addition, patients at risk for exacerbations may be prescribed ICSs to prevent them.

Certain COPD patients are treated with the oral PDE4 inhibitor, roflumilast (Daliresp®), which has demonstrated a reduction in exacerbation risk in patients with severe chronic bronchitis. However, oral PDE4 therapy results in systemic exposure which has been associated with unfavorable gastrointestinal side-effects such as nausea, emesis, diarrhea, abdominal pain, loss of appetite and weight loss.

Approximately 8.6 million COPD patients in the U.S. receive LAMA, LABA or ICS treatments alone or in combination regardless of COPD severity. Despite these medication and the earlier use of dual (LAMA / LABA) and triple (LAMA / LABA / ICS) therapies, many patients continue to suffer debilitating symptoms. According to a December 2022 study by Phreesia, 49% of patients continue to have symptoms more than 24 days a month. This burden leaves a significant opportunity for new inhaled therapies that offer additional benefit added to the three main classes of treatment. New treatment options are urgently needed to help improve lung function and symptoms, reduce exacerbations and improve overall quality of life in these patients.

*Ensifentrine*

Ensifentrine is a first-in-class, inhaled small molecule and selective dual PDE3 and PDE4 inhibitor. This dual inhibition enables it to act as a bronchodilator and a non-steroidal anti-inflammatory agent in a single compound. Importantly, ensifentrine's therapeutic profile differentiates it from existing classes of bronchodilator and anti-inflammatory treatments. We are not aware of any other single compound in clinical development in the U.S. or Europe or approved by the FDA nor the European Commission for the treatment of respiratory diseases that acts both as a bronchodilator and anti-inflammatory agent. Ensifentrine is the first novel inhaled mechanism approved for the maintenance treatment of COPD in over 20 years and the only bronchodilator option that can be added to existing classes of inhaled therapies including LAMA, LABA and ICS.

*Safety profile*

Ensifentrine has been well tolerated in clinical trials involving approximately 3,000 subjects to date. Additionally, ensifentrine did not prolong the QT interval or impact other cardiac conduction parameters in a thorough QT study in healthy volunteers. It is delivered directly to the lungs by inhalation to maximize pulmonary exposure to ensifentrine while minimizing systemic exposure. This feature minimizes any systemic side-effects such as the gastrointestinal disturbance associated with oral PDE4 inhibitors. In addition, in non-clinical trials ensifentrine has demonstrated high selectivity for PDE3 and PDE4 over other enzymes and receptors, which is believed to minimize off-target effects.

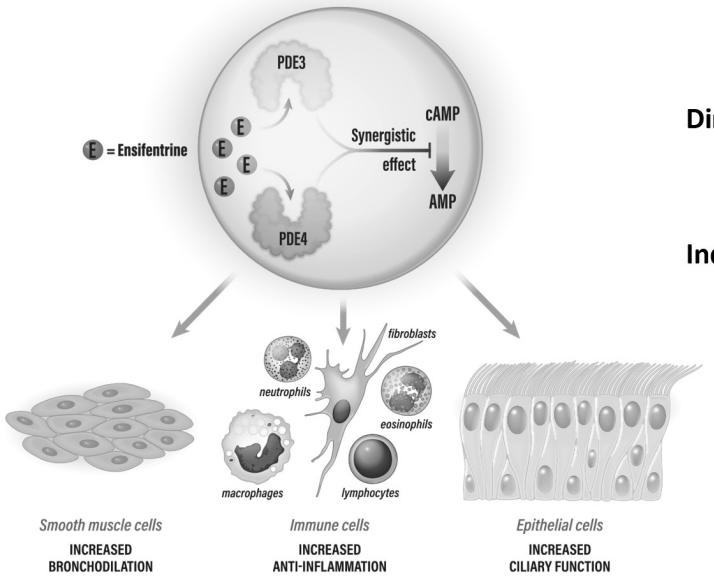
*Differentiated profile*

By selectively inhibiting PDE3 and PDE4, ensifentrine impacts three key mechanisms in respiratory disease: bronchodilation, inflammation and mucociliary clearance. Ensifentrine is designed to increase the levels of cellular cAMP and cGMP in smooth muscle cells and inflammatory cells, resulting in bronchodilator and anti-inflammatory effects. Ensifentrine has also be shown to stimulate the cystic fibrosis transmembrane conductance regulator (“CFTR”), which is an ion channel in the epithelial cells lining the airways. Mutations in the CFTR protein result in poorly or non-functioning ion channels, which cause CF. CFTR dysfunction is also potentially important in COPD. CFTR stimulation leads to improved electrolyte balance in the lung and thinning of the mucus, which facilitates mucociliary clearance and leads to improved lung function and potentially a reduction in lung infections.

Dual inhibition of PDE3 and PDE4 has shown enhanced or synergistic effects compared with inhibition of either PDE alone on contraction of airway smooth muscle and suppression of inflammatory mediator release in several preclinical studies. We believe these enhanced effects may increase the utility of ensifentrine in the treatment of respiratory diseases including COPD, bronchiectasis, asthma and CF.

## Ensifentrine: Novel mechanism of action

Resulting in downstream bronchodilatory, anti-inflammatory, and ciliary effects




**Direct mechanisms:**

- Modulation of intracellular cAMP in cells that express PDE3, PDE4, or both

**Indirect mechanisms:**

- Reduction in macrophage activation that impacts cellular adhesion, chemotaxis, and survival of neutrophils and eosinophils
- CFTR activation and increased ciliary beat frequency in vitro

***Clinical development update***

*Phase 3 ENHANCE program*

The U.S. approval of Ohtuvayre was based on extensive data including the Phase 3 ENHANCE trials, the results of which were published in the American Journal of Respiratory and Critical Care Medicine.

We reported positive top-line results from ENHANCE-2 and ENHANCE-1 in August and December 2022, respectively. Ohtuvayre successfully met the primary endpoints in both trials, demonstrating statistically significant and clinically meaningful improvements in measures of lung function in moderate to severe COPD patients. Improvements in symptoms and quality of life measures were shown in both trials, which reached statistical significance in ENHANCE-1. Other endpoint data showed Ohtuvayre substantially reduced the rate and risk of moderate to severe COPD exacerbations and was well tolerated in both trials.

The ENHANCE trials were designed to evaluate Ohtuvayre as monotherapy and added onto a single bronchodilator. Each trial enrolled approximately 800 subjects, for a total of approximately 1,600 subjects, at sites primarily in the U.S. and Europe. The two trials provided replicate evidence of efficacy and safety data over 24 weeks and ENHANCE-1 also evaluated longer-term safety in approximately 400 subjects over 48 weeks.

Subject demographics and disease characteristics were well balanced between treatment groups in both trials.

- In ENHANCE-1 approximately 69% of subjects received background COPD therapy, either a LAMA or a LABA. Additionally, approximately 20% of all subjects received ICS with concomitant LAMA or LABA.
- In ENHANCE-2 approximately 55% of subjects received background COPD therapy, either a LAMA or a LABA. Additionally, approximately 15% of all subjects received ICS with concomitant LAMA or LABA.

We believe Ohtuvayre can change the treatment paradigm for COPD. The totality of data from clinical trials, in particular the top-line results from the ENHANCE program, including improvements in measures of lung function, symptoms, quality of life measures, and exacerbation reductions, coupled with the consistent safety results, support our belief.

## Phase 3 data published in *American Journal of Respiratory and Critical Care Medicine*

| Endpoint | ENHANCE-1 (N=760) | ENHANCE-2 (N=789) |
|---|---|---|
| **Average $FEV_1$ AUC (0-12 hours)** | +87 mL (p<0.0001) vs placebo | +94 mL (p<0.0001) vs placebo |
| **Peak $FEV_1$** | +147 mL (p<0.0001) vs placebo | +146 mL (p<0.0001) vs placebo |
| **Morning Trough $FEV_1$** | +35 mL (p=0.0413) vs placebo | +49 mL vs placebo[a] |
| **Symptoms (E-RS Total Score)** | -1.0 units (p=0.0111) vs placebo | -0.6 units vs placebo[b] |
| **Quality of Life (SGRQ Total Score)** | -2.3 units (p=0.0253) vs placebo | -0.5 units vs placebo[b] |
| **Exacerbation rate** | 36% reduction in rate[c] | 43% reduction in rate[c] |
| **Time to first COPD exacerbation** | 38% reduction in risk[c] | 42% reduction in risk[c] |
| **Incidence of adverse events (AEs ≥1% and greater than placebo)** | Back Pain 1.8% vs 1.0%<br>Hypertension 1.7% vs 0.9%<br>UTI 1.3% vs 1.0%<br>Diarrhea 1.0% vs 0.7% | |

[a] Result was not statistically significant due to failure higher in the analysis hierarchy
[b] Not significant
[c] Pre-specified other endpoints were not part of the formal testing hierarchy
UTI = Urinary tract infection
[1]Anzueto A, et al. Am J Respir Crit Care Med. 2023;208(4):406-416; [2]Barjaktarevic I, et al. Am J Respir Crit Care Med. 2023;207:A5008

*Formulations*

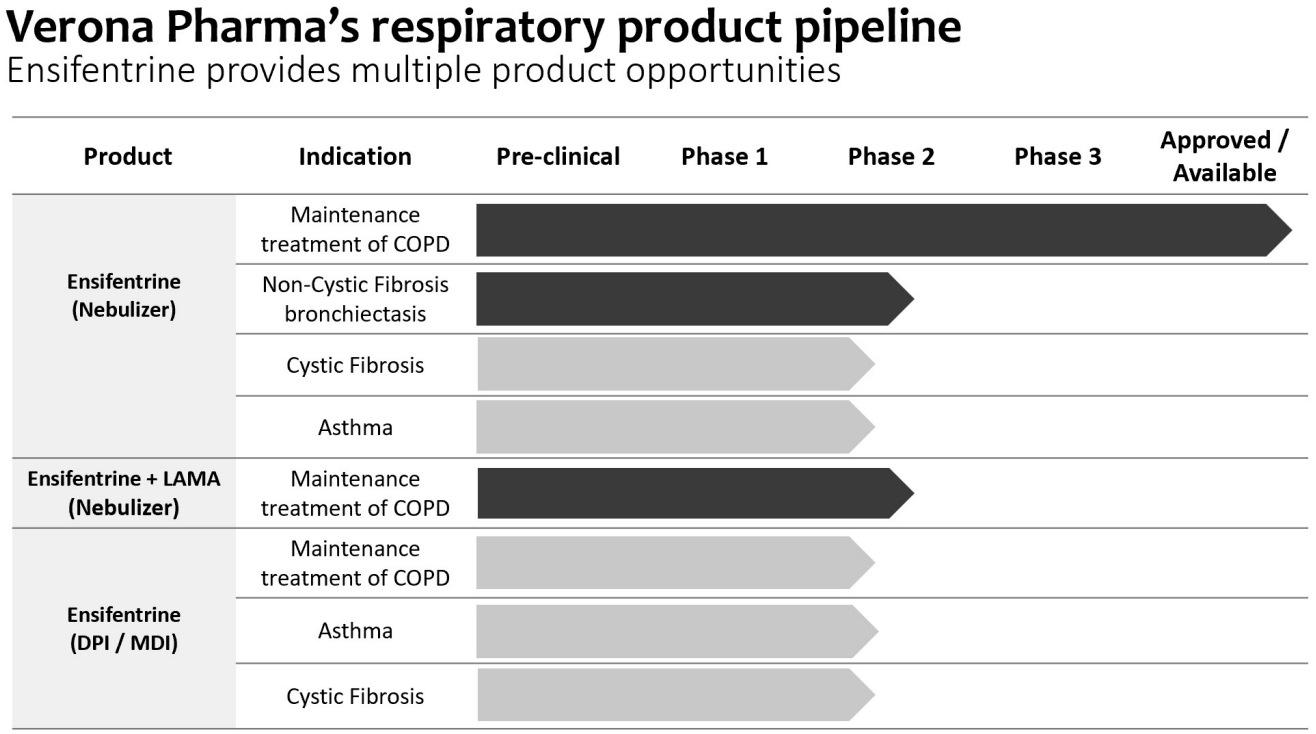
We have developed formulations of ensifentrine for the three most widely used inhalation devices: nebulizer, DPI and pMDI. The nebulized formulation of ensifentrine is designed for use in a standard jet nebulizer, not a proprietary device. Delivery of COPD medications by nebulizer is important because such medications can be used by adults of almost any age and dexterity and regardless of peak inspiratory flow, offering advantages to patients who struggle to operate handheld inhaler devices or have low peak inspiratory flow. DPI and pMDI handheld inhaler formats are relatively portable and convenient and are also important delivery mechanisms.

While we continue to focus on development of the nebulized formulation of ensifentrine, we believe the development of pMDI and DPI formulations of ensifentrine provides additional lifecycle opportunities including new potential indications, formulation combinations and collaborations. In February 2021, we reported positive results from the second, multiple dose part of a Phase 2 trial with pMDI ensifentrine in patients with moderate to severe COPD. Ensifentrine delivered by pMDI met all of the primary and secondary lung function endpoints. The improvement in lung function was dose-ordered and statistically significant at peak and over the 12-hour dosing interval compared with placebo, and supports twice-daily dosing of ensifentrine via pMDI for the treatment of COPD. Data from the single dose part of the study were reported in March 2020.

We have successfully demonstrated proof of concept in Phase 2 COPD trials with all three formulations. In addition, the data from Phase 2 trials were consistent across the three formulations. All three dosage forms have demonstrated statistically significant and clinically meaningful improvements in lung function and duration of action, supporting twice-daily dosing and a safety profile similar to placebo.

***Pipeline***

The following table summarizes our development programs.




***Clinical Development Activities***

*Ensifentrine / Long-Acting Muscarinic Antagonist fixed-dose combination*

Fixed-dose combination therapies such as LABA / LAMA, LABA / ICS and LABA / LAMA / ICS are commonly used in the treatment of COPD and, based on our market research, an unmet need exists for a nebulized fixed-dose combination therapy. We believe the combination of ensifentrine with a LAMA could provide COPD patients with the first nebulized fixed-dosed combination with the potential to provide bronchodilation through a dual mechanism and also non-steroidal anti-inflammatory effects via PDE inhibition.

We are developing a fixed-dose combination formulation with ensifentrine and glycopyrrolate, a LAMA, for the maintenance treatment of patients with COPD via delivery in a nebulizer. We have filed patent applications in multiple jurisdictions including the U.S.

In November 2024, we completed enrollment in a Phase 2 dose-ranging trial with glycopyrrolate, a LAMA, supporting a fixed-dose combination program for the maintenance treatment of COPD via a nebulizer. The glycopyrrolate dose-ranging trial has successfully completed and we plan to initiate a Phase 2b trial with a fixed dose combination of ensifentrine and glycopyrrolate in the second half of 2025.

*Non-cystic fibrosis bronchiectasis*

Bronchiectasis is a chronic lung disease characterized by persistent cough, excess sputum production and frequent respiratory infections with more severe patients suffering exacerbations. The condition affects up to 500,000 adults in the U.S. and no therapies are specifically approved to treat it. Physicians currently use bronchodilators, antibiotics, steroids, mucus thinners and surgery.

Based on the clinical results of ensifentrine observed in patients with COPD, including improvements in lung function and symptoms of cough and sputum, we believe that ensifentrine could potentially be an effective treatment for bronchiectasis. In the third quarter of 2024, we began enrollment in a Phase 2 clinical trial to assess the efficacy and safety of nebulized ensifentrine in patients with bronchiectasis.

***Potential additional indications for ensifentrine***

*Cystic fibrosis and asthma*

In addition to COPD and bronchiectasis, we believe ensifentrine has potential applications in other respiratory diseases including CF and asthma providing pipeline expansion opportunities and the potential for collaborations outside the U.S.

CF is a progressive, fatal genetic disease without a cure and a median age of survival of 61 years. The condition is characterized by thick, sticky mucus that damages many of the body's organs. It causes repeat and persistent lung infections that result in frequent exacerbations and hospitalizations. Other symptoms include malnutrition, constipation and diarrhea, and some adults develop diabetes, arthritis and liver problems.

CF is the most common fatal inherited disease in the U.S. and Europe. Approximately 40,000 people in the U.S. and an estimated 105,000 people worldwide have been diagnosed with CF across more than 90 countries and approximately 1,000 new cases are diagnosed each year, according to the Cystic Fibrosis Foundation. The U.S. and European regulatory authorities consider CF to be a rare, or orphan, disease and provide incentives to encourage development of effective new treatments. CF patients endure multiple daily medications, frequent exacerbations and hospitalizations. Ultimately, selected patients have lung transplants.

In a Phase 2a clinical trial, a single dose of nebulized ensifentrine demonstrated an improvement in lung function in patients with CF. In addition, in preclinical studies, ensifentrine activated the cystic fibrosis transmembrane conductance regulator ("CFTR"), which is beneficial in reducing mucous viscosity and improving mucociliary clearance. We believe these data support the continued development of ensifentrine as a potential therapy for CF.

Asthma is a common chronic inflammatory lung condition that causes sporadic breathing difficulties. The disease causes narrowing and swelling of the airways leading to symptoms including difficulty breathing, wheezing, coughing and tightness in the chest. Exposure to triggers such as allergens or irritants can lead to asthma attacks.

Asthma attacks vary in severity and frequency. More than 260 million people worldwide suffer from asthma and it is the most common chronic disease among children, according to estimates from the World Health Organization. Approximately 60% of adult asthmatics in the U.S. have uncontrolled asthma despite taking regular medication. Although there is no cure, symptoms may be prevented by avoiding triggers and through established maintenance therapies including bronchodilators, ICS, anti-IgE agents and leukotriene inhibitors.

Ensifentrine has shown potential in a Phase 2a clinical trial in asthma. The data from this trial, published in October 2019 in the journal *Pulmonary Pharmacology & Therapeutics*, demonstrated that ensifentrine produced dose-dependent improvements in lung function that were comparable to current rescue medication, high dose nebulized albuterol. Importantly, ensifentrine was well tolerated and patients experienced fewer systemic effects than those receiving albuterol.

***Our team***

Our expert team has decades of experience in developing and commercializing respiratory therapeutics including the following COPD therapeutics: Advair®; Anoro Ellipta®; Breo®; Flovent®; Flutiform®; Incruse Ellipta®; Serevent®; Symbicort®; Tudorza Pressair® and Ventolin®.

## MANUFACTURING

We do not have manufacturing facilities and rely on, and expect to continue to rely on, third-party contract manufacturing organizations (“CMOs”) for the supply of current good manufacturing practices (“cGMP”) compliant clinical trial materials of ensifentrine, and any future product candidates, as well as for commercial quantities of ensifentrine and any future product candidates, if approved.

While we may contract with other CMOs in the future, we currently have one CMO for the manufacture of ensifentrine drug substance and one CMO for each formulation of ensifentrine.

All of our current CMOs have commercial scale manufacturing capabilities. We believe that the ensifentrine drug substance and drug product manufacturing processes can be transferred to other CMOs to produce clinical and commercial supplies in the ordinary course of business.

## COMMERCIALIZATION

Following approval of Ohtuvayre on June 26, 2024, we fully staffed our sales and field reimbursement teams with approximately 120 employees. In August 2024, Ohtuvayre was available through an exclusive network of accredited specialty pharmacies. Our personal and non-personal promotion is focused on promoting Ohtuvayre to the highest prescribing HCPs that treat large numbers of COPD patients. Our field representatives call on approximately 14,500 HCPs comprised of pulmonologists, internal medicine, primary care, nurse practitioners and physician assistants. In addition to those promotional efforts, we launched speaker education programs and, at the end of 2024, had completed approximately 120. Our teams have also supported the launch of Ohtuvayre through attendance at key national and regional pulmonary meetings.

In November, the 2025 GOLD report added Ohtuvayre to the COPD treatment algorithm. Typically updated each year, this report provides a framework for physicians to diagnose, assess and manage treatment of COPD. Ohtuvayre’s inclusion in GOLD further supports our belief that Ohtuvayre can change the treatment paradigm for COPD

Following the end of the fourth quarter, our permanent, product-specific J-code for Ohtuvayre, became effective from January 1, 2025.

Looking ahead, we will continue to focus on engaging with the highest prescribing HCPs through in-person or digital promotion, and progress our patient engagement plans to support and accelerate the launch of Ohtuvayre.

***United States***

In the U.S., we are commercializing nebulized ensifentrine ourselves. Current maintenance COPD treatments in the U.S. generate over $10 billion in sales. In the U.S., approximately 8.6 million patients receive chronic maintenance treatment for COPD. These patients receive LAMAs, LABAs, and ICS products alone or in combination across all COPD severities. Despite the use of these therapies, approximately 50% of patients report having symptoms for more than 24 days a month. This burden is significant and highlights the need for new and novel mechanisms of actions to treat COPD patients. These patients need therapies that can help improve their lung function and symptoms. In addition to the number of patients that remain symptomatic, COPD places a tremendous burden on the U.S. healthcare system with approximately $50 billion in direct and indirect costs.

Based on our market research, conducted with U.S. healthcare providers and payers, we believe Ohtuvayre will be widely adopted with use as an add on therapy across all symptomatic patients regardless of COPD severity and treatment. Most of Ohtuvayre's use is expected as an add on therapy to current patients who are on LAMA, LABA / ICS, LAMA / LABA, or triple therapy. This is due to the urgent unmet need for new therapies to help improve lung function, symptoms and quality of life in these patients. Our market research also suggests the majority of Ohtuvayre usage would be initially commenced by pulmonologists. Due to this focused prescriber base, we believe our field sales force of approximately 120 representatives will be able to reach the potential opportunity.

***International***

COPD affects approximately 392 million people worldwide with many patients remaining undiagnosed. Our strategy outside of the U.S. including Asia, Europe and Latin America, is to establish partnerships with leading companies that can support the further development and commercialization of ensifentrine in those regions.

In June 2021, we executed on this strategy by entering into a strategic collaboration with Nuance Pharma, a Shanghai-based specialty pharmaceutical company, with a potential value of up to $219.0 million to develop and commercialize ensifentrine in Greater China. Under the terms of the agreement, we granted Nuance Pharma the exclusive rights to develop and commercialize ensifentrine in Greater China. In return, we received an aggregate $40.0 million upfront payment consisting of $25.0 million in cash and an equity interest valued at $15.0 million, as of June 9, 2021, in Nuance Biotech, the parent company of Nuance Pharma. We are eligible to receive further milestone payments of up to $179.0 million that are triggered upon achievement of certain clinical, regulatory and commercial milestones as well as tiered double-digit royalties on net sales in Greater China.

Nuance Pharma is responsible for all costs related to clinical development and commercialization in Greater China. A joint steering committee has been established to ensure ensifentrine's clinical development in the region aligns with our global development and commercialization strategy. In February 2025, Nuance Pharma announced that Ohtuvayre was approved in Macau, the first approval outside of the U.S., for the maintenance treatment of COPD in adult patients. In addition, in September 2024, Nuance Pharma completed enrollment in its own pivotal Phase 3 trial evaluating ensifentrine for the maintenance treatment of COPD in mainland China. Results from this trial are expected in 2025.

## COMPETITION

The pharmaceutical industry is characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary drugs. We face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, governmental agencies and public and private research institutions. Ohtuvayre is competing with existing treatments and new treatments that may become available in the future.

Ohtuvayre is a unique, first-in-class therapeutic candidate with both bronchodilator and non-steroidal anti-inflammatory properties in a single molecule. As far as we are aware, no other dual PDE3 and PDE4 inhibitor is on the market nor in clinical development in the U.S. or Europe. Based on initial launch data, Ohtuvayre is used across the patient spectrum regardless of severity. Our market research as well as early clinical use by HCPs, suggests that Ohtuvayre will be used as an add on therapy in symptomatic patients across all existing classes of therapies (LAMA, LABA, ICS). Some HCPs have indicated that as they become comfortable prescribing Ohtuvayre they would consider using it earlier in the treatment paradigm. This potentially includes use as a monotherapy as well as before ICS based on ensifentrine's clinical profile.

Consequently, we believe Ohtuvayre's unique profile will enable it to compete with all approved COPD therapies including nebulized and handheld inhaler formulations, DPI and pMDI. Furthermore, because Ohtuvayre's mechanism of action is complementary to available therapies, we believe it will be used in addition to these treatments.

Within the currently approved nebulizer products for the maintenance treatment of COPD, we consider ensifentrine's potential competitors in the U.S. market to be LABAs (Brovana® and Perforomist®) and LAMAs (Yupelri®).

In the DPI/pMDI maintenance treatment of COPD market, ensifentrine's current closest potential competitors are Symbicort®, a combination of a long-acting beta2-agonist bronchodilator and ICS marketed by AstraZeneca plc, Spiriva®, a long-acting anti-muscarinic bronchodilator marketed by Boehringer Ingelheim GmbH, Advair®, a combination of a long-acting beta2-agonist bronchodilator and ICS marketed by GlaxoSmithKline plc, Breo®, a combination of a long-acting beta2-agonist bronchodilator and ICS marketed by GlaxoSmithKline, and Anoro®, a combination of a long-acting beta2-agonist bronchodilator and long-acting anti-muscarinic bronchodilator marketed by GlaxoSmithKline. A triple-combination therapy of a LAMA, a LABA and ICS, developed by GlaxoSmithKline, Trelegy Ellipta®, has been approved in the U.S. and

the European Union and AstraZeneca also has a triple-therapy combination product (LAMA / LABA / ICS), Breztri Aerosphere® that was approved in the U.S. in July 2020, in the European Union in December 2020 and in China in December 2019. In addition, Chiesi's triple-therapy combination product, Trimbow®, was approved in the European Union in 2017 and is in Phase 3 trials in the US.

In September 2024, the first injectable biologic, Sanofi's anti-IL4, Dupixent®, was approved in the U.S. for a subset of approximately 300,000 COPD patients with an eosinophilic phenotype. Other injectable biologics in Phase 3 trials for the prevention of COPD exacerbations include AstraZeneca's anti-IL33, tozorakimab, GlaxoSmithKline's anti-IL5, Nucala®, and Chiesi's PDE4 inhibitor, tanimilast. We are also aware of several anti-inflammatories and bronchodilators that are in Phase 2 clinical trials for the treatment of COPD.

**INTELLECTUAL PROPERTY**

We strive to protect and enhance the proprietary technologies, inventions and improvements that we believe are important to our business, including seeking, maintaining and defending patent rights, whether developed internally or licensed from third parties. Our policy is to seek to protect our proprietary position by, among other methods, pursuing and obtaining patent protection in the U.S. and in jurisdictions outside of the U.S. related to our proprietary technology, inventions, improvements, platforms and our product candidates that are important to the development and implementation of our business.

As of December 31, 2024, our patent portfolio included twelve issued U.S. patents, sixteen pending U.S. patent applications (including three U.S. provisional patent applications), ninety-seven issued foreign patents and eighty-three pending foreign applications (including eight international PCT applications). These patents and patent applications include claims directed to certain respirable formulations comprising ensifentrine, a crystalline form of ensifentrine, combinations of ensifentrine with certain respiratory drugs, certain salts and other solid forms of ensifentrine, and ensifentrine for use in certain treatments of particular respiratory disorders, with expected expiry dates up to 2045.

Individual patents extend for varying periods depending on the date of filing of the patent application or the date of patent issuance and the legal term of patents in the countries in which they are obtained. Generally, patents issued for regularly filed applications in the U.S. are granted a term of 20 years from the earliest effective non-provisional filing date. In addition, in certain instances, a patent term can be extended to recapture a portion of the U.S. Patent and Trademark Office, or the USPTO, delay in issuing the patent as well as a portion of the term effectively lost as a result of the FDA regulatory review period. However, as to the FDA component, the restoration period cannot be longer than five years and the total patent term including the restoration period must not exceed 14 years following FDA approval. The duration of foreign patents varies in accordance with provisions of applicable local law, but typically is also 20 years from the earliest effective filing date. However, the actual protection afforded by a patent varies on a product-by-product basis, from country to country and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the availability of legal remedies in a particular country and the validity and enforceability of the patent.

Furthermore, one of our U.S. patents for Ohtuvayre may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments, and similar legislation in the EU. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. However, we may not receive an extension if we fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing products sooner. As a result, our revenue from applicable products could be reduced, possibly materially.

Furthermore, we rely upon trade secrets and know-how and continuing technological innovation to develop and maintain our competitive position. We seek to protect our proprietary information, in part, using confidentiality agreements with our collaborators, employees and consultants and invention assignment agreements with our employees. We also have confidentiality agreements or invention assignment agreements with our collaborators and selected consultants. These agreements are designed to protect our proprietary information and, in the case of the invention assignment agreements, to grant us ownership of technologies that are developed through a relationship with a third party. These agreements may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. To the extent that our collaborators, employees and consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Our commercial success will also depend in part on not infringing upon the proprietary rights of third parties. It is uncertain whether the issuance of any third-party patent would require us to alter our development or commercial strategies, or our drugs or processes, obtain licenses or cease certain activities. Our breach of any license agreements or failure to obtain a license to proprietary rights that we may require to develop or commercialize our future drugs may have an adverse impact on us. If third parties have prepared and filed patent applications prior to March 16, 2013 in the U.S. that also claim technology to which we have rights, we may have to participate in interference proceedings in the USPTO, to determine priority of invention.

**Environmental matters**

We currently outsource our research, development, testing and manufacturing activities. These activities are subject to various environmental, health and safety laws and regulations, which govern, among other things, the controlled use, handling, release and disposal of and the maintenance of a registry for, hazardous materials and biological materials. If we or our partners fail to comply with such laws and regulations, we could be subject to fines or other sanctions.

As with other companies engaged in activities similar to ours, we face a risk of environmental liability inherent in our current and historical activities, including liability relating to releases of or exposure to hazardous or biological materials. Environmental, health and safety laws and regulations are becoming more stringent. We may be required to incur substantial expenses in connection with future environmental compliance or remediation activities, in which case, our production and development efforts may be interrupted or delayed.

**Greenhouse Gas Emissions**

We have used the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard (revised edition) data gathered to fulfil our requirements under the CRC Energy Efficiency scheme, and emission. Our greenhouse gas emission estimates for 2024 and 2023 have been prepared in accordance with the U.K. government's Department for Environment, Food and Rural Affairs (DEFRA) guidance document Environmental Reporting Guidelines: Including Mandatory GHG emissions reporting guidance from June 2013.

| | Tonnes carbon dioxide equivalent (tCO2-e) | |
|---|---|---|
| | **2024** | **2023** |
| Estimated greenhouse gas emissions from our own activities, including the combustion of fuel and the operation of our facilities | — | — |
| Estimated greenhouse gas emissions from purchased electricity, heat, steam or cooling for own use | — | — |
| **Total estimated greenhouse gas emissions** | — | — |
| **Intensity ratio:** | N/A | N/A |

We are a company with a small number of employees. We have serviced offices and we currently outsource our research, development, testing and manufacturing activities. As a result, we do not emit greenhouse gases from our own activities, nor do we purchase electricity, heat or steam for our own use (Scope 1 and Scope 2 disclosures).

However, we are aware that our activities do have an impact on GHG emissions through the work of our partners and our activities such as business travel (Scope 3 disclosures). We have discussed with our partners the impact of our operations on emissions but they have not been able to provide the information for us to provide a meaningful analysis.

We have activities in the U.S. and Europe and we need to fly our employees, directors and consultants to effectively manage our business and operations and these scope 3 emissions from business travel have not been quantified in the table above given the limited nature of these activities.

We considered the Mandatory Climate-related Financial disclosures and are out-of-scope based upon the requirements and therefore no relevant disclosures have been made.

## FINANCIALS

### Comparison of Operations for the Years ended December 31, 2024 and 2023

The operating loss for the year ended December 31, 2024 was $132.3 million (2023: $68.7 million) and the loss after tax for the year ended December 31, 2024 was $183.5 million (2023: $72.3 million).

***Research and Development Costs***

Research and development costs were $37.1 million for the year ended December 31, 2024 compared to $17.4 million for the year ended December 31, 2023, an increase of $19.7 million. This increase was primarily due to an increase of $17.5 million in clinical trial and other development costs as we initiated two Phase 2 studies in the third quarter of 2024 related to the combination of ensifentrine and glycopyrrolate for the treatment of COPD and nebulized ensifentrine for the treatment of patients with bronchiectasis.

***Selling, General and Administrative Costs***

Selling, general and administrative costs were $136.6 million for the year ended December 31, 2024 compared to $51.3 million for the year ended December 31, 2023, an increase of $85.3 million. This increase was driven primarily by an increase of $29.7 million in marketing and other commercial related activities, including travel, primarily related to the launch of Ohtuvayre, an increase of $30.2 million in people-related costs as we built out our commercial organization largely in the second quarter of 2024 and an increase of $7.3 million in professional and consulting fees, information technology costs and other support costs. Additionally, share-based compensation increased by $16.7 million.

***Finance Income and Expense and Other losses***

Finance income was $15.3 million for the year ended December 31, 2024 and $14.6 million for the year ended December 31, 2023, an increase of $0.7 million. The increase was attributable to an increase in interest income from a higher average cash balance.

Finance expense was $40.2 million for the year ended December 31, 2024, compared to $18.9 million for the year ended December 31, 2023, an increase of $21.3 million. This change was primarily due to an increase in interest expense of $8.9 million related to our higher average debt balance, an increase of $3.8 million related to debt issuance costs incurred for the RIPSA and an increase of $8.3 million relating to the unwind of the discount factor on the assumed contingent liability.

Other losses was $17.9 million for the year ended December 31, 2024 which includes the change in the fair value of the RIPSA as well as the recognition of a $3.7 million loss on the extinguishment of our 2023 Term Loan.

As at December 31, 2024, the Group held $399.8 million in cash and cash equivalents (2023: $271.8 million).

***Taxation***

Taxation for the year ended December 31, 2024 was expense of $8.3 million compared to a credit of $0.6 million for the year ended December 31, 2023, a change in tax related items of $8.9 million. This change is primarily attributable to U.S. current tax expense in 2024 due to the taxability of the funds received as part of the RIPSA agreement which was partially offset by increased qualifying expenditure on research and development.

***Treasury shares***

The Group and Company holds shares in an employee benefit trust, to satisfy share based compensation awards and these share are accounted for as treasury shares. As at December 31, 2024, 26,181,208 shares were held in treasure, at a nominal value of $1.7 million (2023: 24,123,536 shares, nominal value $1.5 million).

***Going concern***

We have incurred recurring losses and negative cash flows from operations since inception and have accumulated loss of $600.2 million as of December 31, 2024. We expect that our cash and cash equivalents, together with additional funding expected to become available under the 2024 Term Loan and RIPSA, will enable us to fund our planned operating expenses and capital expenditure requirements, including the commercial launch of Ohtuvayre for at least the next 12 months from the date of approval of these finance statements.

**Key Performance Indicators ("KPIs")**

The Company is a biopharmaceutical company focused on developing and commercializing innovative therapeutics for the treatment of respiratory diseases with significant unmet medical needs and only recently began generating revenue. The Company therefore uses a mix of Financial and Non-financial KPIs to monitor its activities. Financial KPIs can typically be compared over a period of years; Non-financial KPIs may change from year to year depending on the development stage of the Company's programs.

***1. Net product sales***

Strategic objective: Optimize profitability, make adjustments as needed to strategy, and assess effectiveness of marketing campaigns.

Key Performance Indicator: Net product sales of $42.3 million (2023: $nil).

Definition: Gross product sales less rebates and discounts.

***2. Research and development spend during the year***

Strategic objective: Investment in R&D to generate future revenue for the Group.

Key Performance Indicator: R&D expenditure of $37.1 million (2023: $17.4 million).

Definition: Costs including labor, materials and other expenditure incurred by the Group on research and development.

| | $'m | | | | |
|---|---|---|---|---|---|
| *Year ended December 31,* | ***2020*** | ***2021*** | ***2022*** | ***2023*** | ***2024*** |
| Research and development | *44.6* | *79.3* | *50.3* | *17.4* | *37.1* |

In the year ended December 31, 2024 R&D expenditure has increased as expected due to the Company's initiation of two Phase 2 studies related to the combination of ensifentrine and glycopyrrolate for the treatment of COPD and nebulized ensifentrine for the treatment of patients with bronchiectasis.

***3. Cash and short-term investments held at year end***

Strategic objective: Availability of financial resources to progress the development of the Group's R&D and commercial activities.

Key Performance Indicator: Year-end cash of $399.8 million (2023: $271.8 million).

Definition: Cash and cash equivalents.

| | $'m | | | | |
|---|---|---|---|---|---|
| *As at December 31,* | ***2020*** | ***2021*** | ***2022*** | ***2023*** | ***2024*** |
| Cash and equivalents | *188.0* | *148.4* | *227.8* | *271.8* | *399.8* |

**Gender of Directors and employees**

We recruit individuals who have the skills, experience and integrity needed to perform the roles to make Verona Pharma a successful company. We recruit without regard to sex or ethnic origin, appointing and thereafter promoting staff based upon merit.

The profile of the Group's employees at December 31, 2024, was as follows:

| | Male | Female | Total |
|---|---|---|---|
| | **December 31, 2024** | **December 31, 2024** | **December 31, 2024** |
| Number of persons who were Directors of the Company | 8 | 2 | 10 |
| Number of persons who were executive officers of the Company | 2 | 1 | 3 |
| Number of persons who were other employees of the Company | 103 | 105 | 208 |
| **Total employees at December 31, 2024** | 113 | 108 | 221 |

**Approach to Risk**

Drug development and commercialisation is inherently risky. All of the Group's activities involve an ongoing assessment of risks and the Group seeks to mitigate such risks where possible. The Board has undertaken an assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. In addition, the Board has considered the longer-term viability of the Group including factors such as the prospects of the Group and its ability to continue in operation for the foreseeable future.

On a regular cadence the Board reviews the level of risks that the Group is taking in pursuit of its strategy. Based upon this review the Board is satisfied that the level of retained risk is appropriate and commensurate with the financial rewards that should result from achievement of its strategy. The principal risks and uncertainties have been identified as follows:

- We have a limited operating history and have not generated any significant product revenue.
- We may need additional funding to complete development and commercialization of any future product candidates and to continue to commercialize Ohtuvayre. If we are unable to raise capital when needed, or if a failure of any financial institution where we maintain our cash and cash equivalents prevents or delays us from accessing uninsured funds, we could be forced to delay, reduce or eliminate our product development programs or commercialization efforts.
- The terms of our credit facility place restrictions on our operating and financial flexibility, and our existing and any future indebtedness could adversely affect our ability to operate our business;
- The terms of the RIPSA place restrictions on our operating and financial flexibility, and if we fail to comply with certain covenants in the RIPSA, our results of operations and financial condition may be harmed;
- Changes in our tax rates, unavailability of certain tax credits or reliefs or exposure to additional tax liabilities or assessments could affect our profitability, and audits by tax authorities could result in additional tax payments for prior periods;
- We depend solely on the success of ensifentrine, which was recently approved by the FDA as Ohtuvayre. If we are unable to commercialize Ohtuvayre, or successfully develop ensifentrine for other indications, our ability to generate revenue and our financial condition will be adversely affected;
- We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates;
- Our product and product candidates may have serious adverse, undesirable or unacceptable side effects which may delay or prevent marketing approval;
- If we are unable to enroll patients in our clinical trials for other indications, or enrollment is slower than anticipated, our research and development efforts could be adversely affected;
- We may become exposed to costly and damaging liability claims, either when testing ensifentrine in the clinic or at the commercial stage, and our product liability insurance may not cover all damages from such claims;
- Regulatory approval processes are lengthy, time consuming and inherently unpredictable, and if we are ultimately unable to obtain regulatory approval for ensifentrine, our business will be substantially harmed;
- Enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize ensifentrine and may affect the prices we may set;
- Our business operations and current and future relationships with investigators, healthcare professionals, consultants, third-party payors and customers will be subject to applicable healthcare regulatory laws, which could expose us to penalties;
- We operate in a highly competitive and rapidly changing industry, which may result in others discovering, developing or commercializing competing products before or more successfully than we do;
- If our products, including Ohtuvayre, do not gain market acceptance or if we fail to accurately forecast demand or manage our inventories, our business will suffer because we might not be able to fund future operations;
- Our commercial capabilities and infrastructure, including sales, marketing, operations, distribution, and reimbursement infrastructure, may not be adequate to successfully commercialize Ohtuvayre;
- We rely, and expect to continue to rely, on third parties, including independent clinical investigators and clinical research organizations, to conduct our pre-clinical studies and clinical trials;
- The collaboration and license agreement with Nuance Pharma is important to our business. If Nuance Pharma is unable to develop and commercialize products containing ensifentrine in Greater China, if we or Nuance Pharma fail to adequately perform under the Nuance Agreement, or if we or Nuance Pharma terminate the Nuance Agreement, our business would be adversely affected;
- If we fail to enter into new strategic relationships for ensifentrine, our business, research and development and commercialization prospects could be adversely affected;

- We rely, and expect to continue to rely, on third party manufacturers and suppliers for production of the active pharmaceutical ingredient ensifentrine and formulated drug products derived therefrom. Our dependence on these third parties may impair the advancement of our research and development programs and the development of ensifentrine;
- We rely, and expect to continue to rely, on third parties for the sales, marketing, reimbursement and distribution of our drug products, and a failure by these third parties to adequately perform would adversely affect our business;
- Our and our manufacturers', suppliers' and other critical third parties' cybersecurity risk management program and processes may not be effective in protecting our systems, networks and Confidential Information;
- We rely on patents and other intellectual property rights to protect ensifentrine, the enforcement, defense and maintenance of which may be challenging and costly;
- Our information technology systems, and those of our manufacturers, suppliers and other third parties that we use to perform services for us or otherwise collaborate with, may fail or suffer security breaches, which could distract our operations and cause delays in our research and development and commercialization activities, and may adversely affect our business, operations and financial performance;
- We may not identify relevant third-party patents or may incorrectly interpret the relevance, scope or expiration of a third-party patent which might adversely affect our ability to develop, manufacture and market ensifentrine;
- We may be involved in lawsuits to protect or enforce patents covering ensifentrine, which could be expensive, time consuming and unsuccessful, and issued patents could be found invalid or unenforceable if challenged in court;
- Our future growth and ability to compete depends on our ability to retain our key personnel and recruit additional qualified personnel;
- We expect to expand our development, regulatory and sales and marketing capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations;
- The price of our American Depositary Shares may be volatile and may fluctuate due to factors beyond our control;
- We will continue to incur increased costs as a result of operating as a public company in the United States, and our senior management are required to devote substantial time to new compliance initiatives and corporate governance practices; and
- Business interruptions could adversely affect our operations.

On behalf of the Board

Dr. David Zaccardelli

Chief Executive Officer

March 14, 2025

**Letter from the Chair of the Remuneration Committee**

Dear Shareholders,

As Chair of the Remuneration Committee (the "Committee"), I am pleased to present, on behalf of the board of directors (the "Board") of Verona Pharma, the Directors' Remuneration Report for the year ended December 31, 2024 (the "Remuneration Report"). Shareholders will be invited to approve the Remuneration Report, which will be subject to a non-binding advisory vote, at the Annual General Meeting of shareholders ("AGM") to be held on April 24, 2025 ("2025 AGM"). The notice and accompanying materials for the 2025 AGM will be sent out in due course.

***The Remuneration Committee***

The Committee is responsible for reviewing and establishing our executive and non-executive remuneration policy and philosophy, including making recommendations to the Board for its approval with respect to the remuneration of our President and CEO, who is our sole Executive Director, and our Non-Executive Directors. The Committee is also responsible for determining and approving the remuneration of senior executive officers. The composition and terms of reference of the Committee can be found on our website at www.veronapharma.com.

***Remuneration philosophy***

The aim of the Remuneration Policy is to enable the Company to offer remuneration packages that are designed to promote the long-term success of the Company by:

- being sufficiently competitive to enable the Company to attract, incentivize and retain the Executive Directors and management it needs to operate its business;
- supporting and rewarding the delivery of the Company's strategy and corporate objectives and ultimately creating value for shareholders;
- aligning Executive Directors and management with the long-term interests of shareholders and helping to retain them by delivering a significant element of remuneration in shares;
- effectively managing the Company's cash resources; and
- being flexible enough to cope with the Company's changing needs as it grows and the strategy evolves.

It is the belief of the Committee that these objectives are best achieved through a greater emphasis on variable rather than fixed remuneration, comprised of a mix of base salary and benefits, along with the flexibility to appropriately reward and incentivize with variable pay and longer term incentives, as described within the Remuneration Policy.

Whilst the Company is headquartered in the U.K, given that a number of the Company's senior executives are based in the U.S., where the market for experienced directors and biopharmaceutical executive talent is very competitive, and given that the Company is listed on a U.S. stock exchange and that its shareholder base is primarily U.S. based, the Committee references U.S. benchmarks and practices in designing its remuneration programs and policies. Notwithstanding, the Committee exercises its discretion in determining the various elements of cash and equity compensation and is mindful of the general U.K. compensation framework, including investor bodies guidance, and has considered these when determining the remuneration programs and policies where it believes they best serve the long-term interests of shareholders.

Currently the Company has only one Executive Director, but the Remuneration Policy will apply equally to any additional Executive Directors who may be appointed in the future.

The Committee annually reviews the operation of the remuneration programs and policies to ensure they are operating within an acceptable risk profile and that they do not inadvertently encourage any economic, social or governance issues.

***Key activities and decisions in the year ended December 31, 2024***

On June 26, 2024, the U.S. Food and Drug Administration ("FDA") approved Ohtuvayre (ensifentrine) for the maintenance treatment of chronic obstructive pulmonary disease ("COPD") in adult patients and we launched Ohtuvayre in the U.S. through an exclusive network of accredited specialty pharmacies in August 2024. Ohtuvayre is the our first commercial product and the first inhaled therapy with a novel mechanism of action available for the maintenance treatment of COPD in more than 20 years.

In May 2024, the Group continued to strengthened its financial position through term loan and royalty interest purchase and sale facilities which replaced the prior outstanding term debt.

During 2024, the Committee engaged AoN Consulting, Inc. to review the peer companies used for the Company's compensation benchmarking and conducted an independent benchmarking review of the compensation of the Non-Executive Directors and the senior executive officers, including the Executive Director. This review resulted in a change in the peer companies to better align with the Company in terms of market capitalization, stage of development and other factors. The benchmarking also showed that the retentive value of equity incentives held by employees, including the Executive Director, is less than the peer group. Based on the review, recognizing the importance of employee retention and incentivization as the Company transitioned from a development stage to a commercial stage company, the Committee approved the grant of equity incentives to all employees, including the Executive Director, comprising a combination of 25% Restricted Stock Units ("RSUs") and 75% Performance Restricted Stock Units ("PRSUs") under the Company's 2017 Long Term Incentive Plan. The Committee also awarded a 4% base salary increase for the Executive Director, with effect from January 1, 2025.

During 2024, the Committee's other activities included monitoring and assessing performance against the annual bonus objectives for the senior executives, including the Executive Director. In December 2024, the Committee determined the level of bonus awards payable in respect of the 2024 performance period. The awards recognized that 110% of the Company's corporate objectives for 2024 were achieved. The Board accepted the Committee's recommendation and such amounts have been included in this 2024 annual report and accounts.

In December 2024, the Committee approved the annual bonus objectives to be achieved by the senior executives, including the Executive Director, for the year ending December 31, 2025. These objectives, which were approved by the Board, are considered to be commercially sensitive and will not be disclosed in detail, but are designed to support achievement of the Company's strategic objectives to develop and commercialize innovative therapies for the treatment of chronic respiratory diseases with significant unmet medical needs.

We hope that you remain supportive of our remuneration approach and will vote in favor of the Directors' Remuneration Report.

Yours faithfully,

Dr Ken Cunningham

Chair of the Remuneration Committee

March 14, 2025

## Annual Report on Remuneration

### Single total figure of remuneration of each Director (audited)

The Directors received the following remuneration for the years ended December 31, 2024 and December 31, 2023:

| | Financial Year | Base Salary / Cash Fees | Bonus | Employer's Pension | Share-based payment [i] | Benefits | Other | Total fixed | Total variable | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Executive** | | | | | | | | | | |
| David Zaccardelli [1] | 2024 | 869,554 | 480,158 | 13,800 | 18,089,500 | 14,091 | — | 897,445 | 18,569,658 | 19,467,103 |
| | 2023 | 818,603 | 440,705 | 13,200 | 5,324,000 | 13,276 | — | 865,913 | 5,743,871 | 6,609,784 |
| **Non-Executive** | | | | | | | | | | |
| David Ebsworth | 2024 | 180,739 | — | — | 190,050 | — | — | 180,739 | 190,050 | 370,789 |
| | 2023 | 148,962 | — | — | 215,638 | — | — | 148,962 | 215,638 | 364,600 |
| Ken Cunningham | 2024 | 65,267 | — | — | 190,050 | — | — | 65,267 | 190,050 | 255,317 |
| | 2023 | 50,927 | — | — | 215,638 | — | — | 50,927 | 215,638 | 266,565 |
| Anders Ullman | 2024 | 50,205 | — | — | 190,050 | | — | 50,205 | 190,050 | 240,255 |
| | 2023 | 38,195 | — | — | 215,638 | 2,928 | — | 41,123 | 215,638 | 256,761 |
| Rishi Gupta[3] | 2024 | 4,184 | — | — | — | — | — | 4,184 | — | 4,184 |
| | 2023 | 38,195 | — | — | 215,638 | — | — | 38,195 | 215,638 | 253,833 |
| Mahendra Shah | 2024 | 57,736 | — | — | 190,050 | — | — | 57,736 | 190,050 | 247,786 |
| | 2023 | 43,288 | — | — | 215,638 | — | — | 43,288 | 215,638 | 258,926 |
| Vikas Sinha | 2024 | 77,818 | — | — | 190,050 | | — | 77,818 | 190,050 | 267,868 |
| | 2023 | 57,293 | — | — | 215,638 | 1,210 | — | 58,503 | 215,638 | 274,141 |
| Martin Edwards | 2024 | 50,205 | — | — | 190,050 | — | — | 50,205 | 190,050 | 240,255 |
| | 2023 | 38,195 | — | — | 215,638 | — | — | 38,195 | 215,638 | 253,833 |
| Lisa Deschamps | 2024 | 58,991 | — | — | 190,050 | — | — | 58,991 | 190,050 | 249,041 |
| | 2023 | 42,015 | — | — | 215,638 | — | — | 42,015 | 215,638 | 257,653 |
| James Brady | 2024 | 62,757 | — | — | 190,050 | 2,917 | — | 65,674 | 190,050 | 255,724 |
| | 2023 | 44,561 | — | — | 288,120 | — | — | 44,561 | 288,120 | 332,681 |
| Christina Ackermann[2] | 2024 | 66,161 | — | — | 266,250 | 3,002 | — | 69,163 | 266,250 | 335,413 |
| | 2023 | 14,106 | — | — | — | 1,375 | — | 15,481 | — | 15,481 |
| Michael Austwick[4] | 2024 | 55,435 | — | — | — | — | — | 55,435 | — | 55,435 |
| | 2023 | — | — | — | — | — | — | — | — | — |

[1] Dr. Zaccardelli was entitled to an annual base salary of $839,436 in 2023, made up of $818,603 in cash and $20,833 in restricted stock units.

[2] Appointed September 1, 2023

[3] Resigned 31 January, 2024

[4] Appointed February 1, 2024

[i] Share based payments represent the intrinsic value of share options that vested during the years ended December 31, 2023 and December 31, 2024 and the intrinsic value of RSUs and PRSUs granted in the years ended December 31, 2023 and December 31, 2024. The intrinsic value of the share options is the difference between the share price on the date of vesting and the exercise price of the option. In the case of RSUs and PRSUs it is the share price on the day of grant. No amount of this award was attributable to share price appreciation.

Dr. Zaccardelli's compensation package is denominated in U.S. dollars; all other directors' compensation is denominated in U.K. pounds, except for share based payments, which are calculated on the price of ADSs. For the purposes of this table, all amounts are translated into U.S. dollars using exchange rates on December 31, 2024 (1.255130) and December 31, 2023 (1.273180) for each year respectively.

**Annual performance bonus**

The Company operates a discretionary bonus scheme for all employees including the CEO. Bonus awards are granted as a percentage of base salary and based on objectives signed off by the Remuneration Committee each year. For 2024, the CEO's maximum bonus opportunity was 50% of base salary. The Remuneration Committee assessed performance against the objectives determining that 110% of the objectives were achieved. This resulted in a 2024 bonus award equating to 55.2% of base salary for the CEO.

The performance objectives achieved by the Executive Director included the following:

- FDA approval of ensifentrine in the second quarter of 2024;
- nebulized ensifentrine in non-cystic fibrosis bronchiectasis Phase 2 clinical trial initiation in the third quarter of 2024;
- nebulized ensifentrine/glycopyrrolate combination Phase 2 clinical trial initiation in the fourth quarter of 2024;
- commercial launch of ensifentrine for COPD and achieve agreed forecast in the fourth quarter of 2024; and
- operated within the approved budget.

**Long term incentive awards**

The Executive Director was granted 800,000 restricted share units ("RSUs") with respect to ordinary shares and 3,000,000 performance restricted share units ("PRSUs") with respect to ordinary shares during the 2024 performance period.

**Payments to past Directors (audited)**

There were no payments to past Directors during the financial year ended December 31, 2024 or the financial year ended December 31, 2023.

**Payments for loss of office (audited)**

There were no payments to directors for loss of office in the financial year ended December 31, 2024 or the financial year ended December 31, 2023.

**Statement of Directors' Shareholding and Share Interests (audited)**

The table below details the total number of ordinary shares owned (including their beneficial interests), the total number of ordinary share options held, the number of ordinary share options vested but not yet exercised and the total number of restricted share units ("RSUs") and performance restricted share units ("PRSUs") with respect to ordinary shares held as at December 31, 2024:

| December 31, 2024 | Shares | Options - not vested | Options vested, not exercised | RSUs not vested | PRSUs not vested | Total (shares and options) |
|---|---|---|---|---|---|---|
| Executives | | | | | | |
| David Zaccardelli | 11,204,752 | — | — | 3,200,000 | 4,400,000 | 18,804,752 |
| Non Executives | | | | | | |
| Vikas Sinha | 74,440 | 120,000 | 600,384 | — | — | 794,824 |
| Anders Ullman | 334,856 | 120,000 | 480,000 | — | — | 934,856 |
| David Ebsworth | 940,003 | 120,000 | 480,000 | — | — | 1,540,003 |
| Ken Cunningham | 66,584 | 120,000 | 480,000 | — | — | 666,584 |
| Mahendra Shah | 73,080 | 120,000 | 480,000 | — | — | 673,080 |
| Martin Edwards | 144,800 | 120,000 | 480,000 | — | — | 744,800 |
| Rishi Gupta | — | — | — | — | — | — |
| Lisa Deschamps | 70,320 | 120,000 | 480,000 | — | — | 670,320 |
| James Brady | — | 120,000 | 504,000 | — | — | 624,000 |
| Christina Ackermann | 41,880 | 204,000 | 180,000 | — | — | 425,880 |
| Michael Austwick | — | 144,000 | — | — | | 144,000 |
| | 12,950,715 | 1,308,000 | 4,164,384 | 3,200,000 | 4,400,000 | 26,023,099 |

The interests of the Directors in the Company's ordinary share options and RSUs and PRSUs with respect to ordinary shares as at December 31, 2024 were as follows:

| Director | Date of Grant | Exercise price per share ($) | Type | January 1, 2024 | Granted during the year | Vested during the year | Forfeited during the year | December 31, 2024 | Date from which exercisable | Expiry date |
|---|---|---|---|---|---|---|---|---|---|---|
| Vikas Sinha | April 26, 2017 | 1.70 | Options | 120,384 | — | — | — | 120,384 | i) | April 26, 2027 |
| David Zaccardelli | May 7, 2020 | — | RSU | 263,312 | — | (263,312) | — | — | ii) | N/A |
| David Zaccardelli | August 20, 2020 | — | RSU | 892,616 | — | (892,616) | — | — | iii) | N/A |
| Rishi Gupta | September 24, 2020 | 0.79 | Options | 185,600 | — | (185,600) | — | — | iv) | September 24, 2030 |
| Ken Cunningham | August 9, 2021 | 0.78 | Options | 64,000 | — | — | — | 64,000 | v) | August 8, 2031 |
| Lisa Deschamps | August 9, 2021 | 0.78 | Options | 64,000 | — | — | — | 64,000 | v) | August 8, 2031 |
| David Ebsworth | August 9, 2021 | 0.78 | Options | 64,000 | — | — | — | 64,000 | v) | August 8, 2031 |
| Martin Edwards | August 9, 2021 | 0.78 | Options | 64,000 | — | — | — | 64,000 | v) | August 8, 2031 |
| Rishi Gupta | August 9, 2021 | 0.78 | Options | 64,000 | — | (64,000) | — | — | v) | August 8, 2031 |
| Mahendra Shah | August 9, 2021 | 0.78 | Options | 64,000 | — | — | — | 64,000 | v) | August 8, 2031 |
| Vikas Sinha | August 9, 2021 | 0.78 | Options | 64,000 | — | — | — | 64,000 | v) | August 8, 2031 |
| Anders Ullman | August 9, 2021 | 0.78 | Options | 64,000 | — | — | — | 64,000 | v) | August 8, 2031 |
| James Brady | March 14, 2022 | 0.60 | Options | 288,000 | — | — | — | 288,000 | vi) | March 13, 2032 |
| Ken Cunningham | April 28, 2022 | 0.50 | Options | 200,000 | — | — | — | 200,000 | vii) | April 27, 2032 |
| Lisa Deschamps | April 28, 2022 | 0.50 | Options | 200,000 | — | — | — | 200,000 | vii) | April 27, 2032 |
| Martin Edwards | April 28, 2022 | 0.50 | Options | 200,000 | — | — | — | 200,000 | vii) | April 27, 2032 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| David Ebsworth | April 28, 2022 | 0.50 | Options | 200,000 | — | — | — | 200,000 | vii) | April 27, 2032 |
| Rishi Gupta | April 28, 2022 | 0.50 | Options | 200,000 | — | (200,000) | — | — | vii) | April 27, 2032 |
| Mahendra Shah | April 28, 2022 | 0.50 | Options | 200,000 | — | — | — | 200,000 | vii) | April 27, 2032 |
| Vikas Sinha | April 28, 2022 | 0.50 | Options | 200,000 | — | — | — | 200,000 | vii) | April 27, 2032 |
| Anders Ullman | April 28, 2022 | 0.50 | Options | 200,000 | — | — | — | 200,000 | vii) | April 27, 2032 |
| David Zaccardelli | September 26, 2022 | — | RSU | 2,700,000 | — | (900,000) | — | 1,800,000 | viii) | N/A |
| Rishi Gupta | April 28, 2023 | 2.67 | Options | 96,000 | — | — | (96,000) | — | ix) | April 27, 2033 |
| Sven Ullman | April 28, 2023 | 2.67 | Options | 96,000 | — | — | — | 96,000 | ix) | April 27, 2033 |
| David Ebsworth | April 28, 2023 | 2.67 | Options | 96,000 | — | — | — | 96,000 | ix) | April 27, 2033 |
| Lisa Deschamps | April 28, 2023 | 2.67 | Options | 96,000 | — | — | — | 96,000 | ix) | April 27, 2033 |
| Vikas Sinha | April 28, 2023 | 2.67 | Options | 96,000 | — | — | — | 96,000 | ix) | April 27, 2033 |
| Mahendra Shah | April 28, 2023 | 2.67 | Options | 96,000 | — | — | — | 96,000 | ix) | April 27, 2033 |
| Martin Edwards | April 28, 2023 | 2.67 | Options | 96,000 | — | — | — | 96,000 | ix) | April 27, 2033 |
| Kenneth Cunningham | April 28, 2023 | 2.67 | Options | 96,000 | — | — | — | 96,000 | ix) | April 27, 2033 |
| James Brady | April 28, 2023 | 2.67 | Options | 96,000 | — | — | — | 96,000 | ix) | April 27, 2033 |
| Christina Ackermann | September 1, 2023 | 2.43 | Options | 144,000 | — | — | — | 144,000 | x) | August 31, 2033 |
| David Zaccardelli | October 20, 2023 | — | RSU | 800,000 | — | (200,000) | — | 600,000 | xi) | N/A |
| David Zaccardelli | October 20, 2023 | — | PRSU | 2,400,000 | — | (1,000,000) | — | 1,400,000 | xii) | N/A |
| Michael Austwick | February 1, 2024 | 2.29 | Options | — | 144,000 | — | — | 144,000 | xiii) | January 31, 2034 |
| Sven Ullman | April 29, 2024 | 1.93 | Options | — | 240,000 | — | — | 240,000 | xiv) | April 28, 2034 |
| David Ebsworth | April 29, 2024 | 1.93 | Options | — | 240,000 | — | — | 240,000 | xiv) | April 28, 2034 |
| Lisa Deschamps | April 29, 2024 | 1.93 | Options | — | 240,000 | — | — | 240,000 | xiv) | April 28, 2034 |
| Vikas Sinha | April 29, 2024 | 1.93 | Options | — | 240,000 | — | — | 240,000 | xiv) | April 28, 2034 |
| Mahendra Shah | April 29, 2024 | 1.93 | Options | — | 240,000 | — | — | 240,000 | xiv) | April 28, 2034 |
| Martin Edwards | April 29, 2024 | 1.93 | Options | — | 240,000 | — | — | 240,000 | xiv) | April 28, 2034 |
| Kenneth Cunningham | April 29, 2024 | 1.93 | Options | — | 240,000 | — | — | 240,000 | xiv) | April 28, 2034 |
| James Brady | April 29, 2024 | 1.93 | Options | — | 240,000 | — | — | 240,000 | xiv) | April 28, 2034 |
| Christina Ackermann | April 29, 2024 | 1.93 | Options | — | 240,000 | — | — | 240,000 | xiv) | April 28, 2034 |
| David Zaccardelli | October 30, 2024 | — | RSU | — | 800,000 | — | — | 800,000 | xv) | N/A |
| David Zaccardelli | October 30, 2024 | — | PRSU | — | 3,000,000 | — | — | 3,000,000 | xvi) | N/A |

All options are subject to service conditions.

i) 50% of these options vested in three annual tranches and 50% in four. The first vesting date was April 26, 2018.

ii) 25% of these RSUs vested on February 1, 2021, with the remaining vesting in twelve equal quarterly tranches thereafter. The face value of this award was $2,211,174.

iii) 25% of these RSUs vested on February 1, 2021, with the remaining vesting in twelve equal quarterly tranches thereafter. The face value of this award was $14,909,288.

iv) 50% of these RSUs or options vested on November 1, 2020, with the remainder in two equal quarterly installments. The face value of each award was $121,075.

v) These options vest in four equal installments. The first vesting date was August 9, 2021, with the remaining quarterly from November 1, 2021. The face value of each award was $49,600.

vi) These options vest in four equal quarterly installments. The first vesting date was August 1, 2022. The face value of the award was $173,520.

vii) These options vest in four equal quarterly installments. The first vesting date was July 28, 2022. The face value of each award was $100,750.

viii) 25% of these RSUs vest on November 1, 2023, with the remaining vesting in twelve equal quarterly tranches thereafter. The face value of this award was $3,883,500.

ix) These options vest in four equal quarterly installments. The first vesting date was July 28, 2023. The face value of each award was $256,320.

x) 33% of these options will vest on September 1, 2024, with the remaining vesting in eight equal quarterly tranches thereafter. The face value of the award was $349,740.

xi) 25% of these RSUs vest on November 1, 2024, with the remaining vesting in twelve equal quarterly tranches thereafter. The face value of this award was $1,331,000.

xii) 33% of these PRSUs vest upon achievement of a performance condition related to the commercialization of ensifentrine in the U.S., with the remaining vesting in eight equal quarterly tranches thereafter, subject generally to continued employment. The face value of this award was $3,993,000.

xiii) 33% of these options will vest on February 1, 2025, with the remaining vesting in eight equal quarterly tranches thereafter. The face value of the award was $330,300.

xiv) These options vest in four equal quarterly installments. The first vesting date was July 29, 2024. The face value of each award was $464,100.

xv) 25% of these RSUs vest on November 1, 2026, with the remaining vesting in twelve equal quarterly tranches thereafter. The face value of this award was $3,367,000.

xvi) This number of awards to vest is dependent on the achievement of four quarterly performance metrics in 2025 with each quarterly metric determining 25% of the number of share units to be awarded. Upon the determination of each quarterly performance metric, 33% of the quarterly determined amount will vest immediately and the remaining vesting in eight equal quarterly tranches thereafter, subject generally to continued employment. The face value of this award was $14,722,500.

**Directors' interests (audited)**

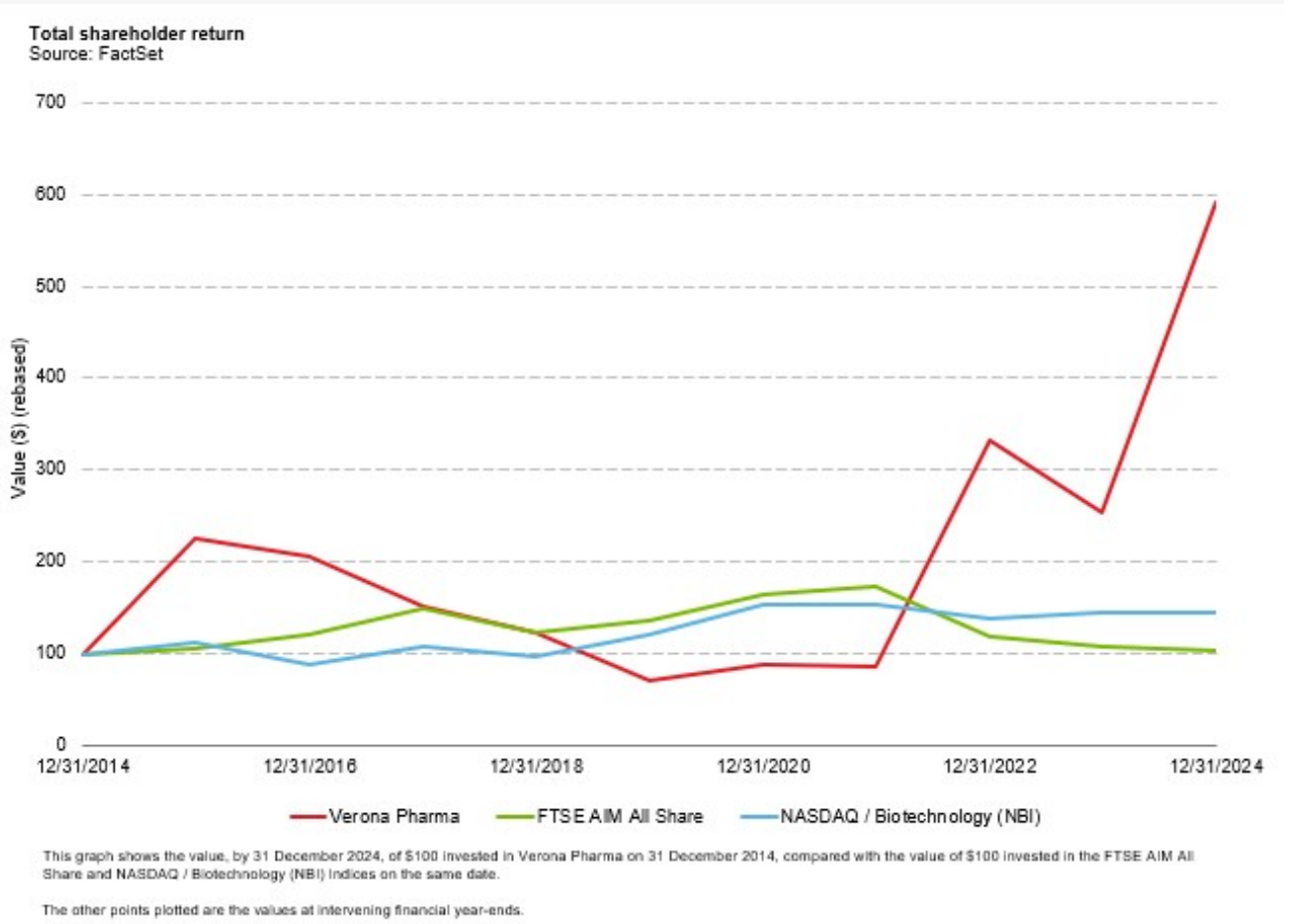
The beneficial and non-beneficial interests of the Directors in the Company's ordinary shares as at December 31, 2024, were as follows:

| Name | Held at December 31, 2024 | Held at December 31, 2023 |
|---|---|---|
| David Zaccardelli | 11,204,752 | 11,766,864 |
| David Ebsworth | 940,003 | 844,643 |
| Vikas Sinha | 74,440 | 74,440 |
| Anders Ullman | 334,856 | 334,856 |
| Ken Cunningham | 66,584 | 66,584 |
| Mahendra Shah | 73,080 | 73,080 |
| Martin Edwards | 144,800 | 144,800 |
| Rishi Gupta | — | — |
| Lisa Deschamps | 70,320 | 70,320 |
| James Brady | — | — |
| Christina Ackermann | 41,880 | — |
| Michael Austwick | — | — |

Between December 31, 2024 and March 8, 2025, the changes in the interests of the Directors were the vesting of Dr. Zaccardelli's 308,272 ordinary shares of RSUs and PRSUs, and the exercise of Dr. Ebsworth's 460,000 ordinary shares of share options and related sale of 64,000 ordinary shares after the exercise of share options.

**Total shareholder return**

The graph below shows the Company's performance, measured by total shareholder return, compared with the value if the same investment had been made in the FTSE AIM All Share and NASDAQ / Biotechnology (NBI) indices on the same date.



## CHIEF EXECUTIVE OFFICER TOTAL REMUNERATION HISTORY

| | 2024 | 2023 | 2022 | 2021 | 2020 [1] |
|---|---|---|---|---|---|
| Total CEO remuneration ($'000s) | 19,467 | 6,610 | 5,196 | 1,140 | 18,390 |
| Annual variable element award rates against maximum opportunity | 110% | 105% | 125% | 85% | 110 % |
| Long-term incentive vesting rates against maximum opportunity | 100% | 100% | 100% | 100% | 100% |

[1)] this includes one month of the remuneration of Dr. Karlsson and eleven months of Dr. Zaccardelli.

All pound sterling amounts have been translated into U.S. dollars using exchange rates on December 31, 2020 (1.366312).

## PERCENTAGE CHANGE OF DIRECTORS' REMUNERATION

The table below shows the percentage change in remuneration of the directors and the Group's employees as a whole for the period January 01 to December 31 for the following years:

| | | Percentage increase/(decrease) for: | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2024 compared to 2023 | | 2023 compared to 2022 | | 2022 compared to 2021 | | 2021 compared to 2020 | | 2020 compared to 2019 | |
| | | Director | Average Employee | Director | Average Employee | Director | Average Employee | Director | Average Employee | Director | Average Employee |
| Base salary | David Zaccardelli | 4% | 5% | 5% | 6% | 3% | 10% | 3% | 11% | 71% | 9% |
| Short-term incentives | David Zaccardelli | 9% | 10% | (11)% | (3)% | 51% | 53% | (20)% | (2)% | 78% | 28% |
| Taxable benefits | David Zaccardelli | 6% | 11% | (53)% | 6% | 2% | 16% | (33)% | 1% | 10% | 4% |
| Base salary | David Ebsworth | 23% | 5% | —% | 6% | —% | 10% | 4% | 11% | 4% | 9% |
| Base salary | Ken Cunningham | 30% | 5% | —% | 6% | —% | 10% | —% | 11% | —% | 9% |
| Base salary | Anders Ullman | 33% | 5% | —% | 6% | (9)% | 10% | 5% | 11% | 4% | 9% |
| Base salary | Rishi Gupta [3] | (89)% | 5% | (4)% | 6% | (8)% | 10% | 7% | 11% | 6% | 9% |
| Base salary | Mahendra Shah | 35% | 5% | 1% | 6% | 2% | 10% | 5% | 11% | 4% | 9% |
| Base salary | Vikas Sinha | 38% | 5% | 2% | 6% | 5% | 10% | —% | 11% | —% | 9% |
| Base salary | Martin Edwards | 33% | 5% | —% | 6% | —% | 10% | —% | 11% | 33% | 9% |
| Base salary | Lisa Deschamps | 42% | 5% | —% | 6% | 20% | 10% | N/A | 11% | N/A | 9% |
| Base salary | James Brady [1] | 43% | 5% | 24% | 6% | N/A | 10% | N/A | 11% | N/A | 9% |
| Base salary | Christina Ackermann [2] | 376% | 5% | N/A | 6% | N/A | 10% | N/A | 11% | N/A | 9% |
| Base salary | Michael Austwick[4] | N/A | 5% | N/A | 6% | N/A | 10% | N/A | 11% | N/A | 9% |

[1] Appointed March 14, 2022

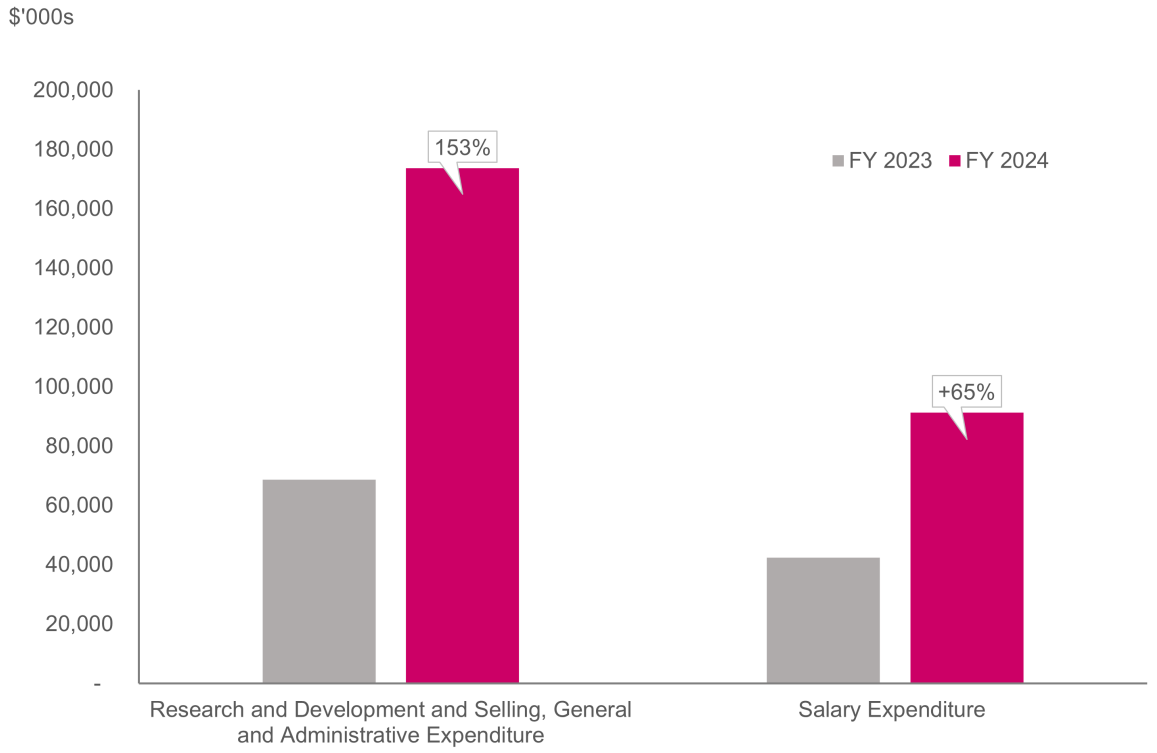
[2] Appointed September 01, 2023

[3] Resigned January 31, 2024

[4] Appointed February 01, 2024

**Relative importance of spend on pay**

The Committee considers the Company's research and development and selling, general and administrative expenditure relative to salary expenditure for all employees to be the most appropriate metric for assessing overall spend on pay due to the nature and stage of the Company's business as it conducts research and development activities and there is limited historical data relating to the commercial launch of Ohtuvayre in the U.S available. Dividend distribution and share buy-back comparators have not been included as the Company has no history of such transactions. The graph below illustrates the gross pay to all employees compared to research and development and selling, general and administrative expenditure and illustrates the year-on-year change. The Committee notes that research and development expenditure increased in 2024 from 2023 as we initiated two Phase 2 studies in the third quarter of 2024 related to the combination of ensifentrine and glycopyrrolate for the treatment of COPD and nebulized ensifentrine for the treatment of patients with bronchiectasis,. Selling, general and administrative expenditure also increased primarily relating to the launch of Ohtuvayre. Salary expenditure increased in 2024 due as we built out our commercial organization in the second quarter of 2024.




**External advice**

During the 2024 financial year, the Company engaged AoN Consulting, Inc. (the "Remuneration Advisors") to support the Committee and management with advice on remuneration matters and the Committee is satisfied that they provide independent and objective advice. During 2024, the Company paid fees of $43,700 to the Remuneration Advisors. No other fees were paid to them in the year.

**Proposed Application of the Remuneration Policy for the Year Ended December 31, 2025**

***i) Fixed elements of remuneration***

With effect from January 1, 2025, the base salary of Dr. David Zaccardelli in his role as President, CEO, and Executive Director of the Company is $907,936 per annum, all of which is paid in cash. In accordance with the Remuneration Policy, the Remuneration Committee has considered Dr. Zaccardelli's base salary in the context of a number of factors, including the market benchmarking exercise carried out by the Remuneration Advisors, the skills and experience of Dr. Zaccardelli, and the location, responsibilities and scale and complexity of the role.

***ii) Variable elements of remuneration***

*Short-term incentives*

The target bonus for Dr. Zaccardelli for the 2025 performance period will be 50% of base salary. The performance objectives for Dr. Zaccardelli against which the Committee will determine the annual bonus were approved by the Board in

December 2024. The detail behind the performance objectives is currently considered to be commercially sensitive as it relates to the Company's strategy for the advancement of the ensifentrine clinical development program and its financial and commercial goals. To the extent that the objectives do not comprise commercially sensitive information, the Company expects to disclose both the objectives and performance against those objectives in next year's Directors' Remuneration Report.

*Long-term incentive awards*

The Company anticipates awarding a long term incentive grant to the Executive Director in 2025 under the Company's 2017 Incentive Plan, subject to Board approval.

***iii) Chairperson and Non-Executive Director fees (audited)***

*Chairperson fees*

The Chairperson is paid a basic fee and a fee for chairing and membership of Board Committees. The basic fee and the fee for chairing and membership of Board Committees were reviewed in 2024 following a benchmarking exercise undertaken by the Company's external Remuneration Advisors. This review resulted no change in the fees paid to the Chairperson. The Chairperson is also awarded equity incentives under the 2017 Incentive Plan.

*Non-Executive Director cash fees*

Non-Executive Directors are paid a basic fee and a fee for chairing or membership of Board committees. The basic fee and the fee for chairing and membership of Board Committees were reviewed in 2024 following a benchmarking exercise undertaken by the Company's Remuneration Advisors. This review resulted in no change in the fees paid to the Non-Executive Directors. Non-Executive Directors are also awarded equity incentives under the 2017 Incentive Plan.

The table below shows the total of the annual basic fee and fees for chairing and membership of Board Committees currently payable to our Chairperson and Non-Executive Directors.

| Name | Annual Fees (£) |
|---|---|
| David Ebsworth | 145,000 |
| Ken Cunningham | 52,000 |
| Anders Ullman | 40,000 |
| Mahendra Shah | 46,000 |
| Vikas Sinha | 62,000 |
| Martin Edwards | 40,000 |
| Lisa Deschamps | 48,000 |
| James Brady | 50,000 |
| Christina Ackermann | 54,000 |
| Michael Austwick | 50,000 |

The Remuneration Policy provides that Executive Directors may have contracts with an indefinite term provided the contracts have a notice period which does not exceed twelve months.

Ms. Christina Ackermann, Mr. Michael Austwick, Mr. Jim Brady, Dr. Ken Cunningham, Ms. Lisa Deschamps, Dr. Martin Edwards, Mr. Vikas Sinha and Dr. Anders Ullman have letters of appointment which are subject to a three-month notice period. Dr. Mahendra Shah and Mr. Rishi Gupta were designated as Non-Executive Directors of our Board under relationship agreements we entered into in June 2016 with entities affiliated with each of Vivo Capital and OrbiMed, respectively. The appointment rights under these relationship agreements automatically terminated on the Company delisting from AIM in October 2020. Notwithstanding, the Board resolved that Dr. Shah and Mr. Gupta continue to be appointed to the Board pursuant to letters of appointment, which are also subject to a three-month notice period. Mr. Gupta resigned from the Board on January 31, 2024.

The Non-Executive Directors' remuneration is reviewed by the Board annually. In accordance with the Company's Articles of Association, one third of Directors are subject to retirement by rotation at each AGM. Dr. Kenneth Cunningham, Mr. Vikas Sinha, and Mr. James Brady will be retiring by rotation at the 2025 AGM and, being eligible, will seek re-election. Pursuant to our Articles of Association, if no other director is elected to fill their respective positions and the directors are willing, they shall be re-elected by default.

Details of Directors' service contracts or letters of appointment for the year ended December 31, 2024 are as follows:

| Director | Date of Contract |
|---|---|
| **Executive** | |
| David Zaccardelli | February 1, 2020 |
| **Non-Executive** | |
| David Ebsworth | December 1, 2014 |
| Ken Cunningham | September 10, 2015 |
| Anders Ullman | September 10, 2015 |
| Rishi Gupta | July 29, 2016 |
| Mahendra Shah | July 29, 2016 |
| Andrew Sinclair | July 29, 2016 |
| Vikas Sinha | September 12, 2016 |
| Martin Edwards | April 1, 2019 |
| Lisa Deschamps | March 1, 2021 |
| James Brady | March 14, 2022 |
| Christina Ackermann | September 1, 2023 |
| Michael Austwick | February 1, 2024 |

Directors' service contracts are available in the Company's SEC filings at https://www.veronapharma.com/investors/news-sec-filings.

The information in this part of the Directors' Remuneration Report is not subject to audit.

**Directors' Remuneration Policy**

The current Remuneration Policy was approved by the Company's shareholders at the 2024 Annual General Meeting and will remain in force for three years from that date until the Annual General Meeting in 2027, or until a new Remuneration Policy is approved by shareholders.

***Statement of voting on the Remuneration Report at the 2024 Annual General Meeting***

At the Annual General Meeting held on April 26, 2024, votes cast by proxy at the meeting in respect of the Directors' Remuneration Report were as follows:

| | In favor votes | Against votes | Total votes cast | Votes withheld |
|---|---|---|---|---|
| To approve the Remuneration Report | 593,000,121 | 24,709,190 | 617,709,311 | 1,032,440 |
| % of votes cast | 96 % | 4 % | 100 % | — |

***Statement of voting on the Remuneration Policy at the 2024 Annual General Meeting***

At the Annual General Meeting held on April 26, 2024, votes cast by proxy at the meeting in respect of the Directors' Remuneration Policy were as follows:

| | In favor votes | Against votes | Total votes cast | Votes withheld |
|---|---|---|---|---|
| To approve the Remuneration Policy | 592,664,317 | 24,906,426 | 617,570,743 | 1,171,008 |
| % of votes cast | 95.97 % | 4.03 % | 100 % | — |

## Directors' Remuneration Policy

The Policy was subject to a binding Shareholder vote at the 2024 AGM, and is effective from April 26, 2024 until the AGM in 2027 with no requirement to vote again on the Policy in the intervening years provided that no substantive changes are proposed. The Committee may make minor amendments to the Policy (for example for tax, regulatory, exchange control or administrative purposes) without obtaining shareholder approval.

The Remuneration Committee of the Board of Directors of the Company followed a robust process when reviewing and considering amendments to the Policy, considering both the strategic objectives of the business and evolving market practices. Input was also sought from management, while ensuring that conflicts of interest were suitably mitigated.

***Remuneration philosophy***

The aim of the Policy is to enable the Group to offer remuneration packages that are designed to promote the long-term success of the Group by:

- being sufficiently competitive to enable the Group to attract, incentivize and retain the Executive Directors and management it needs to operate its business;
- supporting and rewarding the delivery of the Group's strategy and corporate objectives and ultimately creating value for shareholders;
- aligning Executive Directors and management with the long-term interests of shareholders and helping to retain them by delivering a significant element of remuneration in shares;
- effectively managing the Group's cash resources; and
- being flexible enough to cope with the Group's changing needs as it grows and the strategy evolves.

Currently the Group has only one Executive Director, but the Policy will apply equally to any additional Executive Directors who may be appointed in the future.

The Committee annually reviews the operation of the remuneration packages to ensure they are operating within an acceptable risk profile and that they do not inadvertently encourage any economic, social or governance issues**.**

***Remuneration Policy***

**Remuneration Policy for Executive Directors**

The total remuneration for the Executive Director is made up of the following elements:

- Salary;
- Benefits;
- Annual bonus;
- Long-term incentive awards; and
- Pension.

The Company adopted the 2017 Incentive Plan on completion of the Nasdaq IPO in April 2017, and since January 1, 2017 the Company has only granted equity incentives under the 2017 Incentive Plan.

A copy of the employment agreement for the Executive Director and the letters of appointment for the non-Executive Directors are available in the Company's SEC filings at https://www.veronapharma.com/investors/news-sec-filings.

| Element of remuneration | Purpose and link to strategy | Operation | Maximum and minimum potential value | Performance metrics | Change to 2021 Policy |
|---|---|---|---|---|---|
| *Base salary* | Provides market competitive fixed remuneration that reflects the responsibilities of the role undertaken, the experience of the individual and performance in the role over time. | Reviewed annually taking into account individual responsibilities, experience, performance, inflation and market rates. The Committee will also consider the pay and employment conditions in the wider workforce when determining Executive Directors' salaries. Salary increases are normally effective from 1 January each year. Salaries are periodically benchmarked against a relevant peer group of life sciences companies, many of which are listed on Nasdaq, with a similar stage of development, and similar market capitalization and financial profile. Salaries are typically aligned with the 50th percentile of peer group comparator data but the Committee may vary from this general rule where it considers that special circumstances apply or where recruitment or retention of a particular role is required. Salaries may be paid in a combination of cash and equity. | The current base salary of the Executive Director is set out in the application of policy section of the Directors' Remuneration Report. There is no formal maximum level of base salary. Larger increases may be permitted to reflect a change in responsibilities or a significant increase in the scale or complexity of the role, or increases in line with the remuneration of the Group's wider workforce. | The overall performance of the individual and Group is a key determinant for salary increases. | (i) Peer companies no longer limited to clinical development stage companies.<br><br>(ii) Peer companies no longer benchmarked according to net assets alone. Benchmarking considers other financial measures, such as revenues, R&D expense, and cash. |

| | | | | | |
|---|---|---|---|---|---|
| *Benefits* | Provides market competitive, yet cost-effective employment benefits. | For Executive Directors, this includes private insurance covering medical, dental vision, as well as life and disability insurance. Directors and Officers liability insurance is also covered as well as either reimbursement of external advisor fees or external adviser assistance up to a maximum amount determined by the Remuneration Committee from time to time in connection with filing UK tax returns related to remuneration received in connection with the role. Other employment benefits may be provided from time to time on similar terms as those of other employees. If an Executive Director is based outside the UK additional benefits and assistance with relocation may be provided which reflect local market norms or legislation. | There is no formal maximum level of benefits as the value of insured benefits will vary from year to year based on the cost from third-party providers. | None. | Executive Directors may receive either reimbursement of external adviser fees or external adviser assistance in connection up to a maximum amount determined by the Remuneration Committee with filing UK tax returns related to remuneration received in connection with the role. |

| | | | | | |
|---|---|---|---|---|---|
| *Annual bonus* | To incentivize and award delivery of the Company's strategy and corporate objectives on an annual basis. | Annual bonus performance targets are set at the start of the year by the Board and performance against objectives is assessed by the Remuneration Committee after the end of the relevant financial year. Bonuses will be paid in cash. | The maximum annual bonus payable to an Executive Director is 150% of base salary. In exceptional circumstances, the Committee may determine that the maximum bonus opportunity will be 200% of base salary.<br>There is no formal minimum annual bonus as the bonus payable depends on performance against objectives. | Research and development, business development, financial and commercial targets are set at the start of the year by the Board. Details of the performance measures for the current year are provided in the Directors' Remuneration Report, subject to any non-disclosure on the basis of commercially-sensitive information. | N/A |

| | | | | | |
|---|---|---|---|---|---|
| *Equity incentives* | To align the interests of Executive Directors and management with long-term shareholder interests and to attract, incentivize and retain staff.<br><br>To incentivize and recognize achievement of longer-term corporate objectives and sustained shareholder value creation.<br>To effectively manage the Group's cash resources. | Conditional awards are granted annually under the 2017 Incentive Plan. The awards vest over a period of at least three years and may include a mix of share options, restricted share units, performance shares and other awards available for issuance under the 2017 Incentive Plan.<br>Awards may be subject to clawback under the terms of any policy adopted by the Company or required by any applicable laws. | The total number of awards made under the 2017 Incentive Plan is subject to the overall limits set out in the 2017 Incentive Plan.<br>There is no formal minimum level of equity incentives as the grant of equity incentives to the Executive Director is in the discretion of the Board. | Vesting may be on a time-phased basis or subject to performance conditions, as determined in the discretion of the Committee. | N/A |
| *Pension* | To provide a competitive and tax-efficient pension savings plan which complies with at least the minimum contributions requirements of the applicable jurisdiction. | Executive Directors are eligible to join a defined contribution pension scheme. | The maximum contribution, cash supplement (or combination thereof) payable by the Company is 4% of salary, or such statutory minimum as may be required. | None. | N/A |

The Committee operates the annual bonus and 2017 Incentive Plan, in accordance with their rules, and where relevant, the SEC Rules. To maintain an efficient administrative process, the Committee retains the following discretion relating to remuneration:

- the eligibility to participate in the plans;
- the timing of grant of awards and any payments;
- the size of awards and payments (subject to the maximum limits set out in the Policy table above and the respective plan rules);
- the determination of whether any performance conditions have been met;
- determining a good or bad leaver under the terms of the plans;
- adjustments required and treatment of awards in connection with certain events such as rights issues, corporate restructuring, capital events, change in control or other corporate events or special dividends; and
- the annual review of performance objectives for the annual bonus plan and, if applicable, the 2017 Incentive Plan.

In certain exceptional circumstances, such as a material acquisition/divestment of a Group business or a change in the broader business environment, which mean the original performance conditions are no longer appropriate, the Committee may adjust the objectives, alter weightings or set different measures as necessary, to ensure the conditions achieve their original purpose and are not materially less difficult to satisfy.

***Historical equity incentive awards***

Awards which were granted prior to January 1, 2017 are disclosed separately in this Remuneration Report. These awards remain eligible to vest, based on their original terms which are described separately in the Directors' Report on Remuneration.

***Annual bonus***

The annual bonus is designed to drive the achievement of the Company's strategic and corporate objectives. These targets are agreed by the Board and selected because of their importance in value creation for shareholders.

***Remuneration on recruitment***

The remuneration package for any new Executive Director will be determined by the Remuneration Committee in accordance with the terms of the Policy at the time of appointment (including salary, benefits, annual bonus, long-term incentive awards and pension). It is recognised that in order to attract and recruit talented individuals the Policy needs to allow sufficient flexibility with respect to remuneration on recruitment. The following policies apply to the remuneration on recruitment of new Executive Directors:

- Salary: Base salary will be determined based on the responsibilities of the role, experience of the individual and current market rates. It may be considered necessary to appoint a new Executive Director on or below market rates (e.g. to reflect limited board experience). In such circumstances, phased increases above those of the wider workforce may be required over an appropriate time period, to bring the salary to the desired market level, subject to the continued development in the role.
- Annual bonus: The ongoing annual bonus maximum will be in line with that outlined in the Policy table for existing Executive Directors, pro-rated to reflect the period of service. Depending on the timing or nature of an appointment it may be necessary to set different initial performance measures and targets for the first year of appointment.
- Long-term incentive awards: 2017 Incentive Plan awards are granted in line with the policy outlined for existing Executive Directors. An award may be made shortly following an appointment (provided the Company is not in a closed period under its Insider Trading Compliance Policy). For internal appointments, existing awards will continue on their original terms.
- Benefits: Benefits provided should be in line with those of existing Executive Directors. For external and internal appointments, where required to meet business needs, reasonable relocation support will be provided. In addition, if it becomes necessary to appoint a new Executive Director from outside the UK, additional benefits may be provided to reflect local market norms or legislation.
- Pension: A company contribution or cash supplement up to the maximum as outlined for existing Executive Directors.
- Sign-on payments and buy-out awards: To enable the recruitment of exceptional talent, the Committee may offer additional cash and/or share-based remuneration to attract such talent and/or to take account of and compensate for remuneration that the Director is required to relinquish when leaving a former employer. The Committee will seek to structure any such replacement awards to be no more generous overall in terms of quantum or vesting than the award to be forfeited from the previous employer and will take into account the timing, form and performance requirements of the awards forgone. Where appropriate, any long-term incentive awards will be granted under the 2017 Incentive Plan, however, the Remuneration Committee will have discretion to make use of the flexibility to make awards under any relevant exemptions in the SEC Rules.
- For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its terms. In addition, any other contractual remuneration obligations existing prior to appointment may continue.
- The fees for any new Chairperson and non-Executive Director appointments will be set in accordance with the prevailing policy and at a level that is consistent with those of the existing Chairperson and non-Executive Directors.

***Policy for payments on loss of office***

The Company does not have a policy of fixed term employment contracts, however, in accordance with the Company's Articles of Association, one third of Directors put themselves forward for re-election at each Annual General Meeting. The existing Executive Director's employment contract may be terminated by either party at any time and for any reason. The existing Chairperson's and non-Executive Directors' letters of appointment may be terminated by either party at any time and for any reason upon three months' notice from either party.

The Committee's approach to payments in the event that an Executive Director's employment is terminated is to take account of the individual circumstances including the reason for termination, individual performance, contractual obligations and the terms of the equity incentive plans in which the Executive Director participates.

Termination of the Executive Director's employment agreement by the Company "without cause" or by the Executive Director for "good reason" (as those terms are defined in the Executive Director's employment agreement): payment of up to 150% of base salary, maximum annual bonus and health insurance for 18 months.

Long-term incentives: whether any long-term incentive awards would vest and be exercisable upon loss of office would be subject to the contractual agreement with the Executive Director and the relevant plan rules under which such award was granted, which allow vesting and exercise of awards in the event of death, retirement, ill-health, injury, redundancy and any other reason at the discretion of the Remuneration Committee. Subject to any contractual agreement, the Committee retains discretion to determine the extent to which the award will vest, taking into consideration the circumstances. Unvested awards normally lapse, although the Committee retains the power to determine, in accordance with the "good leaver" provisions of the relevant plan rules, what proportion of unvested awards will be retained and what proportion will lapse. In determining this, the Committee will give consideration to the reason for leaving, the extent of achievement of performance objectives at the date of leaving and may decide to time pro-rate awards. On a change of control, all unvested awards vest on the date of change of control.

Additional payments: The Committee reserves the right to make payments it considers reasonable under a compromise or settlement agreement, including payment or reimbursement of reasonable legal and professional fees, untaken holiday and any payment in respect of statutory rights under employment law in the UK or other jurisdictions. Payment or reimbursement of reasonable outplacement fees may also be provided.

***Remuneration Policy for Non-Executive Directors***

The Remuneration Committee is responsible for evaluating and making recommendations to the Board on fees payable to the Chairperson. The Chairperson does not participate in discussions in respect of fees. The Chairperson and Chief Executive Officer are responsible for evaluating and making recommendations to the Board on the fees payable to the Company's non-Executive Directors.

| Element of Remuneration | Purpose and link to strategy | Operation and Maximum | Change to 2021 Policy |
|---|---|---|---|
| Chairperson's fee | To attract and retain a high calibre individual with the requisite experience and knowledge. | The current fee is set out in the implementation of policy section of the Directors' Remuneration Report. There is no formal maximum. Fees are periodically benchmarked against a relevant peer group of life sciences companies, many of which are listed on Nasdaq, with a similar stage of development, and similar market capitalization and financial profile to ensure they remain competitive and adequately reflect the time commitments and scope of the role. Supplemental fees may be paid for chairperson ship and membership of Committees to recognize the additional time commitments and responsibilities of these roles. Any increase in fee levels may be above that of the wider workforce in a particular year to reflect the periodic nature of any review and/or any change in responsibilities/time commitments. The Chairperson may also receive limited travel and/or hospitality related benefits and either reimbursement of external advisor fees or external adviser assistance up to a maximum amount determined by the Remuneration Committee from time to time in connection with filing UK tax returns related to fees received in connection with the role. The Chairperson may not receive any consultancy or other payments outside the Chairperson's fee.<br><br>The Chairperson may be paid in a combination of cash and equity. | (i) Benchmarking is against a peer group of life sciences companies, many of which are listed on Nasdaq, with a similar stage of development, and similar market capitalization and financial profile.<br><br>(ii) The Chairperson may receive either reimbursement of external adviser fees or external adviser assistance up to a maximum amount determined by the Remuneration Committee in connection with filing UK tax returns related to fees received in connection with the role. |

| | | | |
|---|---|---|---|
| Non-Executive Director fee | To attract and retain high calibre individuals with the requisite experience and knowledge. | The current fee levels are set out in the implementation of policy section of the Directors' Remuneration Report. There is no formal maximum. Fees are periodically benchmarked against a relevant peer group of life sciences companies, many of which are listed on Nasdaq, with a similar stage of development, and similar market capitalization and financial profile to ensure they remain competitive and adequately reflect the time commitments and scope of the role. A Board fee is paid to each non-Executive Director. Supplemental fees may be paid to the Senior Independent Director and for chairperson ship and membership of Committees to recognize the additional time commitments and responsibilities of these roles. Any increase in fee levels may be above that of the wider workforce in a particular year to reflect the periodic nature of any review and/or any change in responsibilities/time commitments. If business needs arise, non-Executive Directors may also be engaged to provide limited consulting services outside their director responsibilities and receive fees for those services. Non-Executive Directors may also receive limited travel and/or hospitality related benefits and either reimbursement of external advisor fees or external adviser assistance up to a maximum amount determined by the Remuneration Committee from time to time in connection with filing UK tax returns related to fees received in connection with the role.<br><br>Non-Directors may be paid in a combination of cash and equity. | (i) Benchmarking is against a peer group of life sciences companies, many of which are listed on Nasdaq, with a similar stage of development, and similar market capitalization and financial profile.<br><br>(ii) The non-Executive Director may receive either reimbursement of external adviser fees or external adviser assistance up to a maximum amount determined by the Remuneration Committee in connection with filing UK tax returns related to fees received in connection with the role. |

**Illustrations of Minimum, Expected, and Maximum remuneration for the Executive Director**

***Scenarios***

The charts set out for illustrative purposes only, what annual remuneration the Company expects the Executive Director, Dr. David Zaccardelli, to obtain at minimum, expected and maximum achievement of performance targets with respect to the financial year ending December 31, 2025.

The assumptions used in the calculations are set out below:

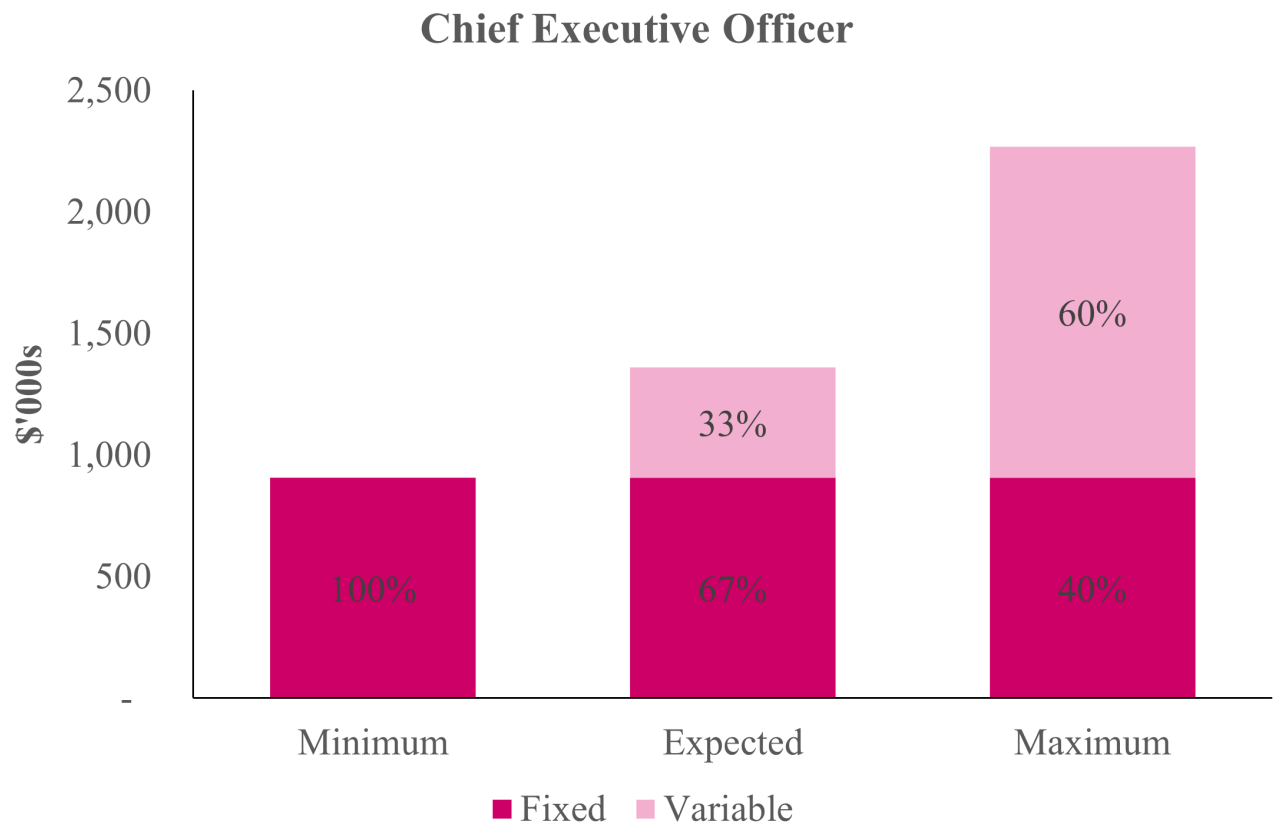
Fixed base salary includes:

- base salary of $907,936 per annum, all of which is paid in cash; and
- benefits.

Minimum: this illustration assumes fixed base salary, as set out above, and as the annual bonus is discretionary, no annual bonus.

Expected: this illustration assumes the fixed base salary, as set out above, plus achievement of the full discretionary annual bonus of 50% of base salary, being $453,968 for the financial year ending December 31, 2025. This illustration assumes no additional grant is made under the 2017 Incentive Plan.

Maximum: this illustration assumes the fixed base salary, as set out above, and as the annual bonus is discretionary, we make the assumption that the Executive Director receives the maximum bonus permitted under the Remuneration Policy of 150% of base salary, being $1,361,903 for the financial year ending December 31, 2025. This illustration assumes no additional grant is made under the 2017 Incentive Plan.



***Consideration of shareholder views***

The views of shareholders and their advisory bodies are also important to the Company and the Committee takes its responsibility to shareholders seriously. The Committee will consider any shareholder feedback received at the AGM and throughout the year when reviewing and applying the Remuneration Policy, and the guidance from shareholder advisory bodies will be considered on an ongoing basis. The Committee will continue to seek to build and maintain an open and constructive dialogue with shareholders on our approach to remuneration.

***Consideration of employment conditions elsewhere in the Company***

The Committee generally considers pay and employment conditions elsewhere in the Company when considering the Directors' remuneration. While the Company gave consideration to these factors there was no formal consultation with employees when developing the Remuneration Policy. The remuneration arrangements for Executive Directors outlined in this Policy are broadly consistent with those for other senior executives in the Company although award opportunities and quantum may vary by seniority and responsibility. The Committee is fully informed of, and considers wider employee remuneration and related policies including salary increases, operation of incentive plans, bonus opportunities and total remuneration levels apply across the wider workforce, when determining director remuneration.

On behalf of the Board

Dr. Ken Cunningham
Chair of the Remuneration Committee

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERONA PHARMA PLC

### Opinion

In our opinion:

- Verona Pharma plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Verona Pharma plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise:

| Group | Parent company |
|---|---|
| Consolidated Statement of Financial Position as at 31 December 2024 | Statement of Financial Position as at 31 December 2024 |
| Consolidated Statement of Comprehensive Income for the year then ended | |
| Consolidated Statement of Changes in Equity for the year then ended | Statement of Changes in Equity for the year then ended |
| Consolidated Statement of Cash Flows for the year then ended | |
| Related Notes 1 to 26 to the Financial Statements, including material accounting policy information | Related Notes 1 to 26 to the Financial Statements including material accounting policy information |

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with the performance of our risk assessment procedures we evaluated the design and implementation of controls over management's going concern assessment process. We confirmed our understanding of the process and also engaged with management early to determine whether key factors were considered in their assessment, including factors which we identified from our own independent risk assessment.
- We obtained management's board approved forecast cash flows covering the period of assessment to 30 June 2026. Management considers cash flow on a monthly basis and the Board monitors and reviews the forecast against actuals on a quarterly basis. We tested to determine whether the forecast was mathematically accurate.
- We assessed the reasonableness of the cash flow forecast by making an assessment of the Group's historical forecasting accuracy. We evaluated the key assumptions underpinning the Group's assessment by testing the consistency of the key assumptions to existing market information, historical operating results and recent experience.
- We considered whether management's going concern disclosures, in the financial statements, are appropriate.

*Our key observations*

The Group had $400m of cash as at 31 December 2024. There are no commitments to underlying investments, no guarantees or other obligations that could require the use of cash resources.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

**Overview of our audit approach**

| | |
|---|---|
| Audit scope | • We performed an audit of the consolidated Group financial statements.<br>• We also performed an audit of the complete financial information of the standalone Parent Company. |
| Key audit matters | • Valuation of Revenue Interest Purchase and Sales Agreement (group and parent).<br>• Valuation of assumed contingent liability (group and parent). |
| Materiality | • Overall group materiality is $4m which represents 2.5% of operating expenses and company materiality is $6m which represents 1% of total assets. |

**An overview of the scope of the parent and group audits**

Our audit scoping reflects the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the applicable financial framework, the group's system of internal control at the entity level and the existence of centralised processes, applications.

Verona Pharma plc has one wholly-owned subsidiary, Verona Pharma, Inc. We identified both components as individually relevant to the Group due to materiality or financial size of the component relative to the group.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the size of the component's account balance relative to the group significant financial statement account balance.

Having identified the components for which work will be performed, we determined the scope to assign to each component. Of the components selected, we designed and performed audit procedures on the entire financial information of both components ("full scope components").

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

**Involvement with component teams**

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors operating under our instruction.

During the current year's audit cycle, visits were undertaken by the primary audit team to the component team in Raleigh, North Carolina. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with group management, attending planning and closing meetings and reviewing relevant audit working papers on risk areas. The Group audit team interacted regularly with the component team where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. Where relevant, the section on key audit matters details the level of involvement we had with component auditors to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

**Climate change**

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

| Risk | Our response to the risk |
|---|---|
| **Valuation of Revenue Interest Purchase and Sales Agreement (group and parent) ($112m)**<br><br>The Group entered into a Revenue Interest Purchase and Sales Agreement ("RIPSA") with third parties. Under the terms of the RIPSA, the Company received $100 million in exchange for the right to receive royalty payments based on global net sales of the Company's commercialized drug, Ohtuvayre, and certain proceeds from licenses outside of the US.<br><br>The Company recorded the RIPSA instrument as a financial liability at fair value through profit and loss at $112 million as of December 31, 2024. Under this model, debt issuance costs are expensed as incurred and the instrument is marked to fair value each reporting period. The changes in fair value of the instrument will be recorded in interest expense.<br><br>The process involved in the valuation of the RIPSA is complex and subject to estimation uncertainty. | To address the areas of identified higher risk, we have completed procedures as follows:<br><br>Obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's processes to account for the RIPSA, including controls over management's review of the forecasted global net sales projections.<br><br>We obtained management's model calculating the estimated liability and performed the following procedures:<br><br>• assessed the appropriateness of the model used in estimating the projected cashflows;<br><br>• verified the mathematical accuracy of the model;<br><br>• tested the completeness and accuracy of the model;<br><br>• evaluated the reasonableness of management's assumptions related to the treatable patient populations and rate of adoption.<br><br>• utilised our EY Treasury experts to assess the valuation techniques used and to assist with the evaluation of key assumptions made and the source of dataused;<br><br>• assessed the reliability, objectivity and competence of management's experts used in the model.<br><br>• Considered the disclosures in Note [X] of the Annual Report and Accounts, including sensitivity analysis based on reasonably possible changes. |

| | |
|---|---|
| **Valuation of assumed contingent liability (group and parent) ($326 million, 2022: $215.4 million)**<br><br>On 19 September 2006, Verona Pharma plc acquired RhinoPharma Ltd which held contingent liabilities relating to future potential milestone and royalty payments now due to Ligand relating to the acquisition for ensifentrine and related compounds.<br><br>Per IFRS 3, the existing contingent payments of the acquiree are an assumed liability of the buyer. Consequently, Verona Pharma plc fair valued the contingent liability on the acquisition date and recorded it on the balance sheet. At each subsequent period end, the liability is required to be re-measured when there is a change in the estimated future payments such as an improved probability of success.<br><br>The drug approval received from the FDA in the current year was deemed to represent a change in the probability of success. Management have also updated their revenue forecasts, which combined with the above events have resulted in a re-measurement of the contingent liability leading to an increase in liability of $326million, with a corresponding increase to the associated IP R&D intangible asset. Management assessed that there had been no further triggers to re-measure the liability in the period.<br><br>The process involved in the valuation of the contingent liability is complex and subject to estimation uncertainty. | To address the areas of identified higher risk, we have completed procedures as follows:<br><br>We obtained management's model calculating the estimated liability and performed the following procedures:<br><br>• assessed the appropriateness of the model used in estimating the projected cashflows;<br><br>• verified the mathematical accuracy of the model;<br><br>• tested the completeness and accuracy of the model as well as the underlying data used, including agreeing key inputs to market research performed by management's expert;<br><br>• assessed the reliability, objectivity and competence of management's experts used in the model.<br><br>Subsequent to the remeasurement, we obtained management's confirmation that there were no further changes to the expected cash flows at year end and verified the reasonableness of this by performing the below procedures:<br><br>• reviewed the minutes of meetings of the Board of Directors for any indication of changes in the expected cashflows;<br><br>• conducted independent research into whether there were any material changes to the underlying market including new competitor drugs.<br><br>• Tested the mathematical accuracy of the of the finance charge arising from the unwinding of the discount rate; and<br><br>• Considered the disclosures in Note X of the Annual Report and Accounts, including sensitivity analysis based on reasonably possible changes. |
| **Key observations in respect of the Key audit matters communicated to the Audit Committee**<br><br>Our observations included a summary of our audit procedures over the estimates, including assumptions, applied by management. We also communicated our consideration of the Group and Company's related accounting policies and disclosures in the financial statements. | |
| **How we scoped our audit to respond to the risk on the Key audit matters**<br><br>We performed full scope audit procedures over the risks, which covered 100% of the risk amounts. All audit work performed to address the risks was undertaken by the Group audit team. | |

Key audit matters considered by the Group's auditor in the prior year were broadly aligned with the matters identified above, but also included consideration of the Group's accounting for the modification of a term loan facility which we do not consider a key audit matter based on the term loan facility being settled in 2024. Conversely, we identified the valuation of the Revenue Interest Purchase and Sales Agreement as a separate key audit matter which the Group entered into during 2024.

**Our application of materiality**

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

**Materiality**

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be $4 million, which is 2.5% of operating expenses. We believe that operating expenses provides us with with an appropriate basis for materiality as investors and other stakeholders are focused on the development of the drug candidate which translates to operating expenses including research and development spending. In 2023, the predecessor auditor determined materiality at $2.8million based on 5% of loss before tax excluding the impact of discount unwind on the assumed contingent liability.

We determined materiality for the Parent Company to be $6 million, which is 1% of Total assets.

**Performance materiality**

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group and Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely $2 million for Group and $3 million for Company. We have set performance materiality at this percentage due to this being an initial audit.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, performance materiality allocated to components was $2 million.

**Reporting threshold**

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $200k, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

**Other information**

The other information comprises the information included in the annual report set out on pages 2 to 44, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise toa material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those related to the financial reporting frameworks, both under UK law and under the Group's US reporting obligations, and the relevant tax regulations in the US and the UK. In addition, we conclude that there are certain laws and regulation which may have an effect on the determination of the amounts and disclosures in the financial statements, being primarily the UK Bribery Act 2010 and certain other laws related to the Group's geographic footprint.
- We understood how the Group is complying with those frameworks by making inquiries of management, internal audit, those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, review of internal audit reports, discussions with the Audit Committee, CFO and General Counsel and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud, we also obtained management's fraud risk assessment for the year as it pertains to internal control over financial reporting. We considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address the identified fraud risk. The key audit matters section above addresses procedures performed in the area where we have concluded the risk of material misstatement is the highest (including due to the risk of fraud).
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved quarter-end enquiries to management, those charged with governance, the internal Counsel and enquiries/legal confirmations sent to the retained external legal advisors. We also review board minutes to identify any non-compliance with laws and regulations discussed. In respect of potential acts of non-compliance with laws and regulation identified, we liaised with management, the Audit Committee, and internal and external legal Counsel in considering such.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Venner (Senior statutory auditor)

for and on behalf of Ernst & Young, Chartered Accountants

Statutory Auditor

Cork, Ireland

14 March 2025

# VERONA PHARMA PLC
# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
# FOR THE YEAR ENDED DECEMBER 31, 2024

| | Note | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|---|
| | | $'000s | $'000s |
| Product sales, net | 3 | 42,261 | — |
| Other revenue | | 18 | — |
| Cost of sales | | (855) | — |
| **Gross profit** | | 41,424 | — |
| **Operating expenses** | | | |
| Research and development costs | 8 | (37,107) | (17,413) |
| Selling, general and administrative costs | 8 | (136,616) | (51,280) |
| **Operating loss** | | (132,299) | (68,693) |
| Finance income | 10 | 15,262 | 14,627 |
| Finance expense | 10 | (40,216) | (18,889) |
| Other losses | 10 | (17,927) | — |
| **Loss before taxation** | | (175,180) | (72,955) |
| Taxation — (expense)/credit | 11 | (8,339) | 630 |
| **Loss for the year** | | (183,519) | (72,325) |
| **Total comprehensive loss attributable to owners of the Company** | | (183,519) | (72,325) |
| Loss per ordinary share — basic and diluted (cents) | 6 | (28.1) | (11.4) |

The accompanying notes form an integral part of these consolidated financial statements.

# VERONA PHARMA PLC
# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
# AS OF DECEMBER 31, 2024

| | Note | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|---|
| | | $'000s | $'000s |
| ASSETS | | | |
| **Non-current assets:** | | | |
| Goodwill | 12 | 545 | 545 |
| Intangible assets | 13 | 298,972 | 191,170 |
| Property, plant and equipment | | 1,105 | 24 |
| Right-of-use assets | 14 | 2,048 | 2,847 |
| Equity interest | 15 | 15,000 | 15,000 |
| **Total non-current assets** | | 317,670 | 209,586 |
| | | | |
| **Current assets:** | | | |
| Inventory | 17 | 8,144 | — |
| Trade and other receivables | 18 | 41,803 | 6,982 |
| Current tax receivable | | 5,762 | 10,954 |
| Cash and cash equivalents | | 399,757 | 271,772 |
| **Total current assets** | | 455,466 | 289,708 |
| **Total assets** | | 773,136 | 499,294 |
| | | | |
| EQUITY AND LIABILITIES | | | |
| **Capital and reserves attributable to equity holders:** | | | |
| Share capital | 19 | 45,021 | 42,771 |
| Share premium | | 624,264 | 522,918 |
| Share-based payment reserve | | 105,582 | 81,012 |
| Cumulative translation adjustment | 2.2 | (5,796) | (5,796) |
| Accumulated loss | | (600,154) | (416,085) |
| Treasury shares | | (1,659) | (1,517) |
| **Total equity** | | 167,258 | 223,303 |
| | | | |
| **Current liabilities:** | | | |
| Lease liability | 14 | 1,121 | 1,180 |
| Trade and other payables | 22 | 34,325 | 9,258 |
| Tax payable - U.S. operations | | 8,889 | — |
| **Total current liabilities** | | 44,335 | 10,438 |
| | | | |
| **Non-current liabilities:** | | | |
| Assumed contingent liability | 23 | 326,053 | 215,404 |
| Term loan | 24 | 120,341 | 48,374 |
| Revenue interest purchase and sale agreement | 24 | 113,908 | — |
| Non-current lease liability | 14 | 1,241 | 1,775 |
| **Total non-current liabilities** | | 561,543 | 265,553 |
| **Total equity and liabilities** | | 773,136 | 499,294 |

The accompanying notes form an integral part of these consolidated financial statements.

# VERONA PHARMA PLC
# COMPANY STATEMENT OF FINANCIAL POSITION
# AS OF DECEMBER 31, 2024

| | Note | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|---|
| | | $'000s | $'000s |
| ASSETS | | | |
| **Non-current assets:** | | | |
| Goodwill | 12 | 545 | 545 |
| Intangible assets | 13 | 298,972 | 191,170 |
| Right-of-use asset | | 404 | 516 |
| Equity interest | 15 | 15,000 | 15,000 |
| **Total non-current assets** | | 314,921 | 207,231 |
| | | | |
| **Current assets:** | | | |
| Trade and other receivables | 18 | 107,704 | 5,849 |
| Current tax receivable | | 5,762 | 10,954 |
| Cash and cash equivalents | | 190,055 | 239,532 |
| **Total current assets** | | 303,521 | 256,335 |
| **Total assets** | | 618,442 | 463,566 |
| | | | |
| EQUITY AND LIABILITIES | | | |
| **Capital and reserves attributable to equity holders:** | | | |
| Share capital | 19 | 45,021 | 42,771 |
| Share premium | | 624,264 | 522,918 |
| Share-based payment reserve | | 103,932 | 81,012 |
| Cumulative Translation Adjustment | 2.2 | (5,942) | (5,942) |
| Accumulated loss | | (492,514) | (434,346) |
| Treasury shares | | (1,659) | (1,517) |
| **Total equity** | | 273,102 | 204,896 |
| | | | |
| **Current liabilities:** | | | |
| Lease Liability | | 361 | 506 |
| Trade and other payables | 22 | 18,897 | 42,714 |
| **Total current liabilities** | | 19,258 | 43,220 |
| | | | |
| **Non-current liabilities:** | | | |
| Assumed contingent liability | 23 | 326,053 | 215,404 |
| Non-current lease liability | | 29 | 46 |
| **Total non-current liabilities** | | 326,082 | 215,450 |
| **Total equity and liabilities** | | 618,442 | 463,566 |

The accompanying notes form an integral part of these Company financial statements.

The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to present an income statement for the year. The Company's loss for the year was $57.6 million (2023: loss of $80.6 million), which has been included in the Group's income statement.

The financial statements on pages 53 to 92 were approved by the Company's board of directors and authorized for issue on March 14, 2025, and signed on its behalf by Dr. David Zaccardelli, Chief Executive Officer of the Company.

Dr. David Zaccardelli
Director and Chief Executive Officer of the Company
Company number: 05375156

# VERONA PHARMA PLC
# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED DECEMBER 31, 2024

| | Note | Share capital | Share premium | Treasury shares | Share-based payment reserve | Cumulative translation adjustment | Total accumulated losses | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s |
| **Balance at January 1, 2023** | 19 | **40,526** | **465,370** | **(1,549)** | **63,817** | **(5,796)** | **(342,793)** | **219,575** |
| Total comprehensive loss | | — | — | — | — | — | (72,325) | (72,325) |
| Shares issued under at-the-market sales agreement | | 1,227 | 55,682 | — | — | — | — | 56,909 |
| Shares issued to treasury | | 1,018 | — | (1,018) | — | — | — | — |
| Restricted share units vested | | — | — | 967 | — | — | (967) | — |
| Common shares withheld for taxes on vested stock awards | | — | — | — | (4,389) | — | — | (4,389) |
| Equity settled share-based compensation reclassified as cash-settled | | — | — | — | (295) | — | — | (295) |
| Share options exercised | | — | 1,866 | 83 | — | — | — | 1,949 |
| Share-based payments | | — | — | — | 21,879 | — | — | 21,879 |
| **Balance at December 31, 2023** | 19 | **42,771** | **522,918** | **(1,517)** | **81,012** | **(5,796)** | **(416,085)** | **223,303** |
| | | | | | | | | |
| **Balance at January 1, 2024** | 19 | **42,771** | **522,918** | **(1,517)** | **81,012** | **(5,796)** | **(416,085)** | **223,303** |
| Total comprehensive loss | | — | — | — | — | — | (183,519) | (183,519) |
| Shares issued under at-the-market sales agreement | | 1,289 | 96,207 | — | — | — | — | 97,496 |
| Shares issued to treasury | | 961 | — | (961) | — | — | — | — |
| Restricted share units vested | | — | — | 550 | — | — | (550) | — |
| Common shares withheld for taxes on vested stock awards | | — | — | — | (14,175) | — | — | (14,175) |
| Equity settled share-based compensation reclassified as cash-settled | | — | — | — | (1,279) | — | — | (1,279) |
| Share options exercised | | — | 5,139 | 269 | — | — | — | 5,408 |
| Excess tax deduction on share-based payments | | — | — | — | 1,650 | — | — | 1,650 |
| Share-based payments | | — | — | — | 38,374 | — | — | 38,374 |
| **Balance at December 31, 2024** | 19 | **45,021** | **624,264** | **(1,659)** | **105,582** | **(5,796)** | **(600,154)** | **167,258** |

# VERONA PHARMA PLC
# COMPANY STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED DECEMBER 31, 2024

| | Note | Share capital | Share premium | Treasury shares | Share-based payment reserve | Cumulative translation adjustment | Total accumulated losses | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s |
| **Balance at January 1, 2023** | 19 | **40,526** | **465,370** | **(1,549)** | **63,817** | **(5,942)** | **(352,824)** | **209,398** |
| Total comprehensive loss | | — | — | — | — | — | (80,555) | (80,555) |
| Shares issued under at-the-market sales agreement | | 1,227 | 55,682 | — | — | — | — | 56,909 |
| Shares issued to treasury | | 1,018 | — | (1,018) | — | — | — | — |
| Restricted share units vested | | — | — | 967 | — | — | (967) | — |
| Common shares withheld for taxes on vested stock awards | | — | — | — | (4,389) | — | — | (4,389) |
| Equity settled share-based compensation reclassified as cash-settled | | — | — | — | (295) | — | — | (295) |
| Share options exercised | | — | 1,866 | 83 | — | — | — | 1,949 |
| Share-based payments | | — | — | — | 21,879 | — | — | 21,879 |
| **Balance at December 31, 2023** | 19 | **42,771** | **522,918** | **(1,517)** | **81,012** | **(5,942)** | **(434,346)** | **204,896** |
| | | | | | | | | |
| **Balance at January 1, 2024** | 19 | **42,771** | **522,918** | **(1,517)** | **81,012** | **(5,942)** | **(434,346)** | **204,896** |
| Total comprehensive loss | | — | — | — | — | — | (57,618) | (57,618) |
| Shares issued under at-the-market sales agreement | | 1,289 | 96,207 | — | — | — | — | 97,496 |
| Shares issued to treasury | | 961 | — | (961) | — | — | — | — |
| Restricted share units vested | | — | — | 550 | — | — | (550) | — |
| Common shares withheld for taxes on vested stock awards | | — | — | — | (14,175) | — | — | (14,175) |
| Equity settled share-based compensation reclassified as cash-settled | | — | — | — | (1,279) | — | — | (1,279) |
| Share options exercised | | — | 5,139 | 269 | — | — | — | 5,408 |
| Share-based payments | | — | — | — | 38,374 | — | — | 38,374 |
| **Balance at December 31, 2024** | 19 | **45,021** | **624,264** | **(1,659)** | **103,932** | **(5,942)** | **(492,514)** | **273,102** |

# VERONA PHARMA PLC
# CONSOLIDATED STATEMENT OF CASH FLOWS
# FOR THE YEAR ENDED DECEMBER 31, 2024

| | Note | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|---|
| | | $'000s | $'000s |
| **Cash used in operating activities:** | | | |
| Loss before taxation | | (175,180) | (72,955) |
| Finance income | 10 | (15,262) | (14,627) |
| Finance expense | 10 | 40,216 | 18,889 |
| Loss on extinguishment of debt | 10 | 3,653 | — |
| Share-based payment charge | | 38,374 | 21,879 |
| Amortization of debt issue costs | | 832 | 68 |
| Accretion of redemption premium on debt | | 120 | 106 |
| Interest paid | | (10,330) | (2,006) |
| Increase in prepayments and other receivables | | (35,311) | (607) |
| Change in trade and other payables | | 22,826 | (12,434) |
| Increase in RIPSA | | 13,908 | — |
| Increase in inventories | | (8,144) | — |
| Depreciation of property, plant, equipment and right of use asset | | 1,058 | 678 |
| Loss on disposal of property, plant and equipment | | — | 60 |
| Unrealized foreign exchange gain/(loss) | | (5) | 180 |
| Amortization of intangible assets | | 976 | 252 |
| **Cash used in operating activities before taxation** | | (122,269) | (60,517) |
| Cash inflow/(outflow) from taxation | | 7,988 | (1,245) |
| **Net cash used in operating activities** | | (114,281) | (61,762) |
| **Cash flows from investing activities:** | | | |
| Interest received | | 15,262 | 12,761 |
| Payments of contingent consideration | | (21,478) | — |
| Purchase of plant and equipment | | (580) | — |
| Payment for patents | | (631) | (509) |
| **Net cash (used in)/generated from investing activities** | | (7,427) | 12,252 |
| **Cash flow generated from financing activities:** | | | |
| Proceeds from issue of shares | | 97,496 | 56,909 |
| Proceeds from Term Loans | | 122,500 | 9,996 |
| Proceeds from RIPSA | | 100,000 | — |
| Proceeds from 2023 Term Loan, net of repayment of Oxford Term Loan and debt issuance costs incurred | | — | 28,712 |
| Payment of debt issuance costs | | (6,915) | (12) |
| Repayment of SVB Term Loan | | (52,256) | — |
| Payment of finance lease liabilities | | (1,075) | (713) |
| Payments of withholding taxes from share-based award | | (15,454) | (4,684) |
| Proceeds from exercise of share options | | 5,408 | 1,949 |
| **Net cash generated from financing activities** | | 249,704 | 92,157 |
| **Net increase in cash and cash equivalents** | | 127,996 | 42,647 |
| **Cash and cash equivalents at the beginning of the year** | | 271,772 | 227,827 |
| Effect of exchange rates on cash and cash equivalents | | (11) | 1,298 |
| **Cash and cash equivalents at the end of the year** | | 399,757 | 271,772 |

## 1. General information

Verona Pharma plc (the "Company") and its subsidiary (together the "Group") are a biopharmaceutical company focused on developing and commercializing innovative therapeutics for the treatment of respiratory diseases with significant unmet medical needs.

The Company is a public limited company, which is listed on the Nasdaq Global Market ("Nasdaq"). The Company is incorporated and domiciled in the United Kingdom. The address of the registered office is One Central Square, Cardiff, CF10 1FS, United Kingdom. The Company has one subsidiary Verona Pharma, Inc. which is wholly owned.

The Company listed its American Depositary Shares ("ADS") on Nasdaq in April 2017 ("the 2017 Global Offering") and they trade on the Nasdaq symbol "VRNA".

## 2. Accounting policies

A summary of the material accounting policies, all of which have been applied consistently throughout the year, is set out below.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted international accounting standards as applicable to companies reporting under those standards.

The financial statements of the Company have been prepared in accordance with the requirements of the Companies Act 2006. The Company is a qualifying entity and has undergone transition to Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") in the year ended 2024. The Company has assessed the impact of the transition and determined that there is no impact to the accounting for transactions of the Company.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard as listed below:

- Requirements of IFRS 2 Share based Payment (paragraph 45(b) and paragraph 46 to 52)
- Requirements of IAS 1 Presentation of Financial Statements (paragraph 10(d) and 111)
- All the requirements of IAS 7 Statement of Cash Flows

The consolidated financial statements of the Group and the financial statements of the Company have been prepared under the historical cost convention, with the exception of the derivative financial liability, the RIPSA, the ensifentrine intangible asset and the equity interest, which have been measured at fair value and patent intangible assets have been measured on a cost accumulation basis.

The preparation of financial statements in conformity with IFRS for the Group and FRS 101 for the Company requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

***Going concern***

The Group has incurred recurring losses since inception, including net losses of $183.5 million and $72.3 million for the years ended December 31, 2024, and 2023. In addition, as of December 31, 2024, the Group had an accumulated loss of $600.2 million. The Group may continue to generate operating losses for the foreseeable future. As of the issuance date of the annual consolidated financial statements, the Group expects that its cash and cash equivalents, together with additional funding expected to become available under the 2024 Term Loan and RIPSA, will enable us to fund our planned operating expenses and capital expenditure requirements, including the commercial launch of Ohtuvayre for at least the next 12 months from the date of approval of these finance statements. Accordingly, the consolidated financial statements have been prepared on the going concern basis.

**2.1 Basis of preparation (continued)**

***Business combinations***

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising on acquisitions is capitalized and is subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred and included in administrative expenses.

***Basis of consolidation***

These consolidated financial statements include the financial statements of Verona Pharma plc and its wholly owned subsidiary Verona Pharma, Inc., as well as the Verona Employee Benefit Trust ("EBT"). The EBT is accounted for under IFRS 10 and is consolidated on the basis that the Company has control, and the assets and liabilities of the EBT are included on the Company balance sheet and shares held by the EBT in the Company are presented as a deduction from equity.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Verona Pharma, Inc. adopts the same accounting policies as the Company.

**2.2 Foreign currency translation**

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in the United States Dollar, which became the functional currency of the Company in the year ended December 31, 2020.

Prior to July 1, 2020, the Group and Company's functional currency was pounds sterling and the financial statements were translated to U.S. dollars. The statement of comprehensive income was translated at average rates for the period, assets and liabilities at the exchange rate as of the date statement of financial position and equity balances at historical rates. Translation differences were recorded in Cumulative translation adjustment.

In the six months to June 30, 2020, management changes resulted in lower people costs being paid in pounds sterling. Following the Private Placement the Company entered into contracts to commence Phase 3 trials for ensifentrine and the majority of the costs are incurred in U.S. dollars. Management reviewed budgeted activities over the next five years and identified that the majority of costs from the second half of 2020 onwards will be incurred in U.S. dollars. Furthermore, the Private Placement in July, 2020, raised funds in U.S. dollars and having delisted from AIM any future fundraises will be in U.S. dollars. Also, the commercial focus of Group was the U.S. market.

As a consequence, the Group and Company's functional currency changed from pounds sterling to U.S. dollars and this was accounted for prospectively from July 1, 2020. To convert Verona Pharma plc’s books and records into U.S. dollars income and expenses were translated at average rates, assets and liabilities at the June 30, 2020, exchange rate and equity balances at historical rates.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange at the balance sheet date and the gains or losses on translation are included in the Consolidated Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the original transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**2.3 Cash and cash equivalents**

Cash and cash equivalents includes deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash, and money market funds. Money market funds have been classified as cash and cash equivalents as they are low risk instruments, readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Management's intention is to manage these funds as cash and to use them to meet short-term cash requirements.

Under the RIPSA agreement, the Group is required to maintain 4.5% of cash received from customers in a dedicated account. This balance is included in cash and cash equivalents on the Group's Statement of Financial Position. Restricted cash totaled $0.8 million as of December 31, 2024.

### 2.4 Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and expected to apply when the related deferred tax is realized or the deferred liability is settled.

Deferred tax assets are recognized to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilized.

### 2.5 Research and development costs

Capitalization of expenditure on product development commences from the point at which technical feasibility and commercial viability of the product can be demonstrated and the Group is satisfied that it is probable that future economic benefits will result from the product once completed.

Expenditure on research and development activities that do not meet the above criteria is charged to the Consolidated Statement of Comprehensive Income as incurred.

### 2.6 Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write off the cost less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. Computer hardware is depreciated over three years, office equipment over the term of the lease, and manufacturing equipment over five years.

### 2.7 Intangible assets and goodwill

***(a) Goodwill***

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired.

***(b) Patents***

Patent costs associated with the preparation, filing, and obtaining of patents are capitalized and amortized on a straight-line basis over the estimated useful lives of ten years. Amortization of patents is included in research and development costs.

***(c) Computer software***

Amortization is calculated so as to write off the cost less estimated residual values, on a straight-line basis over the expected useful economic life of two years. Amortization is included in selling, general and administrative costs.

***(d) Intangible assets***

The intangible asset, acquired through a business combination was initially recognized at fair value. Subsequent movements in the assumed contingent liability (see note 2.13) that relate to changes in estimated cashflows or probabilities of success are recognized as additions to the intangible asset that it relates to.

The asset is subject to impairment testing until completion or abandonment of the project.

### 2.8 Impairment of intangible assets, goodwill and non-financial assets

The Group holds intangible assets relating to acquired intellectual property, patent costs and goodwill. Goodwill and indefinite intangible assets are tested annually for impairment or if there is an indication of impairment. The Group is a single cash generating unit ("CGU") so all intangibles are allocated to the Group as one CGU.

The Group initially compares the market capitalization of the Group to the book value of its assets. If the value of the market capitalization does not support the valuation of the assets, the Group reviews estimates of the cash flows over the remaining lives of its other intangible assets, or related group of assets where applicable, in measuring whether the assets to be held and used will be realizable. In the event of impairment, the Group would discount the future cash flows using its estimated weighted average cost of capital to estimate the amount of the impairment.

As at 31 December 2024 and 2023 the Company carried out impairment reviews with reference to its market capitalization.

The Group also monitors for any triggering events for finite-lived intangible assets and non-financial assets and would test for impairment if a triggering event was determined to have occurred.

No impairment was identified for any of the assets in the years ended December 31, 2024 and 2023.

### 2.9 Equity interest

As part of the Nuance Agreement, the Group received an equity interest in Nuance Biotech, the parent company of Nuance Pharma. The equity interest was recognized at fair value and is subsequently measured at fair value through profit and loss. Management applies judgement in determining the change in fair value.

### 2.10 Employee Benefits

***(a) Pension***

The Group operates defined contribution pension plans for its employees. Contributions payable for the year are charged to the Consolidated Statement of Comprehensive Income. The Group has no further liability once the contributions have been paid.

***(b) Bonus plans***

The Company recognizes a liability and an expense for bonus plans if contractually obligated or if there is a past practice that has created a constructive obligation.

### 2.11 Share-based payments

The Company operates a number of equity-settled, share-based compensation schemes. The fair value of share based payments is determined using the Black-Scholes model and requires several assumptions and estimates, disclosed in note 21.

The fair value of share-based payments under these schemes, other than performance restricted stock units ("PRSUs"), is expensed on a straight-line basis, using the graded-vesting method, over the share based payments' vesting periods, based on the Company's estimate of shares that will eventually vest. The fair value of PRSUs, which are subject to certain performance and service conditions, will be recognized over the remaining service period using the graded-vesting method in the amount expected to vest.

### 2.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the liability, and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the liability using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### 2.13 Assumed contingent liability related to the business combination

In 2006 the Company acquired Rhinopharma and assumed contingent liabilities owed to Vernalis Pharmaceuticals Limited, which was subsequently acquired by Ligand Pharmaceuticals, Inc. (“Ligand”). The Company refers to the assignment and license agreement as the Ligand Agreement.

Ligand assigned to the Company all of its rights to certain patents and patent applications relating to ensifentrine and related compounds (the "Ligand Patents") and an exclusive, worldwide, royalty-bearing license under certain Ligand know-how to develop, manufacture and commercialize products (the "Licensed Products") developed using Ligand Patents, Ligand know-how and the physical stock of certain compounds.

The assumed contingent liability comprises a milestone payment on obtaining the first approval of any regulatory authority for the commercialization of a Licensed Product, low single digit royalties based on the future sales performance of all Licensed Products and a portion equal to a mid-twenty percent of any consideration received from any sub-licensees for the Ligand Patents and for Ligand know-how.

The liability was initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. The assumed contingent liability is estimated as the expected value of the milestone payment and royalty payments, including royalties from the Nuance Agreement. This expected value is based on estimated future royalties payable, derived from sales forecasts, and an assessment of the probability of success using standard market probabilities for respiratory drug development. The risk-weighted value of the assumed contingent arrangement is discounted back to its net present value applying an effective interest rate of 12%.

Royalties payable are based on the future sales performance so the amount payable is unlimited. Sales that may be achieved are difficult to predict and subject to estimation, which is inherently uncertain.

The assumed contingent liability is re-measured for changes in estimated cash flows or when the probability of success changes. Remeasurements relating to changes in estimated cash flows and probabilities of success are recognized in the intangible asset it relates to (see note 2.7). The unwind of the discount is recognized in finance expense.

**2.14 Revenue recognition**

The Group's revenue arises from product sales of Ohtuvayre.

The Group follows the five-step model in IFRS 15 "Revenue from Contracts with Customers":

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

All of the Group's revenue is derived from contracts with customers.

**Product Sales**

The Group's revenue from net product sales was generated in the United States following the FDA's approval for marketing of Ohtuvayre for the treatment of COPD in June 2024. The Group sells Ohtuvayre principally through arrangements with specialty pharmacies ("SPs"), who are the Group's customers. The customers subsequently resell the product to patients and health care providers. The Group provides limited right of return to the customers in cases of shipment errors or expiring or defective products. Product revenues are recognised when the customers take control of the product, which occurs upon delivery to the customers.

The Group recognizes revenue from product sales at the net sales price which includes estimates of variable consideration for which reserves are established and reflects each of these as a reduction to revenue. Overall, these reserves reflect the Group's best estimates of the amount of consideration to which the Group is entitled based on the terms of the contract. The amount of variable consideration that is included in the transaction price may be constrained. Actual amounts of consideration ultimately received may differ from the Group's estimates. If actual results in the future vary from estimates, the Group may need to adjust its estimates, which would affect net revenue in the period of adjustment. The following are the Group's significant categories of variable consideration:

Distribution Fees: The Group pays distribution fees to SPs in connection with the sales of its product. These distributor fees are based on a contractually determined fixed percentage of sales.

Government rebates and chargebacks: The Group contracts with Medicaid, Medicare, and other government agencies ("Government Payors") so that Ohtuvayre will be eligible for purchase by, or partial or full reimbursement from, such Government Payors. The Group estimates the rebates, chargebacks and discounts it will provide to Government Payors and deducts these estimated amounts from its gross product revenue at the time the revenue is recognised. The Group estimates these reserves based upon its contracts with government agencies and other organizations, statutorily defined discounts and estimated payor mix, resulting in a reduction of product revenue and the establishment of a current liability.

Commercial Chargebacks: Chargebacks are discounts and fees related to contracts with various third-party payers and programs that purchase from SPs at a discounted price. SPs charge back to the Group the difference between the price initially paid by SPs and the discounted price paid to SPs by these entities.

**2.15 Inventory**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. The Company determines the cost of its inventory, which includes amounts related to materials and manufacturing overhead, on a first-in, first-out basis. Net realizable value represents the estimated selling price less all estimated costs of completion and including costs to be incurred in marketing, selling and distribution.

### 2.16 Financial instruments — initial recognition and subsequent measurement

The Group classifies a financial instrument, or its component parts, as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***(a) Financial assets, initial recognition and measurement and subsequent measurement***

All assets are initially recognized at fair value plus transaction costs. The Group's equity interest in Nuance Biotech is subsequently measured at fair value through profit or loss ("FVTPL") and fair value gains and losses are recognized in profit or loss. All other assets are subsequently measured at amortized cost using the effective interest method.

The Group's trade receivables are comprised wholly of amounts due from its four specialty pharmacy customers for Ohtuvayre. Management periodically reviews whether a reserve is required against amounts outstanding by considering the history of write-offs, the creditworthiness of its customers, the aging of outstanding receivables, and other factors as relevant. As of December 31, 2024, based on these factors the management determined that a reserve against its outstanding trade receivables was not material.

***(b) Financial liabilities, initial recognition and measurement and subsequent measurement***

Financial liabilities are classified as measured at amortized cost or FVTPL.

Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Group's financial liabilities include debt, trade and other payables, and the assumed contingent liability.

Debt may be considered extinguished when it has been modified and the terms of the new debt instruments and old debt instruments are “substantially different” (as defined in the debt modification guidance in IFRS 9). Under the applicable guidance, when determining if debt instruments are substantially different, a 10% quantitative test comparing the discounted cash flows before and after the modification is required to be performed. Additionally, there is an accounting policy choice to perform only the 10% test or the 10% test as well as an additional qualitative analysis of any modification of terms when the change in discounted cash flows is less than 10%. The Group's policy with respect to the applicable guidance is to only perform the 10% quantitative test.

### 2.17 Transaction costs

Qualifying transaction costs might be incurred in anticipation of an issuance of equity instruments and may cross reporting periods. The entity defers these costs on the balance sheet until the equity instrument is recognized. Deferred costs are subsequently reclassified as a deduction from equity when the equity instruments are recognized, as the costs are directly attributable to the equity transaction. If the equity instruments are not subsequently issued, the transaction costs are expensed. Any costs not directly attributable to the equity transaction are expensed.

Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds. Where the liability component is held at fair value through profit or loss, the transaction costs are expensed to the Consolidated Statement of Comprehensive Income. For liabilities held at amortized cost, transaction costs are deducted from the liability and subsequently amortized. The amount of transaction costs accounted for as a deduction from equity is disclosed separately in accordance with International Accounting Standard.

### 2.18 Employee benefit trust

In the year ended December 31, 2020, the Group incorporated a trust to facilitate the acquisition of shares, by or for the benefit of employees and former employees. The Group issued 15.2 million and 16.0 million ordinary shares in the years ended December 31, 2024 and 2023, respectively, to cover expected share awards to employees under the 2017 Incentive Plan.

Management have determined that the Group has the indirect ability to control the trust as trustees are required to act in accordance with the trust deed that the Group drew up and because the Group controls the issuance of shares to cover awards. As a consequence the trust is included within the Company’s financial statements.

The shares that were issued to the trust that have not been transferred to employees to cover share awards are included in the Consolidated Statement of Financial Position as treasury shares.

**2.19 Investments in subsidiaries**

Investments in subsidiaries are shown at cost less any provision for impairment.

**2.20 Amendments to IFRS accounting standards applicable from 1 January 2024**

The Group has adopted the following amendments to IFRS accounting standards, with no material impact to the Group in the year ended 31 December 2024:

– Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1.

– Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.

– Lease Liability in a Sale and Leaseback - Amendments to IFRS 16.

**2.21 New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2024 and not early adopted**

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective and in some cases have not yet been adopted by the UK Endorsement Board:

– Amendments to IAS 21 Lack of Exchangeability (effective for periods commencing on or after 1 January 2025)

– Annual Improvements to IFRS Accounting Standards — Volume 11 (effective for periods commencing on or after 1 January 2026)

– IFRS 7 and IFRS 9 Amendments regarding classification of financial instruments (effective for periods commencing on or after 1 January 2026)

– IFRS 18 Presentation and Disclosure in Financial Statements (effective for periods commencing on or after 1 January 2027)

– IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for periods commencing on or after 1 January 2027)

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

**3. Revenue**

The Group derives all its revenue from contracts with customers for the transfer of goods and services at a point in time and has only one product, Ohtuvayre sales in the U.S. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for the one reportable segment under IFRS 8 Operating Segments (see note 7).

**External revenue by product line**

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| **Ohtuvayre sales - direct sales to customers - transferred at a point in time** | 42,261 | — |

For the year ended, December 31, 2024 the Company relied on four specialty pharmacies to purchase and supply Ohtuvayre to patients in the U.S. These four specialty pharmacies accounted for 100% of all Ohtuvayre net product sales in the year ended December 31, 2024 and accounted for all of the Company's outstanding accounts receivable from product sales as of December 31, 2024. The Company’s four specialty pharmacy customers accounted for 41%, 33%, 14%, and 12% of product sales, net for the year ended December 31, 2024. The loss, or a significant change in the buying patterns, of any one of these specialty pharmacies could negatively impact net sales of Ohtuvayre.

## 4. Financial Instruments

### 4.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk, and liquidity risk. The Group's overall risk management program is focused on preservation of capital and has sought to minimize potential adverse effects on the Group's financial performance and position. The Group's and the Company's exposure to risk are not materially different.

***(a) Market risk***

Foreign currency risk reflects the risk that the Group's net assets will be negatively impacted due to fluctuations in exchange rates. The Group has not entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

The summary data about the Group's exposure to currency risk is as follows. Figures are the U.S. Dollar values of balances in each currency:

| | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | USD | GBP | EUR | USD | GBP | EUR |
| | $'000s | $'000s | $'000s | $'000s | $'000s | $'000s |
| Cash and cash equivalents | 385,767 | 13,978 | 10 | 253,302 | 18,456 | 14 |
| Trade and other payables | 28,938 | 5,091 | 296 | 6,753 | 2,090 | 415 |

*Sensitivity analysis*

A reasonably possible strengthening or weakening of the pound sterling against U.S. dollar as of December 31, 2024 and 2023 would have affected the measurement of the financial instruments denominated in a foreign currency (excluding the assumed contingent liability as the impact of this is immaterial).

The following table shows how a movement in a currency would give rise to a profit or (loss) and a corresponding entry in equity.

| | Profit or loss and equity | |
|---|---|---|
| | Strengthening | Weakening |
| December 31, 2024 | $'000s | $'000s |
| GBP (10% Movement) | 1,381 | (1,381) |

Foreign currency denominated trade payables are short-term in nature (generally 30 to 45 days).

The Group is also exposed to market risk on the value of the equity interest in Nuance Biotech. The fair value of the equity interest is dependent on the success of Nuance Biotech's various clinical programs, as well as valuations of similar companies in the Chinese market. The following table shows the effect of a 10% change in the fair value of the equity interest:

| | Equity interest |
|---|---|
| | $'000s |
| Fair value increase of 10% | 16,500 |
| **Base case, reported fair value** | 15,000 |
| Fair value decrease of 10% | 13,500 |

**4.1 Financial Risk Factors (continued)**

***(b) Credit risk***

Financial instruments that potentially subject the Group to concentration of credit risk consist of principally cash and cash equivalents, bank deposits and certain receivables.

The Group holds cash and cash equivalents with highly rated financial institutions and in highly rated money market funds and the Group has not experienced any significant credit losses in these financial statements and does not believe the Group is exposed to any significant credit risk on these instruments.

As of December 31, 2024, the Group held funds at bank and in money market funds backed by U.K. or U.S. government debt. As of December 31, 2024, and December 31, 2023, cash and cash equivalents were placed at the following banks and money market funds:

| Cash and cash equivalents | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|
| | $'000 | $'000 |
| Government debt money market funds | 379,451 | 269,114 |
| Silicon Valley Bank | 2,273 | 1,441 |
| Lloyds Bank | 569 | 401 |
| HSBC Bank | — | 592 |
| JPMorgan Chase & Co | 17,464 | 224 |
| Total | 399,757 | 271,772 |

***(c) Management of capital***

The Group considers capital to be its equity reserves. At the current stage of the Group's life cycle, the Group's objective in managing its capital is to continue to support the commercial launch of Ohtuvayre and ensure funds meet the research and operating requirements until the next development stage of the Group's suite of projects.

The Group ensures it is meeting its objectives by reviewing its Key Performance Indicators to ensure commercial and research activities are progressing in line with expectations, costs are controlled and unused funds are placed in low risk money market funds to conserve resources.

Additionally, the Group has term loans outstanding which contains customary representations and warranties, covenants and events of default including two financial covenants as noted in note 24. As of December 31, 2024, the Group was in compliance with all of these covenants. The Group tracks and regularly monitors its compliance with covenants as a default of the covenants could result in any amounts outstanding at the date of default becoming due and payable ahead of the maturity date of the 2024 Term Loan.

**4.1 Financial Risk Factors (continued)**

***(d) Liquidity risk***

The Group periodically prepares working capital forecasts for the foreseeable future, allowing an assessment of the cash requirements of the Group, to manage liquidity risk. The following table provides an analysis of the Group's financial liabilities. The carrying value of all balances approximates to their fair value, with the exception of the assumed contingent liability (see note 23).

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|
| | $'000s | $'000s | $'000s | $'000s |
| **At December 31, 2024** | | | | |
| Trade payables | 11,267 | — | — | — |
| Other payables | 479 | — | — | — |
| Accruals | 22,579 | — | — | — |
| Lease liability | 1,121 | 420 | 821 | — |
| Term loan[(1)] | 13,750 | 13,750 | 160,552 | — |
| **Total** | 49,196 | 14,170 | 161,373 | — |

[(1)] This is the undiscounted value of the loan plus undiscounted interest payments

As of December 31, 2024, the Company's assumed contingent liability, estimated to have undiscounted cash flows of approximately $620 million, comprises low single-digit royalties based on the future sales performance of the Licensed Products, and is calculated as the expected value of royalty payments derived from sales forecasts.

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|
| | $'000s | $'000s | $'000s | $'000s |
| **At December 31, 2023** | | | | |
| Trade payables | 3,492 | — | — | — |
| Other payables | 435 | — | — | — |
| Accruals | 5,331 | — | — | — |
| Lease liability | 1,180 | 555 | 1,220 | — |
| Term loan[(1)] | 5,207 | 5,673 | 67,364 | — |
| **Total** | 15,645 | 6,228 | 68,584 | — |

[(1)] This is the undiscounted value of the loan plus undiscounted interest payments

As of December 31, 2023, the Company's assumed contingent liability, estimated to have undiscounted cash flows of approximately $440 million, comprises low single-digit royalties based on the future sales performance of the Licensed Products, and is calculated as the expected value of royalty payments derived from sales forecasts and an assessment of the probability of success using standard market probabilities for respiratory drug development.

### 4.2 Fair value estimation

**Group and Company**

The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximate to fair value due to their short-term nature. The carrying amount of the assumed contingent liability is $326.1 million compared to the approximate fair value $310.9 million. The underlying assumptions are similar, the primary driver of the difference relates to the discount rate.

For financial instruments that are measured in the Consolidated Statement of Financial Position at fair value, IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (level 3).

For the years ended December 31, 2024, and 2023, fair value adjustments to financial instruments measured at fair value through profit and loss resulted in the recognition of $14.3 million loss in 2024 and no gain or loss in 2023.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to ascertain the fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. The derivative financial instrument is classified at level 3 in the fair value hierarchy.

Additionally, the fair value of the RIPSA is classified within Level 3 of the fair value hierarchy because the fair value was estimated using a Monte Carlo simulation. The Monte Carlo simulation was used to take into account several embedded features and factors, including the probability of when the Company would pay back the outstanding RIPSA balance.

Movements in Level 3 items during the years ended December 31, 2024, and 2023 are as follows:

| | Equity Interest |
|---|---|
| | $'000s |
| At January 1, 2024 | 15,000 |
| At December 31, 2024 | 15,000 |

| | Equity Interest |
|---|---|
| | $'000s |
| At January 1, 2023 | 15,000 |
| At December 31, 2023 | 15,000 |

| | RIPSA |
|---|---|
| | $'000s |
| At January 1, 2024 | — |
| At December 31, 2024 | 113,908 |

### 4.3 Change in liabilities arising from financing activities

**Group**

The Group has provided a reconciliation so that changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes can be evaluated.

| | Lease liability | |
|---|---|---|
| | 2024 | 2023 |
| | $'000s | $'000s |
| At January 1 | 2,955 | 880 |
| Capitalization of rental leases - non-cash | 205 | 2,807 |
| Payment of lease liability - cash | (1,074) | (713) |
| Interest - non-cash | 281 | 30 |
| Foreign exchange differences - non-cash | (5) | (49) |
| At December 31 | 2,362 | 2,955 |

| | Term Loan | |
|---|---|---|
| | 2024 | 2023 |
| | $'000s | $'000s |
| At January 1 | 48,374 | 9,768 |
| Repayment of 2023 Term Loan | (48,374) | 30,000 |
| Issue of 2024 Term Loans | 125,000 | 9,996 |
| Debt issuance costs | (5,382) | (1,559) |
| Amortization of debt issuance costs (non-cash) | 457 | 47 |
| Accretion of final payment (non-cash) | 266 | 122 |
| At December 31 | 120,341 | 48,374 |

| | RIPSA | |
|---|---|---|
| | 2024 | 2023 |
| | $'000s | $'000s |
| At January 1 | — | — |
| Issue of RIPSA | 100,000 | — |
| Fair value movement | 14,274 | — |
| RIPSA payments | (366) | — |
| At December 31 | 113,908 | — |

See note 24 for information relating to the Term Loan and RIPSA.

### 5. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. FRS 101 also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The areas involving significant estimates and judgements are as follows:

***(a) Revenue recognition***

We generate revenue from the sale of Ohtuvayre. Revenue is recognized when we transfer control of Ohtuvayre to the specialty pharmacies, our customers, as our contracts have a single performance obligation which is the delivery of Ohtuvayre. These product sales are subject to various gross-to-net adjustments, which are deducted from our product sales to determine net product sales. For a description of our related accounting policies, see note 2.14.

*Gross-to-net adjustments*

Product sales are recorded at the estimated net sales price, which includes estimates of variable consideration for which reserves are established. Components of variable consideration include rebates and chargebacks, product returns and other allowances that are offered within contracts with our customer, payors, and other indirect customers relating to the sale of our product. These reserves are based on the amounts earned, or to be claimed on the related sales, and are classified as reductions of accounts receivable (if the amount is payable to the customer) or a current liability (if the amount is payable to

a party other than a customer). These estimates take into consideration a range of possible outcomes based on relevant factors such as current contractual and statutory requirements, specific known market events and trends as well as industry data and other third party information. Overall, these reserves reflect our best estimates of the amount of consideration to which we are entitled based on the terms of the respective underlying contracts.

Estimates associated with our gross-to-net adjustments are particularly susceptible to adjustment given the extensive time lag that may occur between our recording of an accrual and its ultimate invoicing by the government or commercial entity, which can occur up to several years after the sale of our product. Because of the time lag for these rebates and chargebacks, in any particular quarter, our adjustments may incorporate revisions of accruals related to prior periods.

***(b) Revenue interest purchase and sale agreement and related interest expense***

The Group has elected the fair value option to account for the RIPSA. The Group believes the fair value option best reflects the economics of the underlying transaction. Under the fair value option, changes in the fair value of the instrument are recognized through earnings each reporting period in other income, net in the consolidated statements of income, except for changes in fair value attributable to changes in the instrument's credit risk, which would be recognized in other comprehensive income. The RIPSA is included within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs to determine fair value. Specifically, management estimated the value of the RIPSA using a Monte Carlo simulation. The Monte Carlo simulation was used to take into account several embedded features and factors, including the probability of when Verona Pharma Inc. would pay back the outstanding RIPSA balance. Significant assumptions considered by management in the valuation include the Group's revenue forecast as well as the discount rate, of approximately 14%, used in valuing the RIPSA based on the Monte Carlo simulation.

With respect to the sensitivity of the revenue forecast, the Group notes that due simulations noted through the Monte Carlo methodology based on the revenue forecast, a change in the forecast would not be expected to materially impact the value of the RIPSA.

With respect to the sensitivity of the discount rate, given the results of the Monte Carlo simulation specifically around the repayment options available to the Group and the estimated timing of repayment, a 10% change in the discount rate used would not materially impact the value of the RIPSA.

***(c) Assumed contingent liability***

The Group has a material liability for the future payment of royalties and milestones associated with contractual liabilities on ensifentrine, acquired as part of the acquisition of Rhinopharma. The estimation of the amounts and timing of future cash flows requires the forecast of royalties payable and the estimation of the likelihood that the regulatory approval milestone will be achieved (see notes 2.13 and 23). The estimates for the assumed contingent liability are based on a discounted cash flow model. Key estimates included the calculation of deferred consideration include:

- revenue; and
- probabilities of success.

The revenue assumption includes, but is not limited to, revenue growth rates and net selling price, which includes estimated reductions for gross-to-net sales adjustments.

When there is a change in the expected cash flows or probabilities of success, the assumed contingent liability is re-measured with the change in value recognized in the intangible asset it relates to. The assumed contingent liability is measured at amortized cost with the discount unwinding in finance expense throughout the year. Actual outcomes could differ significantly from the estimates made. A sensitivity analysis is provided in note 23.

On June 26, 2024, the U.S. Food and Drug Administration ("FDA") approved Ohtuvayre (ensifentrine) for the maintenance treatment of chronic obstructive pulmonary disease ("COPD") in adult patients. As a consequence, the probability of success factor was no longer required for the U.S calculation. Additionally, in 2024 the Group carried out further market research and updated its forecasts for ensifentrine's revenue for the maintenance treatment of chronic obstructive pulmonary disorder using a nebulized formulation in the U.S.

***(d) Research and development costs***

Research and development ("R&D") costs are expensed as incurred. Research and development expenses include salaries, share-based compensation and benefits of employees, and other costs related to the Group's R&D activities, including contracts with clinical research organizations and contract manufacturers. As part of the process of preparing financial statements the Group is required to estimate its expenses resulting from its obligations under contracts with vendors and consultants and clinical site agreements in connection with its R&D efforts. The financial terms of these contracts are subject to negotiations which vary contract to contract and may result in payment flows that do not match the periods over which materials or services are provided to the Group under such contracts. The Group's objective is to reflect the appropriate clinical trial expenses in its financial statements by matching those expenses with the period in which services and efforts are expended. The Group accounts for these expenses according to the progress of the trials and other development activities measured by patient progression and the timing of various aspects of the trial. The Group determines prepaid and accrual estimates through discussions with applicable personnel and outside service providers as to the progress

of clinical trials, or other services completed. During the course of a clinical trial, the Group adjusts its rate of clinical trial expense recognition if actual results differ from its estimates. The Group makes estimates of its prepaid and accrued expenses as of each balance sheet date in its financial statements based on facts and circumstances known at that time. Although the Group does not expect its estimates to be materially different from amounts actually incurred, its understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in the Group reporting amounts that are too high or too low for any particular period. The Group's clinical trial prepaid and accrual expense is dependent upon the timely and accurate reporting of study recruitment from contract research organizations and activities carried out by other third-party vendors as well as the timely processing of any change orders from the contract research organizations. As of December 31, 2024 and 2023, accrued expenses related to clinical trial and other development costs was $4.0 million and $0.7 million.

**6. Loss per ordinary share - basic and diluted (cents)**

Basic loss per ordinary share of 28.1 cents (2023: 11.4 cents) for the Group is calculated by dividing the loss for the year ended December 31, 2024 by the weighted average number of ordinary shares in issue of 652,310,582 as of December 31, 2024 (2023: 634,142,660). During the years ended December 31, 2024 and 2023, outstanding share options, RSUs and PRSUs of 78,265,478 and 54,922,392 respectively, were not included in the computation of diluted earnings per ordinary share, because to do so would be antidilutive.

**7. Segmental reporting**

The Group's activities are covered by one operating and reporting segment: the development and commercialization of pharmaceutical products. The Group has determined that the Chief Executive Officer ("CEO") is the Company's CODM as the CEO makes decisions as it relates to allocation of resources and key market strategies. There have been no changes to management's assessment of the operating and reporting segment of the Group during the year.

All non-current assets are based in the United Kingdom apart from right-of-use assets relating to a property leases, and associated fixtures and fittings, in the United States. Total assets held by Verona Pharma, Inc. approximate $256.3 million.

## 8. Operating costs

**Group**

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| ***Operating costs:*** | | |
| **Research and development costs:** | | |
| Employee benefits (note 9) | 9,102 | 6,502 |
| Share-based payment | 6,525 | 4,994 |
| Legal, professional, consulting and listing fees | 1,151 | 2,555 |
| Amortization of patents (note 13) | 294 | 252 |
| Other research and development expenses | 20,035 | 3,110 |
| Total research and development costs | 37,107 | 17,413 |
| **Selling, general and administrative costs:** | | |
| Employee benefits (note 9) | 44,138 | 13,910 |
| Share-based payment | 31,519 | 16,885 |
| Legal, professional consulting and listing fees | 8,082 | 5,040 |
| Commercial costs | 29,199 | 6,016 |
| Amortization of intangible asset (note 13) | 682 | — |
| Depreciation of property, plant and equipment | 18 | 5 |
| Depreciation of right of use assets | 1,040 | 673 |
| Operating lease charge — land and buildings | — | (52) |
| Loss on variations in foreign exchange rate | (27) | (226) |
| Other selling, general and administrative expenses | 21,965 | 9,029 |
| Total selling, general and administrative costs | 136,616 | 51,280 |

The Group obtained the services from and paid the fees of the Group's auditors and their associates as detailed below:

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| Audits of Verona Pharma plc and consolidated financial statements | 1,013 | 659 |
| Audit related services | — | 557 |
| Tax fees | 190 | — |
| Other services | 273 | 97 |
| Total | 1,476 | 1,313 |

*Audit of Verona Pharma plc and consolidated financial statements*

For the year ended December 31, 2024, audit of Verona Pharma plc and consolidated financial statements includes $0.2 million related to the audit of these financial statements as well as $0.8 million related to the integrated audit of Verona Pharma plc for purposes of it's U.S. publicly listed company requirements, inclusive of quarterly interim reviews.

*Audit-Related Services*

For the year ended December 31, 2023, audit related services include fees for quarterly interim reviews and fees for the audit of internal control over financial reporting.

Tax fees

For the year ended December 31, 2024, Tax Fees consisted of transfer pricing services performed by EY prior to their engagement as the Company’s audit firm.

*Other Services*

For the years ended December 31, 2024 and December 31, 2023, “All Other Fees” consisted of fees related to U.S. capital markets related services and, specific to December 31, 2023, technology fees provided by PwC UK.

## 9. Directors' emoluments and staff costs

### Group and Company

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| The monthly average number of employees (excluding directors) of the Group during the year: | | |
| Research and development | 30 | 21 |
| Selling, general and administrative | 133 | 37 |
| Total | 163 | 58 |

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| **Employee benefits expenses** | | |
| Wages and salaries | 38,229 | 15,067 |
| Social security costs | 5,603 | 515 |
| Share-based payment expense | 20,072 | 11,094 |
| Other pension costs | 3,516 | 494 |
| **Total employee benefits expense** | 67,420 | 27,170 |

***Directors' emoluments***

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| **Aggregate emoluments of directors:** | | |
| Wages and salaries | 2,100 | 1,784 |
| Social security costs | 1,222 | 4 |
| Share-based payment expense | 8,126 | 5,268 |
| Other pension costs | 44 | 13 |
| **Directors' emoluments** | 11,492 | 7,069 |

Directors aggregate amounts receivable under long-term incentive schemes, made up of long-term RSU and PRSU grants was $18.1 million at December 31, 2024 (2023: $5.3 million). No share options were exercised by directors in the year ended December 31, 2024 and 2023.

***Executive officers compensation***

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| **Aggregate executive officers costs:** | | |
| Wages and salaries | 2,283 | 2,034 |
| Social security costs | 164 | 366 |
| Share-based payment expense | 10,175 | 5,517 |
| Other pension costs | 30 | 135 |
| **Total executive officers costs** | 12,652 | 8,052 |

Executive officers' aggregate amounts receivable under long-term incentive schemes, made up of long-term RSU and PRSU grants was $31.7 million at December 31, 2024 (2023: $8.0 million). No share options were exercised by executive officers in the year ended December 31, 2024 and 2023.

The Group considers key management personnel to be the aggregate of directors and executive officers. The executive officers are the chief financial officer, chief medical officer and general counsel.

The Group operates defined contribution pension schemes for its employees and executive director. There were $401 thousand of accrued pension contributions to the scheme at December 31, 2024 (2023: $321 thousand).

## 10. Finance income and expense and other losses

**Group**

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| **Finance income:** | | |
| Interest received on cash balances | 15,262 | 12,761 |
| Foreign exchange gain on translating foreign currency denominated balances | — | 1,866 |
| **Total finance income** | 15,262 | 14,627 |

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| **Finance expense:** | | |
| Interest on term loan | 10,917 | 2,057 |
| RIPSA debt issuance costs | 3,770 | — |
| Interest on discounted lease liability | 281 | 30 |
| Foreign exchange loss on translating foreign currency denominated balances | 169 | — |
| Unwinding of discount factor related to the assumed contingent arrangement (note 23) | 25,079 | 16,802 |
| **Total finance expense** | 40,216 | 18,889 |

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| **Other losses:** | | |
| Extinguishment of debt | (3,653) | — |
| Fair value movement on RIPSA | (14,274) | — |
| **Total other losses** | (17,927) | — |

## 11. Taxation

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| **Analysis of tax expense/(credit) for the year:** | | |
| Current tax: | | |
| U.K. tax credit | (3,791) | (2,191) |
| U.S. tax charge | 11,914 | 666 |
| Adjustment in respect of prior periods | 216 | 895 |
| **Total tax expense/(credit)** | 8,339 | (630) |

The difference between the total tax shown above and the amount calculated by applying the standard rate of tax to the loss before tax is as follows:

| | | |
|---|---|---|
| **Factors affecting the tax expense/(credit) for the year:** | | |
| Loss on ordinary activities before taxation | (175,180) | (72,955) |
| | | |
| Multiplied by standard rate of corporation tax of 25% (2023: 23.5%) | (43,795) | (17,144) |
| Effects of: | | |
| Non-deductible expenses | 6,998 | 5,256 |
| Research and development incentive | 1,305 | 36 |
| Temporary differences not recognized | 42,275 | (339) |
| Difference in overseas tax rates | 345 | (13) |
| Share options exercised | (4,851) | (2,926) |
| Tax losses carried forward not recognized | 5,846 | 13,605 |
| Adjustment in respect of prior periods | 216 | 895 |
| **Total tax expense/(credit)** | 8,339 | (630) |

U.K. corporation tax is charged at 25% (2023: 23.5%) and U.S. federal and state tax at 25.5% (2023: 23.5%).

*Factors that may affect future tax charges*

The Group has U.K. tax losses available for offset against future profits in the United Kingdom. However an additional deferred tax asset has not been recognized in respect of such items due to uncertainty of future profit streams. As of December 31, 2024, the unrecognized deferred tax asset at 25% is estimated to be $65.3 million (2023: $54.0 million at 25%). Unrecognized deferred tax assets related to tax losses and potential tax deductions on potential issuance of shares under employee share programs. These losses and deductions have an indefinite life.

## 12. Goodwill

### Group and Company

The goodwill balance of December 31, 2024 and 2023 was $0.5 million.

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in connection with the acquisition of Rhinopharma in September 2006. Goodwill is not amortized, but is tested annually for impairment.

The Group has one CGU so goodwill is tested for impairment together with its intangible assets. It was tested with reference to the Group's market capitalization as of December 31, 2024, the date of testing of intangible and goodwill impairment. The market capitalization of the Group was approximately $3.9 billion as of December 31, 2024, (2023: $1.6 billion) compared to the Group's net assets of $167.3 million (2023: $223.3 million). Consequently, no impairment was required.

## 13. Intangible assets

### Group and Company

| | Ensifentrine intangible asset | Computer software | Patents | Total |
|---|---|---|---|---|
| | $'000s | $'000s | $'000s | $'000s |
| **Cost** | | | | |
| At January 1, 2023 | 129,360 | 9 | 2,432 | 131,801 |
| Additions | — | — | 509 | 509 |
| Disposal | — | (9) | — | (9) |
| Re-measurement | 60,115 | — | — | 60,115 |
| At December 31, 2023 | 189,475 | — | 2,941 | 192,416 |
| **Accumulated amortization** | | | | |
| At January 1, 2023 | — | 9 | 994 | 1,003 |
| Charge for year | — | — | 252 | 252 |
| Disposals | — | (9) | — | (9) |
| At December 31, 2023 | — | — | 1,246 | 1,246 |
| **Net book value** | | | | |
| At December 31, 2023 | 189,475 | — | 1,695 | 191,170 |

**13. Intangible assets (continued)**

| | Ensifentrine intangible asset | Patents | Total |
|---|---|---|---|
| | $'000s | $'000s | $'000s |
| **Cost** | | | |
| At January 1, 2024 | 189,475 | 2,941 | 192,416 |
| Additions | — | 631 | 631 |
| Re-measurement | 108,147 | — | 108,147 |
| At December 31, 2024 | 297,622 | 3,572 | 301,194 |
| **Accumulated amortization** | | | |
| At January 1, 2024 | — | 1,246 | 1,246 |
| Charge for year | 682 | 294 | 976 |
| At December 31, 2024 | 682 | 1,540 | 2,222 |
| **Net book value** | | | |
| At December 31, 2024 | 296,940 | 2,032 | 298,972 |

Intangible assets comprise patents, computer software and the ensifentrine intangible asset that arose on the acquisition of Rhinopharma and investment in patents to protect ensifentrine.

The ensifentrine intangible asset acquired through the business combination was initially recognized at fair value. Subsequent movements in the assumed contingent liability that relate to changes in estimated cash flows or probabilities of success are recognized as additions to the intangible asset that it relates to. The asset has a remaining useful life of approximately 10 years and is tested annually for impairment.

Patents are amortized over a period of ten years and are tested annually for impairment.

Intangible assets are tested for impairment with goodwill, as the Group has only one cash generating unit. See note 12 for information about the impairment review.

## 14. Right-of-use assets - property leases

### Group

The right-of-use asset relates to rented office space in London, North Carolina and Georgia.

The Consolidated Statement of Financial Position shows the following amounts relating to leases:

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| **Right-of-use assets** | | |
| Right-of-use assets | 2,048 | 2,847 |
| | 2,048 | 2,847 |
| **Lease liabilities** | | |
| Current | (1,121) | (1,180) |
| Non-current | (1,241) | (1,775) |
| | (2,362) | (2,955) |

In the year ended December 31, 2024, the Group extended its lease on office space in London. $0.4 million was added to the lease liability and the associated right of use asset.

In the year ended December 31, 2023, the Group extended its leases on office space in London and entered into an additional lease in North Carolina. $2.8 million was added to the lease liability and the associated right of use asset.

To calculate lease liabilities the Group used a weighted average discount rate of 11% for the years ended December 31, 2024 and December 31, 2023, respectively. The current leases end in 2026, 2025, and 2027 for the office space in London, Georgia and North Carolina respectively and include options to extend. The Group has determined it is not yet reasonably certain to operate the option to extend the leases and so has recognized lease payments only to these points in its calculation of the lease liabilities.

The right-of-use lease assets are depreciated over the term of the leases.

The Consolidated Statement of Comprehensive Income includes the following amounts relating to leases:

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| **Depreciation charge of right-of-use assets** | | |
| Right-of-use assets | (1,040) | (673) |
| | (1,040) | (673) |
| | | |
| Interest expense (including finance cost) | 281 | 30 |

The total cash outflow for leases in 2024 was $1.1 million (2023: $0.7 million).

## 15. Equity interest

### Group and Company

As part of the Nuance Agreement, the Company received an equity interest in Nuance Biotech, the parent company of Nuance Pharma. The equity interest is held at fair value through profit and loss. In the year ended December 31, 2024 Nuance Biotech were not involved in any new transactions involving issuance of shares. As of December 31, 2024, there had been no transactions to indicate any change in the value of Nuance Biotech's stock, nor had there been any other indications of change in value. The equity interest is therefore recorded at a value of $15.0 million as of December 31, 2024.

## 16. Investment in subsidiaries

### Company

The Company has one wholly-owned subsidiary, Verona Pharma, Inc.

The Company's investments comprise interests in Group undertakings, details of which are shown below:

| | Verona Pharma, Inc. |
|---|---|
| Country of incorporation | Delaware<br>USA |
| Description of shares held | $0.001<br>Common stock |
| Proportion of shares held by the Company | 100% |

Verona Pharma, Inc. was incorporated on the 12 December 2014 under the laws of the State of Delaware, USA and has its registered office at 1521 Concord Pike, Suite 201, City of Wilmington 19803, County of New Castle, Delaware, United States of America.

## 17. Inventory

### Group

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| Raw material | 228 | — |
| Finished goods | 7,916 | — |
| **Total inventory** | 8,144 | — |

The cost of inventories recognized as an expense during the year was $1.1 million (2023: $0.0 million).

No inventory was written down as a result of excess, obsolescence, scrap, or other reasons during the year ended December 31, 2024.

Inventories of $1.9 million (2023: $0.0 million) are expected to be recovered after more than 12 months.

## 18. Trade and other receivables

### Group

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| Trade receivables | 31,496 | — |
| Prepayments and accrued interest | 8,969 | 4,617 |
| Other receivables | 1,338 | 2,365 |
| **Total prepayments and other receivables** | 41,803 | 6,982 |

The prepayments balance includes prepayments for insurance and clinical activities as well as accrued interest from financial institutions.

### Company

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| Trade receivables | 18 | — |
| Prepayments and accrued interest | 5,167 | 4,277 |
| Other receivables | 906 | 1,572 |
| Amounts due from Group undertakings | 101,613 | — |
| **Total prepayments and other receivables** | 107,704 | 5,849 |

The prepayments balance includes prepayments for insurance and clinical activities as well as accrued interest from financial institutions.

## 19. Share Capital

The movements in the Company's share capital are summarized below:

| Date | Description | Number of shares | Share Capital amounts in $'000s |
|---|---|---|---|
| **As at January 1, 2023** | | **631,338,246** | **40,526** |
| January | Issuance of shares | 5,644,296 | 342 |
| February | Issuance of shares | 10,888,752 | 658 |
| March | Issuance of shares | 3,788,336 | 227 |
| December | Issuance of shares | 16,000,000 | 1,018 |
| **As at December 31, 2023** | | **667,659,630** | **42,771** |
| November | Issuance of shares | 11,708,312 | 741 |
| December | Issuance of shares | 23,821,520 | 1,509 |
| **As at December 31, 2024** | | **703,189,462** | **45,021** |

All 703,189,462 issued ordinary shares at December 31, 2024 are allotted, unrestricted, called up and fully paid. All issued shares rank pari passu except for 48,088,896 non-voting ordinary shares. All shares have a par value of £0.05.

At the Annual General Meeting held on April 26, 2024, shareholders approved the resolution to authorize the directors to allot shares in the Company, or grant rights to subscribe for, or to convert any security into shares in the Company, up to an aggregate nominal amount of £8,345,745, or 166,914,908 ordinary shares. As at December 31, 2024, £1,776,492 of this nominal amount, or 35,529,832 ordinary shares, had been issued.

***Treasury shares***

The Group and Company holds shares in an employee benefit trust, to satisfy share based compensation awards and these share are accounted for as treasury shares. As at December 31, 2024, 26,181,208 shares were held in treasure, at a nominal value of $1.7 million (2023: 24,123,536 shares, nominal value $1.5 million).

## 20. Equity issuances

During the year ended December 31, 2024, Verona Pharma sold 20,329,832 ordinary shares (2023: 20,321,384 ordinary shares) represented by 2,541,229 ADSs (2023: 2,540,173 ADSs) under the 2021 ATM Program, at an average price of approximately $4.92 per share (2023: $2.88 per share) equivalent to $39.35 per ADS (2023: $23.08 per ADS), raising aggregate net proceeds of $97.5 million (2023: $56.9 million) after deducting issuance costs of $2.5 million.

## 21. Share-based payments charge

### Group and Company

The Company operates various share based payment incentive schemes for its staff.

In accordance with IFRS 2 "Share Based Payments," the cost of equity-settled transactions is measured by reference to their fair value at the date at which they are granted. For transactions with employees fair value is determined using the Black-Scholes model. The cost of equity-settled transactions is recognized over the period until the award vests. No expense is recognized for awards that do not ultimately vest. At each reporting date, the cumulative expense recognized for equity-based transactions reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors at that date, will ultimately vest.

The costs of equity-settled share-based payments to employees are recognized in the Statement of Comprehensive Income, together with a corresponding increase in equity during the vesting period. During the twelve months ended December 31, 2024, the group recognized a share-based payment expense of $38.4 million (2023: $21.9 million). The charge is included in selling, general and administrative costs as well as in research and development costs and represents the current year's allocation of the share based payment expense.

The Company operates an Unapproved Share Option Scheme under which options were issued before 31 December 2016. The Company also operates a tax efficient EMI Option Scheme under which options were issued before 31 December 2016. In 2017 the Company commenced the 2017 Incentive Award Plan under which the Company grants share options, restricted stock units ("RSUs") and performance restricted stock units ("PRSUs") to employees and directors. All options and RSUs vest over terms of between one and four years.

In the year ended December 31, 2019, the Company modified the terms of all the RSUs issued prior to January 1, 2019, to include a market condition that the Company's share price must be maintained above of £2 per ordinary share for thirty days, in addition to the service condition. As at December 31, 2022, this approximated to $21.90 per ADS. The RSUs vest after a five year term irrespective of whether the £2 market condition was met. This modification did not result in an increase in the fair value of the RSUs. The RSUs issued in the year ended December 31, 2019, also include the same market condition and five year term. In the year ended December 31, 2023, the market condition was met and all of the RSUs vested.

In the year ended December 31, 2024, under the 2017 Incentive Award Plan, the Company granted 13,416,000 (2023: 7,376,000) share options, 6,709,896 RSUs (2023: 3,596,872) and 25,162,130 PRSUs (2023: 10,790,144). The total fair values of all outstanding options, RSUs and PRSUs were estimated using the Black-Scholes option-pricing model for equity-settled transactions and amounted to $141.9 million (2023: $66.3 million). The cost is amortized over the vesting period of the options, RSUs and PRSUs on a straight-line basis, using the graded-vesting method. Volatility is calculated using historical daily averages of the Company's share price over a period that is in line with the expected life of the options. The following assumptions were used for the Black-Scholes valuation of share options and RSUs granted in 2023 and 2024:

| Issued in 2023 | Options | RSUs | PRSUs |
|---|---|---|---|
| Number granted | 7,376,000 | 3,596,872 | 10,790,144 |
| Risk-free interest rate | 3.40% - 4.69% | | |
| Expected life of options | 5 - 7 years | | |
| Annualized volatility | 80.64% - 87.26% | | |
| Dividend rate | 0.00 % | | |
| Vesting period | 0 - 4 years | 0 - 4 years | 0 - 3 years |

| Issued in 2024 | Options | RSUs | PRSUs |
|---|---|---|---|
| Number granted | 13,416,000 | 6,709,896 | 25,162,130 |
| Risk-free interest rate | 3.50% - 4.60% | | |
| Expected life of options | 5 - 7 years | | |
| Annualized volatility | 79.31% - 84.68% | | |
| Dividend rate | 0.00 % | | |
| Vesting period | 0 - 4 years | 0 - 4 years | 0 - 3 years |

The Company had the following share options movements in the year ended December 31, 2024:

| Year of issue | Exercise price ($) | At January 1, 2024 | Options granted | Options exercised | Options forfeited | Options expired | At December 31, 2024 | Expiry date |
|---|---|---|---|---|---|---|---|---|
| 2014 | 2.94 | 160,000 | — | — | — | (160,000) | — | May 15, 2024 |
| 2015 | 1.88 | 42,000 | — | (42,000) | — | — | — | January 29, 2025 |
| 2016 | 2.90 | 122,000 | — | (20,000) | — | — | 102,000 | February 9, 2026 |
| 2016 | 2.40 | 610,000 | — | (100,000) | — | — | 510,000 | August 3, 2026 |
| 2016 | 2.49 | 200,000 | — | — | — | — | 200,000 | September 13, 2026 |
| 2016 | 2.65 | 300,000 | — | — | — | — | 300,000 | September 26, 2026 |
| 2017 | 1.70 | 2,647,496 | — | (1,032,040) | — | — | 1,615,456 | April 26, 2027 |
| 2018 | 2.02 | 912,136 | — | (82,536) | — | — | 829,600 | March 8, 2028 |
| 2019 | 0.75 | 1,433,800 | — | (443,920) | — | — | 989,880 | March 29, 2029 |
| 2019 | 0.76 | 226,000 | — | (150,000) | — | — | 76,000 | June 11, 2029 |
| 2019 | 0.56 | 100,000 | — | — | — | — | 100,000 | August 22, 2029 |
| 2020 | 0.71 | 1,066,592 | — | (381,888) | — | — | 684,704 | March 3, 2030 |
| 2020 | 0.79 | 305,600 | — | (305,600) | — | — | — | September 24, 2030 |
| 2021 | 0.62 | 120,000 | — | (120,000) | — | — | — | October 4, 2031 |
| 2021 | 0.78 | 512,000 | — | (64,000) | — | — | 448,000 | August 8, 2031 |
| 2022 | 0.60 | 288,000 | — | — | — | — | 288,000 | March 13, 2032 |
| 2022 | 0.50 | 1,600,000 | — | (200,000) | — | — | 1,400,000 | April 27, 2032 |
| 2022 | 0.57 | 160,000 | — | — | — | — | 160,000 | May 31, 2032 |
| 2022 | 0.54 | 2,712,000 | — | (64,000) | — | — | 2,648,000 | July 4, 2032 |
| 2022 | 1.30 | 1,000,000 | — | (437,512) | — | — | 562,488 | September 7, 2032 |
| 2022 | 1.27 | 600,000 | — | (300,016) | — | — | 299,984 | September 19, 2032 |
| 2022 | 1.19 | 120,000 | — | — | — | — | 120,000 | September 28, 2032 |
| 2022 | 1.28 | 856,000 | — | — | — | — | 856,000 | October 2, 2032 |
| 2022 | 1.45 | 600,000 | — | — | — | — | 600,000 | October 26, 2032 |
| 2022 | 1.61 | 40,000 | — | — | — | — | 40,000 | October 30, 2032 |
| 2022 | 1.74 | 400,000 | — | (175,000) | (225,000) | — | — | December 4, 2032 |
| 2022 | 1.64 | 240,000 | — | (105,000) | — | — | 135,000 | December 18, 2032 |
| 2023 | 3.27 | 320,000 | — | — | — | — | 320,000 | January 2, 2033 |
| 2023 | 2.76 | 680,000 | — | (28,368) | (51,632) | — | 600,000 | January 31, 2033 |
| 2023 | 2.68 | 320,000 | — | — | — | — | 320,000 | February 28, 2033 |
| 2023 | 2.51 | 880,000 | — | (40,000) | — | — | 840,000 | April 2, 2033 |
| 2023 | 2.67 | 864,000 | — | — | (96,000) | — | 768,000 | April 27, 2033 |
| 2023 | 2.62 | 780,000 | — | — | — | — | 780,000 | April 30, 2033 |
| 2023 | 2.69 | 240,000 | — | — | (40,000) | — | 200,000 | May 31, 2033 |
| 2023 | 2.64 | 616,000 | — | (35,016) | — | — | 580,984 | June 30, 2033 |
| 2023 | 2.76 | 480,000 | — | — | — | — | 480,000 | July 31, 2033 |
| 2023 | 2.43 | 304,000 | — | (46,680) | — | — | 257,320 | August 31, 2033 |
| 2023 | 2.04 | 416,000 | — | — | — | — | 416,000 | September 30, 2033 |
| 2023 | 1.74 | 840,000 | — | (30,016) | — | — | 809,984 | October 31, 2033 |
| 2023 | 1.69 | 576,000 | — | (20,008) | — | — | 555,992 | November 30, 2033 |
| 2024 | 2.49 | — | 80,000 | — | — | — | 80,000 | January 1, 2034 |
| 2024 | 2.29 | — | 792,000 | — | — | — | 792,000 | January 31, 2034 |
| 2024 | 2.15 | — | 1,560,000 | — | — | — | 1,560,000 | February 28, 2034 |
| 2024 | 2.01 | — | 2,400,000 | — | — | — | 2,400,000 | March 31, 2034 |
| 2024 | 1.93 | — | 2,160,000 | — | — | — | 2,160,000 | April 28, 2034 |
| 2024 | 1.93 | — | 436,000 | — | — | — | 436,000 | April 30, 2034 |
| 2024 | 1.51 | — | 416,000 | — | — | — | 416,000 | June 2, 2034 |
| 2024 | 1.89 | — | 2,512,000 | — | (140,000) | — | 2,372,000 | June 16, 2034 |
| 2024 | 2.83 | — | 1,656,000 | — | (176,000) | — | 1,480,000 | July 31, 2034 |
| 2024 | 3.44 | — | 400,000 | — | — | — | 400,000 | September 1, 2034 |
| 2024 | 3.60 | — | 180,000 | — | — | — | 180,000 | September 30, 2034 |
| 2024 | 4.24 | — | 344,000 | — | (120,000) | — | 224,000 | October 31, 2034 |
| 2024 | 4.95 | — | 480,000 | — | — | — | 480,000 | December 1, 2034 |
| **Total** | | 24,689,624 | 13,416,000 | (4,223,600) | (848,632) | (160,000) | 32,873,392 | |

**21. Share-based payments charge (continued)**

The Company had the following RSU movements in the year ended December 31, 2024:

| Year of issue | At January 1, 2024 | Units granted | Units vested | Units forfeited | At December 31, 2024 |
|---|---|---|---|---|---|
| 2020 | 460,792 | — | (460,792) | — | — |
| 2020 | 5,318,568 | — | (5,318,568) | — | — |
| 2021 | 1,040,000 | — | (520,000) | — | 520,000 |
| 2021 | 22,488 | — | (7,512) | (14,976) | — |
| 2022 | — | — | — | — | — |
| 2022 | 9,083,904 | — | (2,984,872) | (819,200) | 5,279,832 |
| 2023 | 3,576,872 | — | (829,616) | (416,872) | 2,330,384 |
| 2024 | — | 6,709,896 | — | (10,000) | 6,699,896 |
| **Total** | 19,502,624 | 6,709,896 | (10,121,360) | (1,261,048) | 14,830,112 |

Outstanding and exercisable share options by scheme as of December 31, 2024:

| Plan | Share options outstanding | Share options exercisable | Weighted average exercise price in $ for Outstanding | Weighted average exercise price in $ for Exercisable |
|---|---|---|---|---|
| 2017 Incentive Award Plan | 31,761,392 | 12,924,712 | 1.85 | 1.44 |
| EMI | 2,000 | 2,000 | 2.90 | 2.90 |
| Unapproved | 1,110,000 | 1,110,000 | 2.53 | 2.53 |
| Total | 32,873,392 | 14,036,712 | 1.88 | 1.53 |

The options outstanding at December 31, 2024, had a weighted average remaining contractual life of 7.7 years (2023: 7.4 years). For 2023 and 2024, the number of options granted and expired and the weighted average exercise price of options were as follows:

| | Number of options | Weighted average exercise price ($) |
|---|---|---|
| **At January 1, 2023** | 19,276,496 | 1.22 |
| Options granted in 2023: | | |
| Employees | 6,368,000 | 2.43 |
| Directors | 1,008,000 | 2.64 |
| Options exercised in the year | (1,258,192) | 1.55 |
| Options forfeited | (464,680) | 0.89 |
| Options expired | (240,000) | 3.07 |
| **At December 31, 2023** | 24,689,624 | 1.56 |
| **Exercisable at December 31, 2023** | 12,904,640 | 1.30 |

**21. Share-based payments charge (continued)**

| | Number of options | Weighted average exercise price ($) |
|---|---|---|
| **At January 1, 2024** | 24,689,624 | 1.56 |
| Options granted in 2024: | | |
| Employees | 11,112,000 | 4.96 |
| Directors | 2,304,000 | 4.88 |
| Options exercised | (4,223,600) | 1.28 |
| Options forfeited | (848,632) | 2.56 |
| Options expired | (160,000) | 2.94 |
| **At December 31, 2024** | 32,873,392 | 1.88 |
| **Exercisable at December 31, 2024** | 14,036,712 | 1.53 |

The weighted average share price at the date of exercise of options exercised during the year ended 31 December 2024 was $2.83 (2023: $3.03).

The following table shows the number of RSUs issued, vested and forfeited in 2023.

| | Number of RSUs |
|---|---|
| **At January 1, 2023** | 34,542,344 |
| Granted: | |
| Employees | 2,796,872 |
| Directors | 800,000 |
| RSUs vested in the year | (18,332,944) |
| RSUs forfeited in the year | (303,648) |
| **At December 31, 2023** | 19,502,624 |

The following table shows the number of RSUs issued, vested and forfeited in 2024.

| | Number of RSUs |
|---|---|
| **At January 1, 2024** | 19,502,624 |
| Granted: | |
| Employees | 5,909,896 |
| Directors | 800,000 |
| RSUs vested in the year | (10,121,360) |
| RSUs forfeited in the year | (1,261,048) |
| **At December 31, 2024** | 14,830,112 |

The following table shows the number of PRSUs issued, vested and forfeited in 2023.

| | Number of PRSUs |
|---|---|
| **At January 1, 2023** | — |
| Granted: | |
| Employees | 8,390,144 |
| Directors | 2,400,000 |
| PRSUs forfeited in the year | (60,000) |
| **At December 31, 2023** | 10,730,144 |

The following table shows the number of PRSUs issued, vested and forfeited in 2024.

| | Number of PRSUs |
|---|---|
| **At January 1, 2024** | 10,730,144 |
| Granted: | |
| Employees | 22,162,130 |
| Directors | 3,000,000 |
| PRSUs vested in the year | (4,399,216) |
| PRSUs forfeited in the year | (931,084) |
| **At December 31, 2024** | 30,561,974 |

## 22. Trade and other payables

### Group

| | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| Trade payables | 11,267 | 3,492 |
| Other payables | 479 | 435 |
| Accruals | 22,579 | 5,331 |
| Total trade and other payables | 34,325 | 9,258 |

### Company

| | As of December 31, 2024 | As of December 31, 2023 |
|---|---|---|
| | $'000s | $'000s |
| Trade payables | 4,587 | 1,560 |
| Other payables | 2 | 133 |
| Amount due to Group undertakings | 5,427 | 37,507 |
| Accruals | 8,881 | 3,514 |
| Total trade and other payables | 18,897 | 42,714 |

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

**23. Assumed contingent liability related to the business combination**

The value of the assumed contingent liability as of December 31, 2024 is $326.1 million (2023: $215.4 million). The increase in value of the assumed contingent liability during 2024 amounted to $110.6 million (2023: $77.1 million).

On June 26, 2024, the U.S. Food and Drug Administration ("FDA") approved Ohtuvayre (ensifentrine) for the maintenance treatment of chronic obstructive pulmonary disease (“COPD”) in adult patients. As a consequence, the probability of success factor was no longer required for the calculation. Additionally, in 2024 the Group carried out further market research and updated its forecasts for ensifentrine's revenue for the maintenance treatment of chronic obstructive pulmonary disorder using a nebulized formulation in the U.S.

On June 9, 2021 Verona signed an agreement granting Nuance Pharma the exclusive rights to develop and commercialize products containing ensifentrine in Greater China (the "Nuance Agreement"). The assumed contingent liability was calculated using the same methodology as stated above. As at December 31, 2024 Nuance are still conducting their phase 3 trial, resulting to no change in the probability of success from the previous year.

The expected cash flows are based on estimated future royalties payable, derived from sales forecasts, including expected timings of these sales, and an assessment of the probability of success using standard market probabilities for respiratory drug development. The risk-weighted value of the assumed contingent arrangement is discounted back to its net present value applying an effective interest rate of 12%.

| | 2024 | 2023 |
|---|---|---|
| | $'000s | $'000s |
| **January 1** | 215,404 | 138,258 |
| Re-measurement of contingent obligation | 108,147 | 60,115 |
| Foreign exchange differences recognised in loss for the period | — | 229 |
| Expensed in the period | (22,577) | — |
| Unwinding of discount factor | 25,079 | 16,802 |
| **December 31** | 326,053 | 215,404 |

The fair value of the contingent obligation is approximately $310.9 million. This is calculated using a discount rate of 13%. Because of the unobservable inputs in the model, the fair value is classified under Level 3 of the fair value hierarchy.

For the amount recognized as at December 31, 2024, of $326.1 million, the effect if underlying assumptions were to deviate up or down is presented in the following table:

| | Revenue (up / down 10 % pts) |
|---|---|
| | $'000s |
| Variable up | 358,390 |
| **Base case** | **326,053** |
| Variable down | 293,716 |

**24. Debt**

On October 14, 2022 (the "2022 Effective Date"), the Company entered into a loan and security agreement with Oxford Finance Luxembourg S.À R.L. for an aggregate amount of up to $150.0 million (the "Oxford Term Loan"). The Oxford Term Loan provided for an initial term loan advance in an aggregate amount of $10.0 million funded on the 2022 Effective Date (the "Oxford Term A Loan"), and up to four additional term loan advances in an aggregate amount of $140.0 million, contingent upon the achievement of certain clinical and regulatory development milestones as well as other specified conditions. The proceeds from the Oxford Term Loan were used for general corporate and working capital purposes, and a portion of the proceeds of the Oxford Term A Loan were used to repay in full the existing outstanding indebtedness owed under the SVB Term Loan. On March 24, 2023, the Company received $10.0 million under the second term loan advance (the "Oxford Term B Loan") which was repaid in full on December 27, 2023.

**2023 Term Loan**

On December 27, 2023 (the "2023 Effective Date"), the Company entered into a term loan facility of up to $400.0 million (the "2023 Term Loan" or "Loan Agreement"), consisting of a term loan advance in an aggregate amount of $50.0 million funded on the 2023 Effective Date (the "Term A Loan") and four additional term loan advances subject to certain terms and conditions. The 2023 Term Loan was repaid in full as of May 9, 2024. Verona Pharma, Inc. and the Company did not incur any penalties, but did incur a prepayment fee and final payment fee in the aggregate amount of $2.3 million.

**2024 Term Loans**

On May 9, 2024 (the "2024 Effective Date"), Verona Pharma, Inc. (the "Borrower") entered into 2024 Term Loans of up to $400.0 million, consisting of a term loan advance in an aggregate amount of $55.0 million funded on the 2024 Effective Date (the "Tranche A Term Loan") and four additional term loan advances subject to certain terms and conditions, as discussed below, in the amounts of $70.0 million (the "Tranche B Term Loan"), $75.0 million (the "Tranche C Term Loan"), $100.0 million (the "Tranche D Term Loan") and $100.0 million (the "Tranche E Term Loan") with each tranche issued subject to an original issue discount of 2.0%. The 2024 Loan Agreement was entered into with Oaktree Fund Administration, LLC, a Delaware limited liability company, as administrative agent (in such capacity, the "Agent"), and certain funds managed by each of Oaktree Capital Management, L.P. ("Oaktree") and OCM Life Sciences Portfolio LP ("OMERS") party thereto (collectively, the "2024 Lenders"). The net proceeds of the 2024 Term Loans will be used for general corporate and working capital purposes and a portion of the proceeds from the Tranche A Term Loan was used by the Borrower on the 2024 Effective Date to repay, in full, the existing outstanding indebtedness owed under the 2023 Term Loan.

The Tranche B Term Loan was available, subject to customary terms and conditions, during the period commencing on the date the Company received approval from the FDA for its new drug application for ensifentrine through and including the earliest of (i) the date that is 30 days immediately following the date the Company receives such approval and (ii) September 30, 2024. The Tranche C Term Loan will be available, subject to customary terms and conditions (including the prior borrowing of the Tranche B Term Loan), during the period commencing on the first business day following the achievement of a specified net sales milestone for ensifentrine and ending on December 31, 2025. The Tranche D Term Loan will be available, subject to customary terms and conditions (including the prior borrowing of the Tranche C Term Loan), during the period commencing on the first business day following the achievement of a specified net sales milestone for ensifentrine and ending on June 30, 2026. The Tranche E Term Loan will be available, subject to customary terms and conditions (including the prior borrowing of the Tranche D Term Loan) at the 2024 Lenders sole discretion and upon the Company's request.

The Company received $52.8 million in net proceeds at closing of the 2024 Loan Agreement and draw of the Tranche A Term Loan, which consisted of the Tranche A Term Loan face value of $55.0 million less the original issue discount of $1.1 million and lender and third-party fees related to the 2024 Loan Agreement and RIPSA, as defined and discussed below, of $1.1 million. $52.4 million of the net cash proceeds from the Tranche A Term Loan were used for the repayment in full of the existing outstanding indebtedness owed by the Company under the 2023 Term Loan of $52.3 million and interest amounts related to the 2023 Term Loan of $0.1 million.

On June 28, 2024, the Company received $68.6 million in net proceeds related to the Tranche B Term Loan, which was available upon FDA approval for Ohtuvayre. The amount received consisted of the Tranche B Term Loan face value of $70.0 million less the original issue discount of $1.4 million.

The 2024 Term Loans will mature on May 9, 2029 and each advance under the 2024 Loan Agreement accrues interest at a fixed per annum rate of 11.00%. The 2024 Loan Agreement provides for interest-only payments on a quarterly basis until maturity. Upon repayment (whether at maturity, upon acceleration or by prepayment or otherwise), the Borrower shall pay an exit fee to the 2024 Lenders in the amount of 2.50% of the aggregate principal amount of the 2024 Term Loans to be paid (the "Exit Fee"). The Borrower may prepay the 2024 Term Loans in full or in part provided that the Borrower (i) provides at least two (2) business days' prior written notice to the Agent, (ii) pays on the date of such prepayment (A) all outstanding principal to be prepaid plus accrued and unpaid interest, (B) a prepayment fee of 7.00% of the 2024 Term Loans so prepaid if paid on or before the first anniversary of the 2024 Effective Date; 5.00% of the 2024 Term Loans so prepaid if paid after the first anniversary of the 2024 Effective Date and on or before the second anniversary of the 2024 Effective

Date; 2.00% of the 2024 Term Loans so prepaid if paid after the second anniversary of the 2024 Effective Date and on or before the third anniversary of the 2024 Effective Date or 1.00% of the 2024 Term Loans so prepaid if paid after the third anniversary of the 2024 Effective Date and on or before the fourth anniversary of the 2024 Effective Date, (C) the Exit Fee and (D) all other sums, if any, that shall become due and payable under the 2024 Loan Agreement, including interest at the default rate with respect to any past due amounts. Amounts outstanding during an event of default are due upon the Majority Lenders' (as defined in the 2024 Loan Agreement) demand (except during a payment or bankruptcy event of default, whereupon such default interest is automatically imposed) and shall accrue interest at an additional rate of 2.00% per annum, which interest shall be payable on demand in cash and (iii) any partial prepayment of the 2024 Term Loans shall be an aggregate amount at least equal to $5.0 million in a denomination that is a whole number multiple of $1.0 million in excess thereof.

The 2024 Term Loans are secured by a lien on substantially all of the assets of the Borrower and the Company, including intellectual property, subject to customary exclusions and exceptions.

The 2024 Loan Agreement contains customary representations and warranties, covenants and events of default, including two financial covenants: (i) commencing on the 2024 Effective Date, the Borrower is required to maintain certain levels of cash, and, after the Account Control Agreement Completion Date (as defined in the Loan Agreement) subject to control agreements in favor of the Agent, and (ii) commencing on the fiscal quarter of Company ending on September 30, 2025, the Borrower and the Company are required to maintain quarterly trailing twelve-month net sales from the sale of ensifentrine in the United States; provided that such revenue covenant will be waived at any time (x) the Borrower and the Company's unrestricted cash balance subject to control agreements in favor of the Agent on the last business day of the applicable fiscal quarter is equal to or greater than the product of 1.25 multiplied by the aggregate principal amount of outstanding 2024 Term Loans on such date or (y) the average daily closing price of the Company's American Depositary Shares for each of the thirty (30) trading days preceding the last trading day of such fiscal quarter multiplied by the total number of issued and outstanding American Depositary Shares of the Company is at least $1.0 billion. The 2024 Loan Agreement also contains other customary provisions, such as expense reimbursement, as well as indemnification rights for the benefit of the Agent and the 2024 Lenders.

As of December 31, 2024 the interest rate was approximately 13% per annum and there was no material difference between the carrying value and the estimated fair value of the 2024 Term Loan.

The $125.0 million outstanding under the 2024 Term Loan is due in 2029.

**Revenue Interest Purchase and Sale Agreement**

On May 9, 2024, the Company and Verona Pharma, Inc. (collectively the "Sellers") entered into a revenue interest purchase and sale agreement (the "RIPSA") with Oaktree Fund Administration, LLC, a Delaware limited liability company, as administrative agent and certain funds managed by each of Oaktree and OMERS (collectively, the "Purchasers"). Under the terms of the RIPSA, in exchange for each of the Purchaser's payment to the Sellers of a purchase price of $100 million, in the aggregate, upon approval of ensifentrine by the FDA on June 26, 2024 (the "Tranche A Purchase Price"), the Sellers agreed to a true sale of assigned interests to the Purchasers, including a right for the Purchasers to receive 6.50% on the global net sales of ensifentrine by the Sellers (the "Royalty Interest Payments") and 5% on certain proceeds the Sellers receive from licensees engaged during the term of the RIPSA outside of the U.S. (the "Ex-U.S. Payments"). The Sellers will also have a right to receive an additional funding tranche equal to $150 million (the "Tranche B Purchase Price") upon achievement of a specified net sales milestone in any trailing six-month period after receipt of the Tranche A Purchase Price and subject to certain terms and conditions.

The Royalty Interest Payments and Ex-U.S. Payments will cease upon reaching a multiple of 1.75 times the amounts actually funded by the Purchasers. The RIPSA includes a buy-out option, which provides us with the right to settle all outstanding liabilities at any time by paying a buy-out amount under various terms and conditions. The Purchasers have the right to terminate the RIPSA under certain conditions, including the Company's insolvency, and the Company's divestment of ensifentrine, in which case we must pay the Purchasers up to 1.75 times the amounts actually funded by the Purchasers as of such default determination date.

The Company has elected the fair value option to account for the RIPSA. The Company believes the fair value option best reflects the economics of the underlying transaction. Under the fair value option, changes in the fair value of the instrument are recognized through earnings each reporting period in other income, net in the consolidated statements of income, except for changes in fair value attributable to changes in the instrument's credit risk, which are recognized in other comprehensive income. There were no material changes in fair value related to the instrument's credit risk in the year ended December 31, 2024. The RIPSA is included within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs to determine fair value. The Company recorded the RIPSA at fair value upon the date of funding on June 28, 2024, which was determined to be $100.0 million. The fair value as of December 31, 2024 was $113.9 million.

**25. Related parties transactions and other shareholder matters**

*(i) Related party transactions*

The Directors have authority and responsibility for planning, directing and controlling the activities of the Company and they therefore comprise key management personnel as defined by IAS 24, ("Related Party Disclosures").

Directors and key management personnel remuneration is disclosed in note 9.

*(ii) Other shareholder matters*

*Year ended December 31,* 2024

During the year ended December 31, 2024, Dr. Zaccardelli and Mr. Hahn were granted 100,000 ADS RSUs and 375,000 ADS PRSUs each.

During the year ended December 31, 2024, each member of the board of directors was awarded share options. Mr. Austwick was awarded 18,000 ADS share options. Dr. Ebsworth, Dr. Cunningham, Dr. Edwards, Dr. Shah, Mr. Sinha, Dr. Ullman, Mr. Gupta, Ms. Deschamps, Mr. Brady and Ms. Ackermann were each awarded 30,000 ADS share options.

*Year ended December 31,* 2023

During the year ended December 31, 2023, Dr. Zaccardelli and Mr. Hahn were granted 100,000 ADS RSUs and 300,000 ADS PRSUs each.

During the year ended December 31, 2023, each member of the board of directors was awarded share options. Ms. Ackermann was awarded 18,000 ADS share options. Dr. Ebsworth, Dr. Cunningham, Dr. Edwards, Dr. Shah, Mr. Sinha, Dr. Ullman, Mr. Gupta, Ms. Deschamps and Mr. Brady were each awarded 12,000 ADS share options.

**26. Events after the reporting date**

None.