



Verona Pharma
Breath of Innovation™

Verona Pharma plc
PASSIVE FOREIGN INVESTMENT COMPANY ("PFIC")
2020 ANNUAL INFORMATION STATEMENT

IMPORTANT TAX NOTICE TO SHAREHOLDERS WHO ARE UNITED STATES PERSONS

We believe that Verona Pharma plc (the "Company") meets the definition of "Passive Foreign Investment Corporations" ("PFICs") for the taxable year beginning January 1, 2020 and ending on December 31, 2020.

The attached PFIC Annual Information Statement is provided for shareholders who are United States persons pursuant to the requirements of Treasury Regulation Section 1.1295-1(g)(1). The PFIC Annual Information Statement contains information to enable you, should you so choose based on the advice of your tax advisors in light of your tax circumstances, to elect to treat the Company as a Qualified Electing Fund ("QEF").

A United States person who makes a QEF election generally is required to annually include in his or her income his or her pro rata share of the ordinary earnings and net capital gains of the Company for years in which the Company is a PFIC, whether or not the Company distributes any amounts to its shareholders. The QEF election is generally made on IRS Form 8621 ("Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund") attached to your federal income tax return filed by the due date of the return, as extended.

THE INFORMATION INCLUDED IN THIS LETTER AND IN THE ATTACHED PFIC STATEMENT DOES NOT CONSTITUTE TAX ADVICE. THE U.S. TAX LAWS REGARDING PFICs ARE EXTREMELY COMPLEX AND SHAREHOLDERS ARE ADVISED TO CONSULT WITH THEIR TAX ADVISORS REGARDING ANY DECISION TO MAKE (OR REFRAIN FROM MAKING) ANY ELECTION THAT MAY BE AVAILABLE TO THEM BECAUSE ANY SUCH DECISION WILL DEPEND UPON THEIR OWN PARTICULAR TAX CIRCUMSTANCES AND MAY HAVE SIGNIFICANT AND CONTINUING TAX CONSEQUENCES.

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This Information Statement is provided for shareholders who are United States persons. In order to assist you in preparation of Form 8621 we provide the following information:

1. Pursuant to United States Treasury Regulation Section 1.1295-1(g)(1), Verona Pharma plc (the "Company") hereby represents that, to the best of its knowledge:
 - a. This information statement applies to the taxable year of the Company beginning on January 1, 2020 and ending on December 31, 2020 (the "Taxable Year").
 - b. Each shareholder of the Company has the following pro-rata share of the ordinary earnings and net capital gain, as defined in Treasury Regulation Section 1.1293-1(a)(2), of the Company for the Taxable Year specified in paragraph 1a as follows:

Ordinary Earnings: \$-0-
Net Capital Gain: \$-0-
 - c. The amount of cash and fair market value of other property distributed or deemed distributed by the Company for the Taxable Year specified in paragraph 1a as follows:

Cash: \$-0-
Fair Market Value of Property: \$-0-
2. The Company will permit its shareholders to inspect the Company's permanent books for accounts, records and such other documents as may be maintained by the Company that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in section 1293(e) of the Internal Revenue Code, are computed in accordance with U.S. federal income tax principles, and to verify these amounts and the shareholder's pro-rata shares thereof.

Verona Pharma plc

January 25, 2021