INDIVIOR

# INSPIRED BY PATIENTS AND SCIENCE

Annual Report 2020

## Contents



## 2020 Financial Results

**$647m** -18%
Net revenue
(2019: $785m)

**$156m**
Operating loss
(2019: $178m operating profit)

**$148m**
Net loss
(2019: $134m net income)

**$130m**
Net revenue from SUBLOCADE®
(2019: $72m)

**$88m** -56%
Adjusted operating profit*
(2019: $202m)

**$59m** -66%
Adjusted net income*
(2019: $176m)

**$623m** -24%
Year-end net cash balance**
(2019: $821m)

**$858m** -19%
Year-end cash balance
(2019: $1,060m)

* Excluding exceptional items (further details on pages 138 to 140).
** See Note 19 of the Notes to the Group financial statements for the definition of net cash.

# INDIVIOR PROVIDES PATIENT-FOCUSED TREATMENTS FOR ADDICTION AND CO-OCCURRING DISORDERS

**OUR VISION IS THAT ALL PATIENTS AROUND THE WORLD HAVE ACCESS TO EVIDENCE-BASED TREATMENT FOR THE CHRONIC CONDITIONS AND CO-OCCURRING DISORDERS OF ADDICTION.**

## WE UNDERSTAND

**patient needs...**

- We work to normalize addiction as a chronic brain disease
- We recognize that every patient journey is different
- We seek to expand access to treatment
- We pioneer life-transforming treatments

## WE TACKLE

**global challenges...**

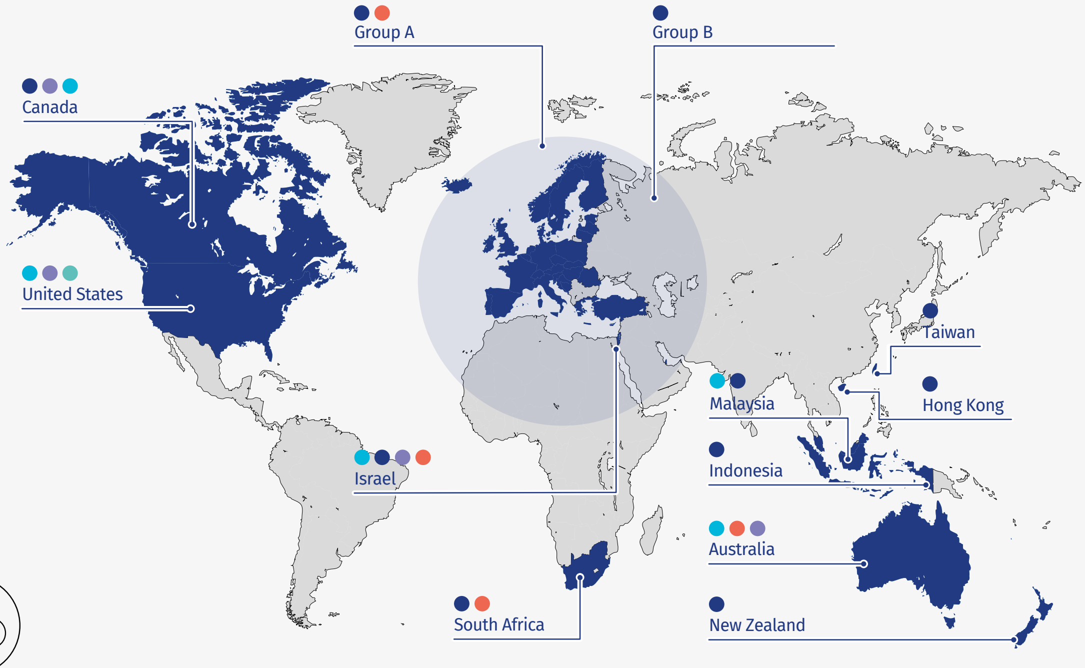
- Opioid use disorder
- Co-occurring disorders of addiction (schizophrenia)
- Stigma of addiction
- Access to treatment

## WE DELIVER

**patient treatments developed from pioneering science...**

- SUBLOCADE® Injection
- PERSERIS®
- SUBUTEX® Tablet
- SUBOXONE® Tablet
- SUBOXONE® Film

### Indivior's global presence




**Further information**
View our website, www.indivior.com, for current product availability

Group A – Austria, Belgium, Croatia, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Norway, Portugal, Switzerland and United Kingdom.

Group B – Bosnia & Herzegovina, Cyprus, Estonia, Greece, Hungary, Iceland, The Netherlands, Poland, Qatar, Slovakia, Slovenia, Spain, Sweden and Turkey.

Global presence based on countries where Indivior has a license and markets the product (January 2021).

# REALIZING INDIVIOR'S FULL POTENTIAL

**Graham Hetherington**
Chair

## THIS IS MY FIRST ANNUAL REPORT AS CHAIR OF THE BOARD.

I joined Indivior in November 2019 and agreed to become Chair of the Board in November 2020. My short time on the Board has confirmed my belief that Indivior has a significant opportunity to make a difference to patients and with that create value for shareholders.

There is much in Indivior's history for all stakeholders to be frustrated by, including unfulfilled potential. This letter is intended to lay out how the Board is re-setting its thinking, and to provide clarity about how we are actively addressing the present and future while providing appropriate oversight of legacy issues.

### The journey to 2020

Indivior, since being demerged (from Reckitt Benckiser) in 2014, has absorbed significant challenges that have distracted from the core purpose of the business.

Despite this, progress has been made.

Our people have demonstrated the true spirit of Indivior in their commitment, resilience and dedication to serving patients, whilst the Group has taken a number of actions that lay a foundation for its long-term success.

The pharmacological merits and clinical benefits of SUBLOCADE as a potentially game changing treatment for opioid use disorder (OUD) have been significantly advanced. In parallel, our R&D and Medical teams have developed a leading edge knowledge and understanding of OUD and the wider addiction space.

> **Our people have demonstrated the true spirit of Indivior in their commitment, resilience and dedication to serving patients.**

The business also has significantly enhanced its regulatory and control environment.

We, the Board, are committed to high standards of corporate governance and integrity and believe that the long-term sustainable success of the Group is directly linked to operating in an ethical and responsible way.

We were therefore pleased to finally reach resolution with the Western District of Virginia and the Department of Justice's Consumer

> We believe that SUBLOCADE represents a significant untapped asset to help patients and society address the desperate condition and widespread epidemic of OUD.

Protection Branch in July 2020. The terms of this agreement are detailed in the CEO's review.

The Board fully supported management moving rapidly to draw a line in January 2021 under a claim by Reckitt Benckiser Group plc, resulting in the minimum distraction to management time and removing the risk of exercising protracted legal defenses through the legal system.

While there are remaining outstanding legal matters, these will be progressed in the background with appropriate disclosure continuing to be made through the normal channels.

Despite the challenges the Group has faced, I have been impressed by the financial results that the team have continued to deliver in 2020. The business ended the year in a stronger than expected financial position, with a performance in 2020 exceeding revised (post COVID-19) expectations and ending the year with net cash of $623m.

With this, I turn to 2021 and beyond.

**2021 & beyond**

The Board undertook a detailed review of the business and its strategy at the end of 2020. The CEO's review lays out Indivior's long-term aspirations and strategy. It also highlights my and the Board's view on our near-term priorities which are fully aligned with Mark and his team.

In summary, the long-term strategy for Indivior is:

1. Grow SUBLOCADE, our pioneering long-acting injectable approved for treatment of OUD, to >$1bn net revenue p.a.
2. Diversify sources of revenue.
3. Build our pipeline for future growth.
4. Optimize our operating model and financial discipline. Actions were implemented in 2020 and are beginning to deliver benefits.

I reinforce the importance of our top strategic priority which will receive relentless focus in 2021. We believe that SUBLOCADE represents a significant untapped asset to help patients and society address the desperate condition and widespread epidemic of OUD. In the short to medium term, growing sales of SUBLOCADE is the single most significant driving outcome for the business. Accelerating the growth of SUBLOCADE remains the biggest potential driver of value creation and facilitator of other strategic options. We believe that this clear priority, along with an enhanced strategy, can help unlock the potential long-term success of SUBLOCADE. Mark, in his CEO's review, describes the actions that have been taken, including a realigned organizational structure, to pursue it.

In 2021, the Group will primarily look to existing, organic opportunities to diversify sources of revenue and furthering its pipeline. We do not anticipate capital deployment for inorganic revenue diversification and any capital deployment for strategic mechanisms of action for addiction will be very modest. This clear prioritization is in line with our fourth pillar of our strategy which builds on the Group's history of financial discipline.

We are committed to creating shareholder value. The Board has an open mind to how value is created and released to shareholders depending on the circumstances. This includes proving the value of SUBLOCADE and, with it, only when appropriate, using Indivior's strong cash position to reinvest in potential growth opportunities for the business on behalf of shareholders.

**Board composition**

There were a number of changes to the Board during the year, culminating in my appointment as Chair.

In June 2020, Howard Pien took a medical leave of absence, and stepped down from the Board in September. Following a short illness, Howard very sadly passed away in November 2020. Howard was the founding Chairman of Indivior and, on behalf of the Board, I would like to take this opportunity to recognize the very considerable contribution that Howard made to Indivior in its first chapter.

We are grateful to Daniel Tassé for acting as Interim Chair from June 2020 until my appointment in November. Daniel is stepping down from the Board after over six years of service due to increasing business commitments. I would like to extend our thanks for his many strong contributions during his tenure. Daniel will continue to serve as Senior Independent Director until he steps down from the Board in May 2021, following the conclusion of the Annual General Meeting.

Tatjana May stepped down from the Board at the end of July 2020 after three years of service to pursue a new full-time career, and I would also like to take this opportunity to thank her for her dedication during her time on Indivior's Board.

With refreshed perspective, a commitment to value creation for all shareholders and clear priorities, we are building a Board to support the future development of the business. We have already announced a search process to identify two new Non-Executive Directors (one of which will have recent and relevant financial experience) to build on the Board's existing skills and experience. The Board is committed to diversity and inclusion and we recognize that we currently fall short of our aspirations and have work to do. We are supportive of the targets set by the Hampton-Alexander Review and are committed to achieving these targets by our AGM in 2022. We also confirm our aspiration to achieve the targets set by the Parker Review by 2024.

**Executive management**

Mark Crossley was appointed Chief Executive Officer in June 2020 after Shaun Thaxter stood down from this role. Mark had previously held the position of Chief Financial and Operations Officer. Ryan Preblick was appointed Chief Financial Officer and Executive Director in November 2020. We were fortunate to have two strong candidates for these roles available within the business. Both combined diverse and relevant previous experience with a strong knowledge and appreciation of the opportunities and challenges at Indivior.

I was delighted that Mark was appointed Chief Executive Officer. Mark has an in-depth knowledge of the business, combined with a clear and unambiguous commitment to creating value for Indivior's stakeholders. He is supported by a seasoned and talented management team, who share a common purpose and ambition for Indivior. Further information regarding Board changes in 2020 can be found in the Corporate Governance Report on pages 48 to 108.

**Governance & compliance**

The Board remains grounded in its commitment to the highest standards of corporate governance and integrity and to our duty to act in a way that is most likely to promote the success of the Company. Further information can be found in the Corporate Governance Report on pages 48 to 108.

During the year, Indivior entered into a Corporate Integrity Agreement with US Health and Human Services as well as compliance agreements with the DOJ and US Federal Trade Commission in relation to its resolution of the US DOJ matters. These agreements require that Indivior maintains certain compliance related measures and standards. The Group has been investing in and developing its Integrity & Compliance Program for a number of years and I am impressed by the collective commitment to it. Further information regarding the Group's Integrity & Compliance Program can be found on page 26.

**COVID-19**

The safety of our workforce and continued supply of treatments that our patients count on is critically important to us. The COVID-19 pandemic is unprecedented. I am proud of the way Indivior, and its people, continue to respond, adapt, and carry forward no matter the challenges.

I am committed to leading the Board and supporting the business to best realize the opportunity to make a significant difference to patients and, with it, to create value for all shareholders.

**Graham Hetherington**
Chair

# EXECUTING ON OUR STRATEGIC PRIORITIES TO CREATE VALUE

**Mark Crossley**
Chief Executive Officer

2020 was a challenging year for the Group. Therefore, it is appropriate to break with tradition and start by thanking our employees for their resilience and commitment to patients during the exceptional circumstances brought about by the COVID-19 pandemic. Our strategic progress and results against this unimagined backdrop are truly a testament to the strength of our culture. Undoubtedly, 2020 provided us with the opportunity to live our Guiding Principles, and I am pleased they stood the test and helped us successfully navigate the year's challenges. I believe we have emerged a stronger company with an intensified focus on realizing our Vision.

**Consider what we achieved in 2020**

A key accomplishment was the Resolution Agreement with the United States Attorney's Office for the Western District of Virginia and the Department of Justice's (DOJ's) Consumer Protection Branch for Indivior Inc. This resolution allows us to move forward with greater certainty and focus our resources on helping patients in our targeted diseases of addiction and related central nervous system (CNS) conditions.

As part of the Resolution Agreement, the Group has agreed to a financial fine and forfeiture of $600m over seven years as well as entering into a Corporate Integrity Agreement, instituting DOJ Compliance Measures and entering into a Federal Trade Commission Stipulated Order, which together present ongoing reporting and annual requirements that span the next five to ten years. These compliance commitments are consistent with our Integrity & Compliance Program and the high level of legal and ethical standards that we seek to follow every day. Reaching this point required full commitment and significant effort from everyone within our US organization, and I am pleased to have resolved this matter.

> **"2020 provided us with the opportunity to live our Guiding Principles, and I am pleased they stood the test.**

At the same time, in 2020 we delivered relatively solid top and bottom line financial results. We also preserved the Group's financial flexibility, sharpened our go-to-market model for SUBLOCADE in the US, and enhanced our R&D model by completing a restructuring that accelerated the alignment of our organizational structure with our strategy and reduced overall operating costs.

The result is a stronger company with clear opportunities for profitable growth and resources including an ending net cash balance of $623m.

Despite the transitory barriers created by the pandemic, net revenue for SUBLOCADE, our monthly extended-release formulation of buprenorphine for the treatment of moderate to severe opioid use disorder (OUD), grew by 81% to $130m in 2020, including initial sales in geographies outside the US. Meanwhile PERSERIS, our monthly extended-release formulation of risperidone for the treatment of schizophrenia, delivered net revenue of $14m for the year (2019: $6m). This net revenue outturn, combined with the continued share resilience of SUBOXONE Film, led to the Group's net revenue performance of $647m.

Importantly, our R&D Organization continued to support the growth potential of SUBLOCADE and PERSERIS with the initiation and completion of important lifecycle management studies and marketing approvals in targeted geographies. Our efforts included 13 peer-reviewed publications and 19 conference presentations, as well as regulatory approvals of SUBOXONE Film in the European Union, UK, Canada, and Israel. We also achieved regulatory approvals of SUBLOCADE / SUBUTEX prolonged-release (PR) solution for injection in key Nordic countries (Sweden, Finland, and Denmark), Israel, and New Zealand. In addition, PERSERIS was approved in Canada through our exclusive partnership with HLS Therapeutics.

These achievements in any year would be remarkable. However, they are all the more inspiring in the face of a pandemic as well as transition of leadership. Shaun Thaxter stepped down as Chief Executive Officer in June 2020 and subsequently entered into an agreement with the U.S. Department of Justice pleading guilty to one misdemeanor count under the US Responsible Corporate Officer Doctrine. Under this Doctrine, executives can be held liable for violations of the Federal Food, Drug, and Cosmetic Act by others in the Company without personal wrongdoing or malfeasance by the executive. Mr Thaxter's agreement had the same underlying facts as those that the Company finalized in November 2020.

I feel truly privileged to have been appointed Indivior's Chief Executive Officer in June 2020, and to be supported by so many excellent colleagues. They all deserve thanks for their unyielding commitment to our Vision in 2020, not least our Board of Directors, who helped the Group navigate such a turbulent year.

With the Group's 2020 performance as a backdrop, I want to set out our priorities moving forward.

# STRATEGIC PRIORITIES

**DURING 2020, INDIVIOR'S MANAGEMENT AND BOARD RE-EXAMINED OUR STRATEGIC PRIORITIES. THESE PRIORITIES HAVE SERVED US WELL SINCE OUR DEMERGER, BUT MARKETS, OPPORTUNITIES, AND CHALLENGES CHANGE.**

We augmented and sharpened our Strategic Priorities to provide clear milestones for our expected progress over the next three to five years. Below I have set out four key pillars that will support the delivery of shareholder value.

**STRATEGIC PRIORITIES**

1. Grow SUBLOCADE to $1bn+ of Net Revenue
2. Diversify Revenue
3. Build our Pipeline for Future Growth
4. Optimize our Operating Model

# 1
## Grow SUBLOCADE to $1bn+ of Net Revenue

**SUBLOCADE in the US remains our highest-value-at-stake opportunity and materially progressing its market penetration is our top priority for 2021. It is a clear paradigm shift in OUD treatment that has the potential to help a significant number of patients along with psychosocial counseling.**

**Unmet need:** The opioid epidemic in the US continues to worsen, with opioid-related deaths once again accelerating due to the COVID-19 pandemic.

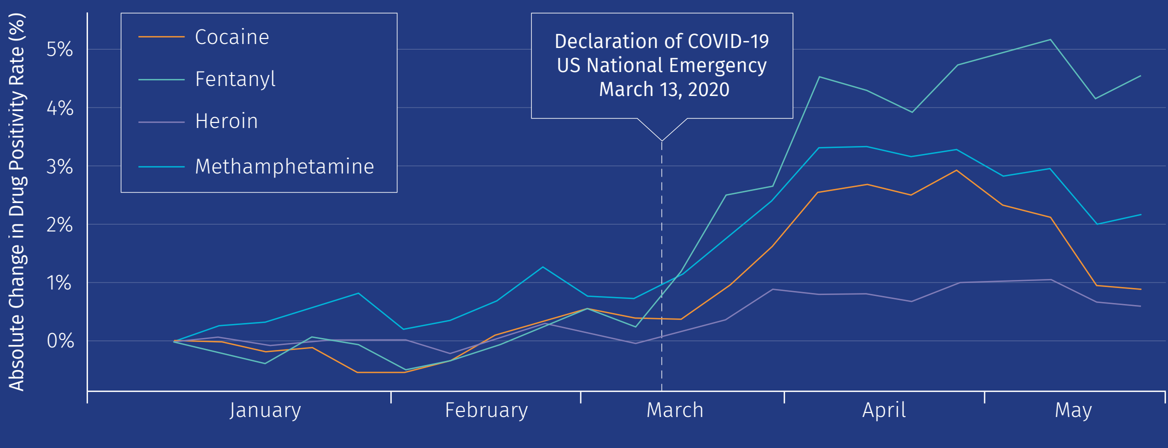
Despite the continued increase in awareness of the opioid epidemic, approximately only 1 in 10[(1)] of the over 21 million Americans[(1)] who need treatment for substance use disorder (SUD) received any treatment. And, while US treatment capacity as measured by the number of Healthcare Professionals (HCPs) able to prescribe buprenorphine medication-assisted treatment (BMAT) has more than doubled over the last five years, significant treatment barriers still exist. For example, in 2017 over 70%[(2)] of US rural counties were still not offering any medication-assisted treatment option, despite wide recognition and endorsement by the Federal government of its potential to improve patient outcomes.

As there is a growing consensus that OUD is a treatable disease and not a moral failing, we believe there remains significant opportunity to deliver on the unmet need for treatment.

**Paradigm-shifting treatment:** As the first long-acting buprenorphine-based injectable approved by the US Food and Drug Administration (FDA) for the treatment of moderate to severe OUD, SUBLOCADE is a highly differentiated treatment.

The scientific foundation of SUBLOCADE lies in the intimate knowledge of the needs of patients and HCPs, combined with a deep understanding of the neurobiology of addiction and OUD. SUBLOCADE was rationally designed to deliver consistent plasma concentrations of buprenorphine of ≥2 ng/mL from the first injection and throughout the 28-day dosing interval.[(3)] It is this level of plasma concentration, leading to greater than 70% mu-opioid receptor occupancy, that provides blockade of the reinforcing and subjective effects of opioids.

**COVID-19 and Substance Use Disorders (SUD)**




Source: Millennium Health Signals Report™, COVID-19 Special Edition: Significant Changes in Drug Use During the Pandemic. Volume 2.1 | Published July 2020 https://www.millenniumhealth.com/news/signalsreportcovid/

## STRATEGIC PRIORITIES CONTINUED

Our proprietary RECOVER study has shown that SUBLOCADE may translate into (1) increased abstinence from illicit opioids compared to placebo;[4] (2) improved patient-reported quality-of-life outcomes (such as health status, employment and insurance status, and healthcare resource utilization);[5] and (3) improved recovery post-treatment.[6]

Monthly injections of SUBLOCADE also eliminate the risk of missing daily doses that might result in subtherapeutic plasma levels potentially leading to relapse to opioid-seeking and opioid-taking behaviors. Finally, because SUBLOCADE may only be administered by a healthcare practitioner, it is expected to negate any potential for diversion or misuse.

We are hoping to broaden SUBLOCADE's labeling to include changes related to long-term safety, and the transition from transmucosal buprenorphine to SUBLOCADE in clinically stable OUD patients. We also want to reference changes linked to the ability of high sustained buprenorphine plasma concentrations to reduce the respiratory depression caused by fentanyl in opioid-dependent patients. The FDA is currently reviewing our submissions on these potential updates with decisions expected throughout 2021 (see Chief Scientific Officer's review on pages 14 to 15).

This paradigm shift in treatment reinforces our confidence in achieving our long-term goal, which is based on SUBLOCADE's potential to improve the lives of patients.

### The opioid epidemic in the US

**162+***
People died every day from opioid-related drug overdoses (estimated)

**9.7m****
People misused prescription opioids in 2019

**59,069***
People died from overdosing on opioids

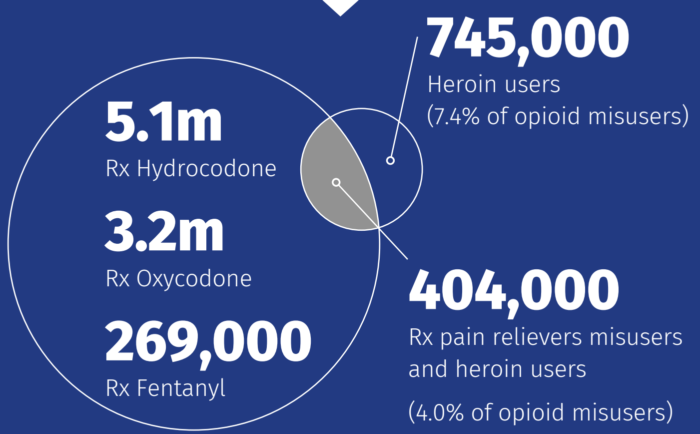
**1.6m****
People had an opioid use disorder in 2019

**50,000****
People used heroin for the first time in 2019

**745,000****
People used heroin in 2019

### Opioid misuse, 2019**

**9.7m** Rx pain reliever misusers (96.6% of opioid misusers)




* 12 month-ending provisional number of drug overdose deaths by drug or drug class (as of June 2020) https://www.cdc.gov/nchs/nvss/vsrr/drug-overdose-data.htm

** Substance Abuse and Mental Health Services Administration. (2020). Key substance use and mental health indicators in the United States: Results from the 2019 National Survey on Drug Use and Health (HHS Publication No. PEP20-07-01-001, NSDUH Series H-55). Rockville, MD: Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration. Retrieved from https://www.samhsa.gov/data/

**Our focused strategy:** In 2020, we sharpened the focus of our go-to-market strategy and fully aligned our operating structure to it.

During the year, we strategically realigned our organization to emphasize and enhance our capabilities to increase penetration of Organized Health Systems (OHS). The advantages of this channel are clear in terms of greater SUBLOCADE patient potential, specialty drug handling infrastructure, and prescriptive standards of care (SOC). There are now over one million BMAT patients and 20,000 waivered physicians in the OHS channel and the number of OHS-based HCPs is expected to continue to grow from ongoing healthcare consolidation.

We ended 2020 with 38% of SUBLOCADE's net revenue coming from the OHS channel and project that this channel will be the largest source of SUBLOCADE net revenue in 2021. We grew account activation to over 200 OHS customers in 2020 and are well on track to achieve our long-term goal of activating 500 OHS customers. As part of this effort, we also established a team focused on growing SUBLOCADE's business in the US criminal justice system, and we saw initial net revenue generation in 2020, albeit at lower than expected levels due to the disproportionate impact of pandemic-related restrictions on the criminal justice system. Our focus going forward is to continue to increase access across the OHS channel, as well as prescriber depth within those we have already activated.

Additionally, we are investing in growing our advocacy voice on behalf of patients at all levels of government. This work supports our efforts to normalize the disease space to reduce barriers to treatment, including social stigma, challenges around access to treatment, and disease-related difficulty in adhering to treatment plans, all of which negatively impact the ability of patients to achieve long-term recovery.

## 2

## Diversify Revenue

**Our goal is to continue to diversify our revenue base** by both product and geography.

**In 2020, we continued to make progress toward this goal, but our work was impacted by COVID-19 restrictions. In particular, our ability to promote SUBLOCADE in targeted geographies outside the US and promote PERSERIS as a treatment option for schizophrenia patients within the US was limited by social distancing restrictions. Put simply, the ability to access HCPs in-person was challenging.**

Nonetheless, I am pleased to report that, in 2020, SUBLOCADE achieved initial net revenue of $4m from countries outside the US. Net revenue was primarily generated from the Canadian and Australian markets. SUBLOCADE is now approved in five additional countries, and we are expecting net revenue contribution from rest-of-the-world geographies to grow meaningfully in 2021. We are also looking forward to launching SUBOXONE Film in the EU and Canada in 2021, markets in which the standard of treatment has been SUBUTEX and SUBOXONE Tablets. With the availability of these new products, we are expecting to begin reversing the rest of the world revenue trends away from the mid-single digit decline it has experienced in recent years towards growth in the coming years.

In the US, our product diversification efforts remain focused on advancing PERSERIS for schizophrenia, and our 2020 net revenue of $14m was in line with our expectations post COVID-19 restrictions. We believe PERSERIS is sufficiently differentiated to achieve a market-share level that will contribute to sustainable bottom-line performance as we move toward our long-term net revenue goal of $200m to $300m.

**STRATEGIC PRIORITIES** CONTINUED

## 3
## Build our Pipeline for Future Growth

**As part of our completed strategic realignment, our R&D Organization adopted a 'connect & develop' model that leverages our drug discovery and development capabilities through strategic partnerships as compared to a more traditional pharmaceutical drug development process.**

We deployed this model to advance two innovative programs: a selective Orexin-1 (OX1) receptor antagonist (INDV-2000), a non-opioid mechanism for the treatment of OUD; and a selective GABAb Positive Allosteric Modulator (INDV-1000) for the treatment of alcohol use disorder. Both remain on course to achieve key development milestones in 2021.

INDV-2000, which is partly funded by a US National Institute of Health HEAL (Helping to End Addiction Long-term) grant, entered Phase 1 with first in-man dosing in July 2020 and clear deliverables in 2021 focusing on clinical, non-clinical, and pharmaceutical development activities. The INDV-1000 program is making good progress in its lead optimization phase, with the identification of new chemical series producing lead molecules for late-lead optimization and final selection in 2021. Additionally, we will focus on leveraging this model for future early-stage assets focused on the most promising mechanisms underlying addiction.

We are continuing to explore additional opportunities for our ATRIGEL® platform, our patented long-acting release technology that delivers rapid onset and consistent formulation release in a subcutaneous injection. Already proven in both SUBLOCADE and PERSERIS, we have ramped up exploratory efforts for other molecules and disease areas where patients would benefit from consistent therapeutic levels over a prolonged period.

Longer term, we remain open to acquiring assets that can further our leadership in addiction or extend our position in related CNS disease areas. Our near-term focus, however, remains advancing the early-stage assets already in our development pipeline with the potential for modest deployment of capital (tens of $millions) should an attractive mechanism of action for addiction treatment become available.

## 4
## Optimize our Operating Model

**With patients always at the forefront, in 2020 we continued to take necessary steps to preserve our financial strength and create greater certainty for all stakeholders. Our balance sheet remains strong, and we took actions in the third quarter to align Indivior's operating structure with our strategy. These efforts generated further underlying operating expense savings in 2020, with the ultimate impact expected to be $60m to $70m on an annualized basis before any further investments in growth.**

Moving forward, we expect to maintain our solid financial position and disciplined growth-focused capital allocation stance, and to have adequate resources to deliver on the commitments as part of our resolutions with the US government. As outlined in the strategy review above, this includes our top priority of proving the value of SUBLOCADE and then, and only then, contemplating deployment of capital towards potential growth opportunities on behalf of shareholders.

> **SUBLOCADE remains our highest value-at-stake opportunity and materially progressing its market penetration is our top priority for 2021.**

## Compliance & Integrity

As mentioned earlier, the Group has entered into a Corporate Integrity Agreement, instituted DOJ Compliance Measures and entered into a Federal Trade Commission Stipulated Order which together present ongoing reporting and annual requirements that span the next five to ten years. Our successful compliance with these measures is reliant on the Group building and sustaining an effective Integrity & Compliance Program which is a journey of continuous evolution we began years ago. This journey which we believe is critical to our success has been fully embraced by the organization. This commitment will help cement our goal of being among the most ethical and respected companies to work for and with whom to partner.

## Looking forward

As I said in my opening remarks, we continue to build a durable franchise in addiction and related diseases. I believe that the work we accomplished in 2020 and the clear strategy we outlined will create long-term shareholder value. Most important, I believe we have the team and capabilities inspired by our Vision to achieve this goal, as well as an experienced and fully engaged Board of Directors focused on value creation.

I would like to take this opportunity to thank our shareholders and other stakeholders for their continued trust and loyalty. 2020 has been a challenging and complex year, and our success in navigating it is due in no small part to your support and encouragement. I look forward to reporting on our progress and successes for 2021, in what we all hope will be a year of reinvigoration and rejuvenation.

1. Substance Abuse and Mental Health Services Administration. (2020). Key substance use and mental health indicators in the United States: Results from the 2019 National Survey on Drug Use and Health (HHS Publication No. PEP20-07-01-001, NSDUH Series H-55). Rockville, MD: Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration. Retrieved from https://www.samhsa.gov/data/
2. 946 of 1,328 rural counties (71.2%), lacked a publicly available OUD medication provider in 2017. Source: JAMA Network Open. 2019; 2(6):e196373. doi:10.1001/jamanetworkopen.2019.6373
3. Nasser AF et al. Clin Pharmacokinet 2014; 53(9): 813-24.
4. Haight BR et al. The Lancet 2019, 393 (10173): 778-790; Schmith VD et al. Clin Pharmacol & Therap 2019, 106(3): 576-584; Andorn A et al. J Clin Psychopharmacol 2020, 40(3): 231-239.
5. Ling W et al. J Addiction Med 2020, 13(6): 442-449; Ling W et al. Subst Abuse Rehabil 2020, 10: 13-21; Ling W et al. J Subst Abuse Treat 2020, 110: 1-8.
6. Ling W et al. Contemp Clin Trials 2019, 76: 93-103; Ling W et al. J Addict Med, Epub March 13, 2020.

# INSPIRING PATIENT TRANSFORMATION

**OUR PEOPLE, CULTURE, EXPERTISE AND INSIGHT, COUPLED WITH OUR INNOVATIVE SCIENCE AND STAKEHOLDER RELATIONSHIPS, UNIQUELY POSITION US TO HELP ADDRESS PATIENTS' UNMET NEEDS AROUND THE WORLD.**

## INDIVIOR

### Our Purpose

is to pioneer life-transforming treatment.

### Our Vision

that all patients around the world have access to evidence-based treatment for the chronic conditions and co-occurring disorders of addiction.

### Our Mission

is to be the global leader that is a pioneer in developing innovative prescription treatments for people suffering from substance use disorders.

### Our Commitment

We commit to maintaining an ethical and responsible business approach at all times.

## OUR ASSETS

### Highly skilled and knowledgeable people

Indivior has an able workforce and management team with a deep understanding of patient needs and a strong commitment to improving patient lives.

### Culture

Based on a clearly defined set of Guiding Principles, Indivior's culture is a key competitive advantage enabling Indivior to drive strategic business growth and create social value.


### Product portfolio

Indivior's product portfolio is focused on helping meet adult patient needs in addiction and schizophrenia.

### Intellectual property

Indivior has unique capabilities and a portfolio of licenses and patents which provide a platform for the creation of long-term value.

### Financial capital

Indivior employs disciplined capital allocation with a focus on retaining a strong financial position to provide flexibility for:

1. reinvesting in the business
2. pursuing strategic growth opportunities
3. meeting its commitment to stakeholders
4. managing other unknown impacts

## HOW WE GENERATE VALUE

The Group has been able to help address the global addiction crisis through the development and commercialization of buprenorphine medication-assisted treatments. By leveraging our capabilities, we are also now serving adult patients with schizophrenia which in the U.S. is a well-aligned adjacency for our business.


### Advocacy

Indivior advocates to increase global understanding and awareness, destigmatize the disease and expand treatment access.

### Meeting patient needs

Leveraging its deep understanding of patient needs, Indivior is committed to addressing the global addiction crisis by expanding the availability of its patient-focused treatments, including treatment access, while also leveraging its scientific expertise to develop novel treatments.

### 1 Stakeholder engagement

For more than 20 years, Indivior has worked together with policymakers, medical societies, patient advocacy groups, healthcare providers, payers and other stakeholders. These relationships provide Indivior with critical insights to develop and enhance its patient-focused business approach.

### 2 Developing the value of our treatments

Indivior has three main products. Two of these are opioid addiction treatments: SUBLOCADE, a buprenorphine extended-release injection for subcutaneous use (CIII), and SUBOXONE, a buprenorphine and naloxone sublingual film (CIII). Indivior's third treatment, PERSERIS (risperidone) is indicated for schizophrenia for extended-release injectable suspension. Indivior maintains the value of these treatments by protecting its intellectual property (IP) and developing IP value by pursuing further international licenses outside North America.

### 3 Research and development

Our aim is to advance treatment innovation by developing new patient-focused treatments, including enabling the Group to expand the scope of treatment it provides to help address addiction and the co-occurring disorders of addiction.

### 4 Manufacturing

Our aim is to improve the lives of patients through an uninterrupted supply of high-quality products.

### 5 Sales and marketing

Our aim is to deliver high-quality products and accurate information, and maintain strong and compliant relationships with customers and key stakeholders.

# FOCUS ON PATIENTS' NEEDS DRIVES R&D DECISIONS

**Christian Heidbreder**
Chief Scientific Officer

**THE UNPRECEDENTED MAGNITUDE AND DYNAMIC NATURE OF THE GLOBAL ADDICTION CRISIS, WORSENED BY THE COVID-19 PANDEMIC, REQUIRES FOCUS ON RESEARCH AND DEVELOPMENT (R&D) TO DEMONSTRATE THAT COMPREHENSIVE TREATMENT STRATEGIES FOR SUBSTANCE USE DISORDERS (SUD) LEAD TO BETTER OUTCOMES.**

In the US, our R&D Organization continued to support SUBLOCADE for the treatment of opioid use disorder (OUD) through the completion or planning of a broad range of lifecycle management studies. These studies are aiming at (1) investigating how high plasma concentrations of buprenorphine may reduce the effects of respiratory depression produced by fentanyl; (2) exploring how to initiate SUBLOCADE treatment in the Emergency Department; (3) extending our RECOVER (REmission from Chronic Opioid Use: Studying enVironmental and socioEconomic factors on Recovery) study; and (4) understanding the root causes of transmucosal buprenorphine abuse, diversion and misuse.

Outside the US, we geographically expanded our SUBOXONE Film franchise by securing regulatory approvals in Israel (April 7, 2020), Europe (July 3, 2020) and Canada (July 17, 2020). Regulatory approvals of SUBLOCADE / SUBUTEX prolonged-release (PR) solution for injection were granted in Israel (February 13, 2020), Sweden (April 15, 2020), Finland (July 10, 2020), New Zealand (November 5, 2020), and Denmark (December 21, 2020).

R&D also supported PERSERIS for the treatment of schizophrenia in adults through two US post-marketing commitment studies and the regulatory approval (November 19, 2020) of PERSERIS in Canada.

> **At the heart of R&D is an unwavering commitment to support the patient journey to treatment and recovery, enable access to effective treatment, and provide education, new scientific understanding, and knowledge to the treatment community.**

Last, but not least, R&D is pioneering a non-opioid treatment strategy for OUD (supported by a National Institutes of Health (NIH) grant) by developing a selective Orexin-1 (OX1) receptor antagonist (INDV-2000).[1] The Single Ascending Dose (SAD) part of our Phase 1 clinical trial was initiated on July 28, 2020 and is currently ongoing. We are also developing a new pharmacotherapy to address the needs of patients suffering from Alcohol Use Disorder (AUD). This work involves developing a selective GABAb Positive Allosteric Modulator (INDV-1000) in partnership with Addex Therapeutics.[2]

During 2020, our science was disseminated through 13 peer-reviewed publications and 19 conference presentations around the globe on topics including, but not limited to, the following: the clinical efficacy, safety, and patient-centered outcomes of SUBLOCADE and SUBUTEX PR; the one-year outcomes of our 24-month RECOVER study; the possible root causes of transmucosal buprenorphine diversion and misuse; buprenorphine–fentanyl interactions; variations in DEA-waivered provider utilization of buprenorphine for OUD treatment; the distribution patterns of SUBLOCADE within Organized Health Systems (OHS); and the long-term safety of PERSERIS.

**R&D focus on addiction as a growing crisis**

**269m** past year drug users (2018)

**192m** cannabis users

**21m** "ecstasy" users

**58m** opioid users

**19m** cocaine users

**27m** amphetamine and prescription stimulants users

**35.6m** people diagnosed with SUD in 2018

**1 in 8** people who need SUD-related treatment received it in 2018

Source: World Drug Report 2020 (United Nations publication, Sales No. E.20.XI.6).

1. Licensing partnership with C4X Discovery Holdings
2. Partnership with Addex Therapeutics

**"I SPENT NINE YEARS DESTROYING MY LIFE AND MY BODY. I WANT TO NOT ONLY BE BETTER THAN I WAS BEFORE, BUT TO HELP OTHERS SO THEY DON'T HAVE TO GO THROUGH WHAT I DID."**

Shortly after graduating from college with a degree in finance, Kyle landed a full-time position with a bank and moved into a downtown apartment with a friend. He recalls "living the dream" as his career progressed and he became financially independent.

"I loved it," says Kyle. "They were the best two years I can remember."

One day, driving home from work, Kyle was involved in a three-car accident. He was fortunate to walk away with little more than a stiff neck and a sore back. But his fortunes quickly changed. A doctor prescribed an opiate to ease the pain from the whiplash. Kyle kept refilling the prescription until it expired, and eventually turned to the street to satisfy his craving. He became what he calls a "functioning addict" for nine years.

"I was in denial," says Kyle. "I thought it was under control. I wasn't ready to stop."

None of his co-workers, friends, or family were aware of his addiction for years, Kyle believes, because on a day-to-day basis he was easy-going and functional. But in 2016, Kyle was hospitalized with a staph infection. His father found syringes and heroin in a backpack Kyle asked him to bring to the hospital.

"That's when I realized I had a problem," Kyle recalls. His journey to recovery was difficult. It was a challenge for Kyle and his family to get the kind of help he needed. He eventually found an out-patient clinic less than two hours from his home and began a therapy regimen that included counseling and medication-assisted treatment. But within a year he relapsed.

Kyle was hospitalized again in December of 2018 with a staph infection that turned into sepsis. After four days in an intensive care unit, he was moved to an assisted living facility where he spent the next few months.

"That was the turning point," says Kyle. He remembers spending the holidays alone, looking at pictures a niece had drawn for him, realizing he had no money, no friends. He concluded, "I have got to do something about this."

After being discharged, he returned to the out-patient clinic and began a new regimen with regular counseling and an injectable medication-assisted treatment.

Two years on, Kyle has achieved his goal of launching a successful online business that sells high-end used clothing. And he has overcome his physical and mental craving for drugs.

Kyle has more goals to achieve, including traveling and starting a non-profit organization that will help recovering addicts access the same resources that enabled his journey to recovery.

"I spent nine years destroying my life and my body," says Kyle, now age 37. "I want to not only be better than I was before, but to help others so they don't have to go through what I did."

# INSPIRED BY PATIENTS

# STAKEHOLDER ENGAGEMENT

**REGULAR ENGAGEMENT WITH OUR STAKEHOLDERS IS FUNDAMENTAL TO DEVELOPING AND MAINTAINING A ROBUST, SUSTAINABLE, AND SUCCESSFUL BUSINESS MODEL. UNDERSTANDING THE VIEWS AND FOCUS AREAS OF OUR STAKEHOLDERS HELPS INFORM OUR DECISIONS AND DRIVE PROGRESS TOWARDS REALIZING INDIVIOR'S PURPOSE, VISION, AND VALUES.**

The following table summarizes Indivior's key stakeholders and their areas of interest. It outlines how Indivior engages with each group and includes illustrative highlights of engagement activities during 2020. Indivior regularly reviews its understanding of each stakeholder group, their focus areas, and the team's efforts to identify further opportunities to strengthen and learn from these relationships.

Indivior employs experienced and qualified individuals to conduct its stakeholder engagement activities. These employees include members of the governance, investor relations, government, and communications teams, supported by a number of external advisors.

> **Indivior employs experienced and qualified individuals, supported by external advisors, to conduct its stakeholder engagement activities.**

### SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires each Director of the Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In this way, Section 172 requires a Director to have regard, among other matters, to the

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers, and others;
- impact of the Company's operations on local communities and the environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and the
- need to act fairly between members of the Company.

In discharging its section 172 duties, the Board has regularly considered the factors set out above and the views of key stakeholders. The Board acknowledges that some decisions will not necessarily result in a positive outcome for all our stakeholders. However, by considering the Company's Purpose, Mission, Vision, and values and commitment to responsible business, together with its Strategic Priorities and having a process in place for decision-making, the Board aims to ensure that its decisions are in the best interests of the Company.

Further information regarding the principal activities and decisions taken by the Board during the year can be found in the section entitled 'Principal Board decisions' on pages 59 to 60.

Other relevant information can be found on the Company's website (www.indivior.com).

## STAKEHOLDER ENGAGEMENT

| INDIVIOR'S STAKEHOLDERS | WHAT MATTERS TO THEM | WHY THEY MATTER TO US |
|---|---|---|
| **PATIENTS AND HEALTHCARE PROVIDERS (HCPs)**<br>Patient needs and the informational requirements of HCPs are fundamental to the success of the business | › Access to treatment<br>› Product safety, quality, and efficacy<br>› Accurate and up-to-date information about the Group's products | › Indivior's Vision is that all patients around the world have access to evidence-based treatment for the chronic conditions and co-occurring disorders of addiction<br>› Indivior is committed to pioneering innovative and accessible treatments for addiction and its co-occurring disorders |
| **WORKFORCE**<br>Indivior has an experienced, passionate, and dedicated workforce, who are committed to its Vision | › A shared commitment to our Vision and patients<br>› A diverse and inclusive workplace featuring flexibility, responsible business practice, and clear communication channels | › Indivior wishes to ensure that its workforce shares the common purpose of realizing Indivior's Vision and embraces its culture, both of which are critical to its success<br>› Indivior believes that a diverse and inclusive workplace enables innovation and continuous improvement of quality |
| **CURRENT & POTENTIAL SHAREHOLDERS**<br>Current and potential shareholders have an interest in the performance and long-term prospects of the business | › Effective value-adding strategy and business model<br>› Financial and share price performance<br>› Prudent cash management and effective risk management<br>› Governance, quality of leadership, and transparency<br>› Corporate responsibility performance | › The Board has fiduciary responsibilities to promote the long-term sustainable success of the Company<br>› Regular dialogue and feedback between shareholders and the management team<br>› The investment community should fully understand Indivior's strategy, performance, earnings potential, and capital allocation priorities |
| **DEBT HOLDERS**<br>Access to capital is essential to maintaining a robust capital base and financial flexibility | › Financial stewardship and performance<br>› Compliance with debt agreement covenants<br>› Risk management effectiveness<br>› Governance and oversight | › Continued access to capital is vital to the long-term performance of the business, providing financial flexibility and liquidity<br>› The investment community should fully understand Indivior's strategy, performance, earnings potential, and capital allocation priorities |

| HOW WE ENGAGE | 2020 HIGHLIGHTS | |
|---|---|---|
| › Responsible and compliant sales and marketing activities<br>› Supporting regulatory and legislative developments intended to improve treatment access for patients and allow HCPs to care for more patients when they decide to seek help<br>› Regular dialogue with representative patient groups<br>› Regular advocacy activity | › Publication of Indivior-sponsored studies to advance the scientific understanding of addiction and the Group's products<br>› Continuation of US nationwide 'Keep Moving Towards Recovery' information campaign which began in November 2019 | **See page 16**<br>This report page showcases Kyle's recovery from addiction (see also the report front cover) |
| › Annual Culture Surveys<br>› Regular 'Town Hall' events hosted by senior management<br>› Dedicated Culture Champions Network<br>› Personal Development Reviews<br>› Regular training and development activity<br>› Engagement events with the Board | › Virtual workforce engagement event between the designated Non-Executive Director and Culture Champions<br>› Virtual Town Hall events<br>› Distribution of COVID-19 guidelines and PPE where required<br>› Diversity and inclusion insight sessions held to drive development | **See page 25**<br>Indivior has commenced a new diversity and inclusion initiative to obtain employee insight into its approach |
| › Dedicated investor relations function<br>› Corporate website, including a distinct investor section<br>› Results presentations and regular engagement with major shareholders<br>› Participation in healthcare sector investor conferences<br>› Dialogue with ESG-focused agencies<br>› Frequent analyst consultations | › Regular dialogue between senior management and Company's major shareholders and analysts<br>› Quarterly public financial reporting and results presentations with the investment community<br>› Regular attendance at healthcare investor conferences (e.g. Jefferies Global Healthcare Conference on November 17) | **See page 5**<br>The Chief Executive Officer's review reviews the Group's performance during 2020 and the future outlook for the business. Further information is available within the investor relations section of the Indivior website |
| › Dedicated investor relations function<br>› Corporate website, including a distinct investor section<br>› Results presentations and regular engagement with debt holders | › Quarterly public financial reporting<br>› Maintenance of debt ratings | **See pages 37 to 45**<br>The risk management section outlines Indivior's processes and recent changes in risk assessments |

## STAKEHOLDER ENGAGEMENT CONTINUED

| INDIVIOR'S STAKEHOLDERS | WHAT MATTERS TO THEM | WHY THEY MATTER TO US |
|---|---|---|
| **SUPPLIERS**<br>Indivior's supply chain is critical to the effective and continuous conduct of Indivior's day-to-day business activities | › Indivior's supply chain requirements and terms of business<br>› Contractual terms and payment timings<br>› Indivior's future development plans<br>› Tender process details | › Maintenance of product quality is essential<br>› Ensuring that Indivior's activities are supported by a reliable and effective supply chain |
| **COMMUNITIES**<br>By working with community groups, including charities and patient advocacy groups, Indivior can amplify the need to address the addiction crisis and bring together patient support groups and networks | › Indivior's approach to the global addiction crisis<br>› Indivior's support for and work with patient advocacy groups, medical societies, NGOs, and charities that address people who are affected by addiction | › Indivior supports groups and charities that offer assistance to patients and families affected by addiction<br>› Indivior activities should not cause nuisance, pollution, or disruption<br>› A key business goal is to increase the scientific understanding of the disease space and our Vision that evidence-based treatments are available within wider stakeholder groups |
| **GOVERNING BODIES, REGULATORS, AND PROFESSIONAL ADVISORS**<br>Indivior works with governing bodies, regulators, and professional advisors to enable it to operate within the appropriate regulatory and legal requirements | › Maintaining the required quality of treatments delivered to patients<br>› Conducting all marketing and distribution activities responsibly and within applicable laws and regulations<br>› Ensuring that Indivior's wider activities are conducted within the law and applicable regulations | › Maintaining the Group's license to operate<br>› Indivior understands its obligations under laws and regulations |
| **MEDIA**<br>Stakeholders require up-to-date, timely, complete, and accurate information about Indivior | › Accurate and timely news and information about Indivior's activities<br>› Points of contact for further information and clarification | › Key stakeholder relationships are maintained through accurate and up-to-date news and information in the media |

| HOW WE ENGAGE | 2020 HIGHLIGHTS | |
|---|---|---|
| › Indivior supply chain requirements and terms of business<br>› Contractual terms and payment timings<br>› Indivior's future development goals<br>› Tender process details<br>› Day-to-day dialogue and communications with the relevant Indivior staff | › Key suppliers are regularly considered as part of the ongoing assessment of business continuity risks<br>› Development of Supplier Code of Conduct in 2020 (to be published in H1 2021) | **See page 26**<br>This report section highlights Indivior's due diligence and compliance developments in relation to suppliers |
| › Indivior's approach to the global addiction crisis<br>› Indivior's support for patient advocacy groups, medical societies, NGOs, and charities that address the needs of people affected by addiction | › Ongoing cooperation with patient advocacy organizations and medical bodies to provide education on OUD and treatment options<br>› Continuation of the Indivior Volunteer Policy, which enables employees to take paid time off to engage in volunteering activities | **See page 27**<br>Indivior's advocacy approach in the US has a number of key focus areas which are recorded here |
| › Regular reporting and communications about governance and regulatory matters<br>› Provision of engagement mechanisms with governments and regulators<br>› Supply of information about internal communications and training about compliance and regulatory matters | › Expansion of the Integrity and Compliance team<br>› Establishment of a center of excellence for Compliance Risk Management, Monitoring & Analytics<br>› Refreshment of the Indivior Global Code of Conduct | **See page 26**<br>Indivior's approach is modeled on national and international regulatory requirements and best practice standards |
| › Accurate and timely news and information about Indivior's activities<br>› Dedicated points of contact for further information and clarification | › Timely and regular news releases from the Group regarding all material aspects of its activities during the year<br>› Maintenance of the corporate website | **New website**<br>rethinkopioidaddiction.com launched in July aims to develop the understanding of addiction within the media and other stakeholders |

# CREATING VALUE FOR A WIDE RANGE OF STAKEHOLDERS

**INDIVIOR HAS DEVELOPED A RANGE OF POLICIES, PROCESSES, RESOURCES AND RELATIONSHIPS TO ENSURE THE RESPONSIBLE MANAGEMENT OF ITS BUSINESS. IN PRACTICE, INDIVIOR ADDRESSES THESE ASPECTS OF ITS BUSINESS BY FOCUSING ON ENVIRONMENT AND CLIMATE CHANGE, PATIENT SAFETY AND PRODUCT QUALITY, BUSINESS CONDUCT, WORKFORCE, COMMUNITIES, AND ADVOCACY.**

Everyone at Indivior takes their responsibilities in these areas seriously. The workforce aims to create sustainable value for a wide range of stakeholders, including patients, physicians, payors, policymakers, shareholders, employees, and the local communities where Indivior operates.

More information about Indivior's approach to responsible business is available at Indivior's corporate website (www.indivior.com).

### Dialogue with investors and reporting

Indivior conducts regular dialogue with its investors, specialist investor environmental, social and corporate governance (ESG) research agencies, and other interested stakeholders about responsible business. The scope of this dialogue addresses all of the focus areas outlined above. Indivior also participates in specific ESG research exercises, such as the annual CDP climate change questionnaire and ESG ratings research conducted by MSCI. CDP is a global investor-led reporting project that is aligned to the Task Force on Climate-related Financial Disclosure (TCFD) requirements. The TCFD requirements are being introduced into the annual report disclosure requirements for UK-listed companies over the next few years. More information on Indivior's existing climate change related disclosures can be found at the CDP website (www.CDP.net).

### Environment and climate change

Indivior's approach to managing its environmental impacts has been developed at a local level in line with its activities at each site. The main area of risk is linked to Indivior's Fine Chemical Plant (FCP) in Hull, UK, where buprenorphine is produced using raw materials and a seven-stage process, which involves the use of hazardous chemicals.

The FCP's environmental management plan comprises a process of continual improvement to ensure the plant operates in line with the expectations of the UK regulator and good industry practice. The plan considers all aspects of the plant's operations and potential or actual effects on the environment. It is governed by the FCP's Environmental Permit, Consent to Discharge Permit, and ISO 14001:2015 certification.

**Further information – Page 26**
**The impact of COVID-19 on Indivior's workforce**
In 2020, Indivior introduced a series of measures to maintain the welfare, health, and safety of its employees during the COVID-19 pandemic.

**Further information – Page 25**
**Diversity and inclusion initiative**
Indivior's Executive Committee is committed to ensuring the internal culture is strengthened and maintained through diversity and inclusion.

Key focus areas within the FCP environmental plan include:

- Air emissions, with the aim of keeping within acceptable limits agreed with the UK Environment Agency
- Management of solvent vapors, including ongoing production improvements to reduce emissions
- Energy use reduction through ongoing production improvements and procedural changes
- Process development to improve raw material efficiency
- Groundwater monitoring
- Responsible behavior towards neighbors
- Water discharges in line with the FCP permit
- Waste disposal (the FCP has a zero-returns-to-landfill policy)

Indivior's remaining major sites consist of:

- Two research and development sites at Hessle near Hull, UK, and at Fort Collins in Colorado, US
- Operational headquarters at North Chesterfield, Virginia, US, where the majority of employees are based
- A sales, administrative and company secretarial office in Slough, UK
- A sales and administrative facility at Macquarie Park in Sydney, Australia

## Greenhouse gas emissions

Indivior's greenhouse emissions are calculated by an expert external service provider. The method used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from recognized public sources including, but not limited to, BEIS, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental panel on Climate Change. Indivior's baseline year is 2015 and Indivior applies the Operational Control method.

### Greenhouse gas emissions data for Indivior plc

| Type | 2020 tonnes of $CO_2e$ | 2019 tonnes of $CO_2e$ |
|---|---|---|
| Scope 1 | 451 | 699 |
| Scope 2 location-based | 1,808 | 2,190 |
| Scope 2 market-based | 2,084 | 2,592 |
| Scope 3 | 140 | 140 |
| **Total emissions location-based** | **2,399** | **3,029** |
| **Total emissions market-based** | **2,675** | **3,431** |
| **Per tonne of production location-based** | **1,328** | **1,074** |
| **Per tonne of production market-based** | **1,481** | **1,216** |

### Greenhouse gas emissions split by territory

| Type | 2020 tonnes of $CO_2e$ | 2019 tonnes of $CO_2e$ |
|---|---|---|
| Scope 1 UK | 385 | 309 |
| Scope 1 Non UK | 66 | 390 |
| **Total Scope 1** | **451** | **699** |
| Scope 2 location-based UK | 561 | 821 |
| Scope 2 location-based Non-UK | 1,247 | 1,369 |
| **Total Scope 2 location-based** | **1,808** | **2,190** |
| Scope 2 market-based UK | 836 | 1,223 |
| Scope 2 market-based Non-UK | 1,248 | 1,369 |
| **Total Scope 2 market-based** | **2,084** | **2,592** |
| Scope 3 UK | 53 | 77 |
| Scope 3 Non-UK | 87 | 63 |
| **Total Scope 3** | **140** | **140** |
| **Total UK emissions location- based** | **999** | **1,207** |
| **Total Non-UK emissions location-based** | **1,400** | **1,822** |
| **Total emissions location based** | **2,399** | **3,029** |
| **Total UK emissions market-based** | **1,275** | **1,609** |
| **Total Non-UK emissions market-based** | **1,401** | **1,822** |
| **Total emissions market-based** | **2,675** | **3,431** |

### Energy consumption in MwH

| Type | 2020 MwH | 2019 MwH |
|---|---|---|
| Scope 1 UK | 2,090 | 1,677 |
| Scope 1 Non-UK | 717 | 2,525 |
| **Total Scope 1** | **2,807** | **4,202** |
| Scope 2 location-based UK | 2,408 | 3,211 |
| Scope 2 location-based Non-UK | 2,569 | 2,612 |
| **Total Scope 2 location-based** | **4,977** | **5,823** |
| Scope 2 market-based UK | 2,408 | 3,211 |
| Scope 2 market-based Non-UK | 2,569 | 2,612 |
| **Total Scope 2 market-based** | **4,977** | **5,823** |

## Energy saving measures

Indivior's sites have shown a reduction in energy usage and emissions as a result of home-working following the outbreak of the COVID-19 pandemic in the first quarter of 2020. Many of Indivior's sites monitor energy use as a consequence of cost control measures. The use of equipment is regularly reviewed for opportunities to reduce energy use and emissions by local and group managers. One feature is the operation of a 25KW solar farm at Indivior's R&D Center of Excellence in Hull in the UK.

### Patient safety and product quality

Ensuring patient safety and product quality is a central tenet of Indivior's approach and culture. Throughout the business, employees promote a culture of innovation and excellence that is critical to maintaining the trust of healthcare professionals and patients.

Indivior's robust pharmacovigilance management system monitors the safety of its products. A key element of this system is the ongoing deployment of the US FDA required Risk Evaluation and Mitigation Strategies (REMS) program, which helps to mitigate the accidental misuse and abuse of SUBOXONE Film and informs prescribers, pharmacists, and patients of the risks associated with SUBOXONE Film use.

Indivior maintains a similar REMS program for SUBLOCADE in the US, while developing plans to minimize these risks in other countries around the world.

### Workforce

Indivior has an employment policy and practice framework that is maintained by a qualified and experienced human resources team. The team is responsible for ensuring that Indivior is an employer of choice and provides a fair, equitable, and conducive working environment free from discrimination and harassment.

Indivior regards its employees as fundamental to its long-term success. It provides a variety of training, development, and communication programs to ensure its business activities are always conducted in line with its Guiding Principles and stakeholder expectations. Examples of current workforce initiatives include:

- The Culture Champions program
- Regular culture surveys and performance reviews
- Town Hall communications events attended by members of the senior management team
- Consistent and transparent communications mechanisms, including a secure and confidential intranet
- Diversity and inclusion initiative launched in 2020. Further details can be found on page 25

### Culture Champions

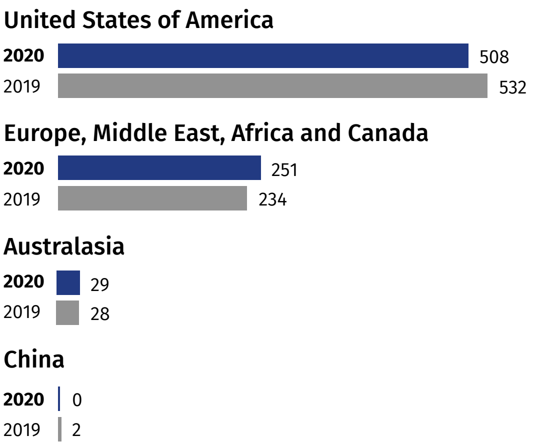
Indivior's Culture Champions are a network of employees from around the world who act as ambassadors and create opportunities for greater engagement with best practice. Champions are tasked with proposing ideas and implementing activities to drive a positive culture in collaboration with the human resources team.

### Workforce data

**788**

**People employed by Indivior at December 31, 2020 (December 31, 2019: 796)**

### Breakdown of workforce data by territory



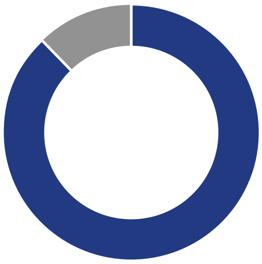

### Breakdown of workforce data by employment function

| Function | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Commercial | **411** | 414 |
| Compliance | **16** | 12 |
| Corporate Affairs and Communications | **1** | 5 |
| Finance | **59** | 62 |
| Human Resources | **18** | 20 |
| Information Technology | **31** | 33 |
| Legal and Governance | **13** | 14 |
| Medical | **57** | 55 |
| Research and Development | **89** | 100 |
| Supply | **93** | 81 |
| Total | **788** | 796 |

### Gender diversity

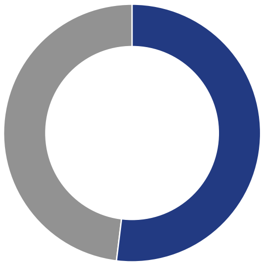
Indivior's gender diversity data, disclosed to meet the requirements of s414c of the UK Companies Act 2006, are recorded below.

**Directors of Indivior plc**



- **Male: 87%**
- **Female: 13%**

**All employees**



- **Male: 52%**
- **Female: 48%**

| As at December 31, 2020 | Total | Women | % | Men | % |
|---|---|---|---|---|---|
| Directors of Indivior plc | 8 | 1 | 13 | 7 | 87 |
| Senior Managers* | 49 | 13 | 27 | 36 | 73 |
| All employees | 788 | 380 | 48 | 408 | 52 |

* Includes members of the Executive Committee who are not Directors of Indivior plc and all subsidiary company directors.

### Business conduct

Indivior is committed to high standards of business conduct in line with industry good practice and stakeholder expectations. Indivior has a comprehensive compliance approach to help ensure that everyone within the organization acts in a responsible manner. The Indivior Integrity & Compliance Program (ICP) and other key business management systems are vital components of this approach. The ICP is described on the following pages along with key aspects of its program for 2020 and beyond.

In July 2020, Indivior reached an agreement with the US Attorney's Office for the Western District of Virginia. Full details of the agreement are recorded on the Indivior corporate website.

As part of the settlement, Indivior entered into a Corporate Integrity Agreement (CIA) with the Office of Inspector General of the U.S. Department of Health and Human Services. Indivior agreed to maintain compliance-related measures, including those that have been put in place to address relations with healthcare professionals, product information, and marketing activities. The agreement included commitments to conduct monitoring, auditing, training, education, reporting, and disclosures for a period of five years.

**DIVERSITY AND INCLUSION INITIATIVE**

Indivior's Executive Committee is committed to ensuring the internal culture is strengthened and maintained through diversity and inclusion. As part of this commitment, in 2020 Indivior engaged an external consultancy to assist in gaining insight into the workforce's views on Indivior's approach to diversity and inclusion. All UK and US employees were invited to participate in a 45-minute digital conversation with the external consultancy who also hosted several 90-minute focus group sessions arranged by diversity demographics (for example, employees who identify as Black or African American, Hispanic or Latino, Muslim, LGBTQ).

The feedback and findings will be applied to assess and further develop Indivior's management of this important area, formulate future objectives, and continue to build toward a more inclusive culture.

Further information on the Group's approach to diversity and inclusion can be found in the Nomination & Governance Committee Report on pages 73 to 76.

### About the Indivior Integrity & Compliance Program (ICP)

The ICP is modeled on the Elements of an Effective Compliance Program as described in the Federal Sentencing Guidelines for Organizations[1]. It is also based on guidance from the US Department of Justice (DOJ) and the US Health and Human Services' Office of Inspector General, and relevant national and global industry standards.

The ICP has a multi-year strategy to drive continuous learning and evolution. Overall in 2020, its multiple facets and activities helped to maintain and strengthen Indivior's commitment to compliance as a core performance indicator.

1. United States Sentencing Commission, Guidelines Manual, §8B2.1 (2018)

**Program highlights for 2020 include:**

- **Optimization of written policies, procedures, and standards of conduct**
  The project updated and simplified key policies and procedures, including the Indivior Global Code of Conduct, while incorporating relevant reference to Indivior Inc.'s commitments from the US Government Resolution (i.e. CIA, DOJ Compliance Measures, and FTC Order). It also enhanced Indivior's standardized compliance risk assessment tools, including third-party due diligence and Risk Assessment and Mitigation Plan (RAMP) processes, with embedded ownership of risks and related mitigation activities. A separate project to design and distribute an Indivior Supplier Code of Conduct commenced in October and will be published and distributed in the first half of 2021.
- **Development of the compliance officer roles and the Integrity & Compliance Committee**
  This project refined the role of the global Indivior Integrity & Compliance Committee and regional Compliance Committees to ensure effective oversight of the administration of the ICP. The activities included embedding a robust network of Compliance Champions across Indivior's operations. It ensured the allocation of appropriate budget and headcount resources for the ICP to achieve continued program maturity, government agreement preparedness, full staffing of fully qualified compliance professionals, and the performance of required staff development activities.
- **Training and education**
  This project delivered an interactive compliance training program with a comprehensive curriculum for all employees and contingent workers globally. The program included communicating the outcomes of workforce non-compliance as permitted within local laws. It was conducted in partnership with Indivior's business units and provided real-time, targeted education and training based on findings from compliance audits, monitoring, and investigations.

### THE IMPACT OF COVID-19 ON INDIVIOR'S WORKFORCE

In 2020, Indivior introduced a series of measures to maintain the welfare, health, and safety of its employees during the COVID-19 pandemic. These measures were tailored to the specific circumstances of each workforce group (for example, workers at the FCP in Hull, UK, or salesforce representatives working in communities across the US).

At the start of the pandemic, the FCP instigated a comprehensive risk management assessment process and subsequently designed a series of procedures and employee-training exercises to minimize the risk of transmission. These included guidance on wearing face coverings in certain areas, temperature checks on arrival, regular disinfection of high-traffic areas, guidance on individual responsibilities (including hand washing, social distancing, and waste disposal), and procedures concerning site visitors.

During the COVID-19 pandemic, the FCP operated normally (except for a brief closure in November 2020), working as part of the healthcare supply chain. By adapting to these controls, the workforce team delivered on Indivior's commitment to focus on patient needs and ensured the supply chain remained fully stocked with active pharmaceutical ingredients (APIs).

Indivior's remaining sites also worked to ensure the necessary COVID-19 measures were implemented. For example, the majority of workers at the Group's Richmond, VA headquarters and at Slough, UK worked from home throughout the year. Meanwhile, sales and marketing employees who interact with healthcare professionals in North America were supplied with appropriate Personal Protective Equipment and appropriate health and safety guidelines to ensure their own health and safety.

Other Indivior COVID-19 measures included:

- Waiver of COVID-19 healthcare cost sharing for US employees
- Provision of online support sessions to address anxiety, mental health, personal wellbeing, and related matters for homeworkers
- Regular senior management review of the Group's approach to ensure Indivior's workforce were fully supported during the pandemic in 2020 and as it continues in 2021

**Communication development**

This project aimed to deliver an enhanced 'Speak Up' program through the employment of a full-time investigator and the standardization of processes and communications for all reported concerns. Additionally, the Group invested in additional capabilities within the Indivior EthicsLine reporting tool.

Compliance monitoring data, including information about the Speak Up program, was distributed to all employees to facilitate shared learning and drive adherence to Indivior's business conduct standards.

An independent Ethics & Compliance Program Perceptions Survey was conducted by Ethisphere. Subsequently an action plan was put in place for continued evolution, although Indivior's results exceeded all eight Ethisphere benchmark pillars.

› **Internal monitoring and auditing**

ICP activities during 2020 included the performance of independent reviews to simulate and prepare for CIA monitoring activities. Additionally, a further enhanced strategic compliance auditing and monitoring program, based on key risks and core monitoring activities (e.g. CIA standards) and other factors, was implemented after approval from the Integrity & Compliance Committee.

A cross-functional Oversight Committee was introduced to review and enforce standards of conduct. This committee also has responsibility for assessing and determining reportable events in relation to CIA and DOJ Compliance Measures.

A procedure was also developed to assess potential root-cause analysis of compliance deviations to enable identification of effective systemic resolution as warranted.

### Advocacy

Indivior advocates on public policy issues that relate to addiction by engaging responsibly with public officials, policymakers, and other stakeholders at all levels of government, and with healthcare professionals and community stakeholders (for example NGOs, patient support organizations, and charities that address addiction and related matters).

Indivior supports public policies that:

- Enable long-term OUD recovery for patients
- Promote increased access to evidence-based OUD treatments
- Reduce and help prevent the abuse, misuse, and diversion of our products
- Accelerate innovation
- Promote public health

In the US, Indivior's public policy priorities are focused on the following key areas:

- Expanding access to medication-assisted treatment: Indivior believes that medication-assisted treatment (MAT), or medication for opioid use disorder (MOUD), including treatment with buprenorphine (BMAT), is a critical part of the solution to the global opioid crisis. MAT brings substantial value to both patients and society, but remains, for many reasons, severely underutilized.
- Removing barriers to innovative treatments: Indivior believes that new, evidence-based buprenorphine long-acting injectable medications are innovations in MOUD. Indivior also believes that any ambiguity in current federal and state controlled substance distribution laws should be addressed to ensure patients and providers can realize the full value of these innovations.
- Increasing disease and treatment education: Indivior advocates for accelerated public, healthcare provider, and patient education on the disease of OUD and evidence-based treatment options, including all FDA-approved medication-assisted treatments.
- Advocating for increased medical education: Indivior advocates for education on addiction and evidence-based treatments in medical, physician assistant, and nursing schools, and as a core requirement for continuing medical education programs within the healthcare system.
- Advocating for access to treatment in correctional settings: Because OUD is more prevalent in the criminal justice system, Indivior advocates for expanding access to MOUD in correctional settings, and for smooth transitions to care and coverage in society upon release.
- Supporting the enforcement of the Mental Health Parity and Addiction Equity Act: Indivior supports robust education, enforcement, and awareness of US federal and state parity laws, and advocates to strengthen these where necessary, working together with key external stakeholders.
- Supporting advocacy groups: Indivior continues to support and work with advocacy groups for those affected by opioid use disorder.

# COMMITMENT TO TRANSPARENCY

Indivior is committed to transparent reporting and disclosure of its financial and non-financial performance, risks and opportunities where this information is relevant to shareholders and other key stakeholders. Indivior is also required to comply with the reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006.

The table and other information below are provided to assist readers of this report to understand Indivior's approach, policies and performance.

It also aims to highlight where further relevant information, other than that disclosed within this report, can be accessed.

**Further information – pages 12-13**
**Business model**
An explanation of Indivior's business model.

**Further information - pages 37-45**
**Risk management**
A description of the principal risks and their potential adverse impacts on the business can be found on these pages of this report.

| Other reporting requirements | Policies and statements of approach, due diligence and outcomes | Risks, risk management and additional information | Page reference | Non-financial performance information |
|---|---|---|---|---|
| **Environmental matters** | › Environmental management approach | › Business Operations<br>› Supply | p23 | › Greenhouse gas emissions |
| **Employees** | › Workforce management approach | › Business operations | p24 and p39 | › Employee data |
| **Human rights** | › Diversity and inclusion policy<br>› UK Modern Slavery Statement | › Business operations<br>› Product pipeline, regulatory and safety | p25, p39-40 and p74 | › Employee gender diversity figures |
| **Social matters** | › Information Management Policy<br>› Data Protection Policy<br>› Healthcare professionals interaction policy | › Product pipeline, regulatory and safety<br>› Commercialization<br>› Economic and financial<br>› Supply<br>› Legal and intellectual property<br>› Compliance | p40-49 and p112 | › Political donations |
| **Anti-corruption and bribery** | › Anti-bribery policy<br>› Whistleblowing policy | › About the Integrity & Compliance Program<br>› Business Operations<br>› Compliance | p26-27, p39, p44 and p60 | › EthicsLine development |

In particular the Group provides the responsibility section of its website (www.indivior.com) for this purpose, participates in the annual disclosure of environmental and climate change information to CDP (www.CDP.net) and regularly enters into dialogue with investors and investor research organizations (such as MSCI and FTSERussell) about this aspect of its activities.

# FINANCIAL REVIEW

### YEAR ENDED DECEMBER 31ST (AS REPORTED)

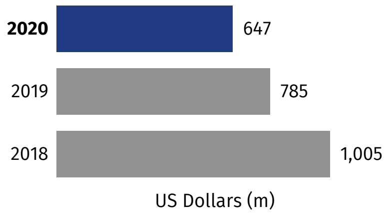
| | 2020 $m | 2019 $m | % Actual FX |
|---|---|---|---|
| Net revenue | **647** | 785 | -18 |
| Operating (loss)/profit | **(156)** | 178 | NM |
| Net (loss)/income | **(148)** | 134 | NM |
| Basic (LPS)/EPS (cents per share) | **(20)** | 18 | NM |

NM: Not Meaningful

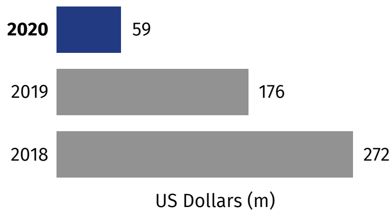
### 2020 financial and operating highlights

- Although 2020 net revenue (NR) declined 18% vs. 2019, 2020 SUBLOCADE net revenue grew to $130m (+81% vs. 2019) due to strong growth from the Organized Health Systems (OHS) channel, despite COVID-19 impact on new patient enrollments. 2020 units dispensed were approximately 127,000 (+115% vs. 2019).
- PERSERIS (risperidone) extended-release injection NR was $14m (+133% vs. 2019).
- SUBOXONE Film share averaged 21% in 2020 (2019: 32%) and exited 2020 at 21% (2019 exit share: 24%).
- Reported operating loss of $156m. Exceptional costs of $244m primarily relate to litigation settlements. Adjusted operating profit of $88m (-56% vs. adjusted 2019) mainly due to lower NR and higher SG&A expense from growth investments in SUBLOCADE and legal defense costs primarily due to resolving the Department of Justice (DOJ) matter.
- Reported net loss of $148m. Adjusted net income of $59m (-66% vs. adjusted 2019), reflecting lower operating profit and net finance expense (versus net finance income in 2019).
- Cash of $858m (-$202m vs. 2019), following $103m payment, including interest, related to DOJ resolution. Net cash of $623m (-$198m vs. 2019).
- Completed strategic alignment which is expected to reduce the Group's underlying operating expense base (selling, general and administrative expenses + research and development) by $60m to $70m (on an annualized basis before any further investments in growth), while accelerating its growth strategy for SUBLOCADE with increased investment behind further penetrating OHS and supporting its strong commitment to integrity and compliance.

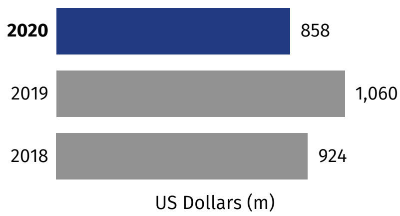
### Net Revenue



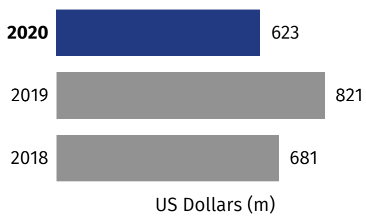

### Adjusted Net Income*




### Cash Balance




### Net Cash**




* Excluding exceptional items (further details on page 32)
** See Note 19 of the Notes to the Group financial statements for the definition of net cash

## Operating review

### U.S. opioid use disorder (OUD) market update

In 2020, growth of the U.S. buprenorphine medication-assisted treatment (BMAT) market was sustained at a low teens percentage rate, underpinned by continued growth in the number of patients receiving treatment and by increased access to treatment. The increased market growth followed implementation of new federal and state government actions in light of the COVID-19 pandemic to facilitate access to medication-assisted treatment (MAT), including counselling for patients suffering from OUD. For example, the Drug Enforcement Administration (DEA), jointly with the Substance Abuse and Mental Health Services Administration (SAMHSA), is continuing to allow healthcare providers to initiate and continue buprenorphine treatment by telemedicine.

Underlying market growth has also benefited from increased overall public awareness of the opioid epidemic and approved treatments, as well as from regulatory and legislative changes introduced prior to the COVID-19 pandemic that have expanded OUD treatment funding and treatment capacity. States increasingly acknowledge that providing treatment brings substantial value to both patients and society and that BMAT is under-utilized.

In response, the number of physicians, nurse practitioners and physician assistants who have received a waiver to administer MAT and those able to treat up to the permitted level of 275 patients continued to grow in 2020. As a result, there is increasing patient access to treatment. Indivior supports efforts to encourage more eligible healthcare practitioners (HCPs) to provide treatment, and the Group continues to resource its compliance capabilities for the growing number of BMAT prescribers and patients.

The Group is uncertain how long the elevated underlying BMAT growth rate will continue, but longer term it believes the growth rate will revert to the previously observed high single-digit to low double-digit percentage growth rate. The Group's focus is to continue to expand access of SUBLOCADE amongst core HCPs and OHS, in order to ensure availability of this potentially important new treatment option to the estimated 1 million+ patients per month who are prescribed BMAT by HCPs.

## Financial performance

Total net revenue in 2020 decreased 18% to $647m (2019: $785m).

2020 US net revenue decreased 23% to $456m (2019: $589m). Growth in the overall US BMAT market was sustained at a low teens percentage rate as discussed above ("U.S. opioid use disorder (OUD) market update"), primarily due to strength in government channels. Underlying market strength and SUBLOCADE net revenue growth of 75% to $126m (2019: $72m) were more than offset by SUBOXONE Film share loss and the absence of net revenue contribution from the Authorized Generic (AGx) film program, which was terminated at the end of 2019.

2020 Rest of World and United Kingdom (collectively "ROW") net revenue decreased 3% to $191m (2019: $196m). Contribution from SUBLOCADE ROW net revenue of $4m is included in 2020. This benefit was more than offset primarily by continued austerity measures in Western European markets.

2020 gross margin as reported was 85% (2019: 82%). Excluding $5m of net exceptional costs of sales related to inventory provisions due to the adverse impact of COVID-19, 2020 adjusted gross margin was 86%. The 2020 gross margin improvement was primarily due to improved revenue mix from the absence of net revenue from the AGx buprenorphine /naloxone sublingual film program in 2020.

2020 SG&A expenses as reported were $666m (2019: $414m). 2020 SG&A expenses included exceptional costs of $239m, primarily related to resolution of litigation matters. Further details of exceptional costs are available in Note 4 of the Notes to the Group's financial statements.

On an adjusted basis, 2020 SG&A expenses increased 9% to $427m (Adj. FY 2019: $390m). The increase reflects stepped up SUBLOCADE marketing expenses, principally the direct-to-consumer (DTC) campaign, higher legal expenses related to DOJ resolution, partially offset by reduced travel and entertainment due to COVID-19 restrictions.

2020 R&D expenses were $40m (2019: $53m). The decrease primarily reflects lower clinical activity and the reprioritization of R&D activities as part of the completed strategic alignment to principally support SUBLOCADE Health Economics and Outcomes Research (HEOR) and post-marketing study commitments for SUBLOCADE and PERSERIS, as well as lower than expected investments for supply-related projects.

2020 operating loss as reported was $156m (2019 op. profit: $178m). Exceptional costs of $244m and $24m are included in the 2020 and 2019 reported results, respectively. On an adjusted basis, 2020 operating profit was $88m (2019 adj. op. profit: $202m). The decline on an adjusted basis primarily reflects lower net revenue and increases in marketing and legal defense costs as detailed above. These items were partially offset by lower R&D and general and administrative expenses.

2020 net finance expense was $17m (2019 income: $2m). The net expense primarily reflects lower interest income on the Group's cash balance due to lower interest rates versus the year-ago period and increased finance expense incurred related to the DOJ liability.

2020 reported total tax benefit was $25m, an effective tax rate of 14% (2019 tax charge: $46m, 26% rate). Excluding the $37m tax benefit on exceptional items in 2020, total tax expense was $12m, an effective tax rate of 17% (2019: $28m, 14% rate).

2020 reported net loss was $148m (2019 net income: $134m). Excluding the $207m after-tax impact from exceptional items, 2020 adjusted net income was $59m (Adj. 2019: $176m). The decline in net income on an adjusted basis primarily reflects lower net revenue, increased operating expenses (primarily marketing and legal defense costs) and net finance expense (versus 2019 net finance income).

Loss per share on a diluted basis was 20 cents in 2020 and earnings per share of 8 cents on an adjusted diluted basis (2019: earnings per share of 18 cents on a diluted and 23 cents on adjusted diluted basis).

**Balance sheet and cash flow**

As at December 31, 2020 cash and cash equivalents were $858m, a decrease of $202m versus the $1,060m at year-end 2019. Borrowings, excluding issuance costs, were $235m at December 31, 2020 (2019: $239m). As a result, net cash was $623m at the end of 2020 (2019: $821m), a $198m decrease over the twelve-month period. The change was primarily driven by a payment to the DOJ for $103m (including interest) and the changes in net working capital.

Net working capital (inventory, trade receivables and other current assets, less trade and other payables) was negative $202m at the end of 2020 versus negative $323m at the end of 2019. The $121m change over the period was primarily driven by a decrease in sales returns and rebates in the US within payables and a reduction in accrual levels.

Cash used by operating activities in 2020 was $148m (2019 cash generated: $128m), representing an increased use of cash of $276m primarily due to lower revenues, timing of payments of sales rebates/other payables and payment to the DOJ for $103m (including interest). Net cash outflow from operating activities was $193m in 2020 (2019 net cash inflow: $151m) reflecting the lower cash from operating activities and cash tax payments in 2020 versus cash tax received in 2019.

2020 cash outflow from investing activities was $4m (2019: $2m). The current year outflows related to the purchase of property, plant and equipment and the prior year outflows relate to the purchase of property, plant and equipment offset by proceeds from the disposal of intangible assets.

2020 cash outflow from financing activities was $10m (2019: $13m), reflecting the principal portion of lease payments and the quarterly repayment on the term loan facility partially offset by proceeds from issuance of shares to satisfy the vesting of options under an employee stock purchase plan.

**Alternative Performance Measures (adjusted results)**

The Board and management team use adjusted results, measures and net cash to give incremental insight to the financial results of the Group and the way it is managed. The tables below show the list of adjustments between the reported and adjusted results relevant to the Group for 2020 and 2019.

Further details of each adjustment are available in Note 5 of the Notes to the Group's financial statements.

**Reconciliation of gross profit to adjusted gross profit:**

| | **2020 $m** | 2019 $m |
|---|---|---|
| Gross profit | **550** | 645 |
| Exceptional cost of sales | **5** | – |
| Adjusted gross profit | **555** | 645 |

**Reconciliation of operating (loss)/profit to adjusted operating profit:**

| | 2020 $m | 2019 $m |
|---|---|---|
| Operating (loss)/profit | **(156)** | 178 |
| Exceptional cost of sales | **5** | – |
| Exceptional selling, general and administrative expenses | **239** | 24 |
| Adjusted operating profit | **88** | 202 |

**Reconciliation of (loss)/profit before taxation to adjusted profit before taxation:**

| | 2020 $m | 2019 $m |
|---|---|---|
| (Loss)/profit before taxation | **(173)** | 180 |
| Exceptional cost of sales | **5** | – |
| Exceptional selling, general and administrative expenses | **239** | 24 |
| Adjusted profit before taxation | **71** | 204 |

**Reconciliation of net (loss)/income to adjusted net income:**

| | 2020 $m | 2019 $m |
|---|---|---|
| Net (loss)/income | **(148)** | 134 |
| Exceptional cost of sales | **5** | – |
| Exceptional selling, general and administrative expenses | **239** | 24 |
| Exceptional items within tax | **(37)** | 18 |
| Adjusted net income | **59** | 176 |

**Reconciliation of (loss)/earnings per share to adjusted earnings per share:**

| | 2020 $m | 2019 $m |
|---|---|---|
| (Loss)/earnings per share | **(20)** | 18 |
| Exceptional cost of sales | **–** | – |
| Exceptional selling, general and administrative expenses | **33** | 3 |
| Exceptional items within tax | **(5)** | 3 |
| Adjusted earnings per share | **8** | 24 |
| Weighted average number of shares (thousands) | **732,863** | 730,235 |

**Reconciliation of net cash:**

| | 2020 $m | 2019 $m |
|---|---|---|
| Net cash at the beginning of the year | **821** | 681 |
| Net (decrease)/increase in cash and cash equivalents | **(202)** | 136 |
| Net repayment of borrowings | **4** | 4 |
| Net cash at end of year | **623** | 821 |

**RB Resolution**

In January 2021, the Group reached an agreement with Reckitt Benckiser (RB) to resolve RB's claims seeking indemnity under the 2014 Demerger Agreement. Pursuant to the settlement, RB agreed to withdraw the US $1.4b claim and to release Indivior from any claim for indemnity under the Demerger Agreement relating to the DOJ and FTC settlements which RB entered into in July 2019, as well as other claims for indemnity arising from those matters. Indivior has agreed to pay RB a total of $50m and has agreed to release RB from any claims to seek damages relating to its settlement with the DOJ and the FTC. The Group made a $10m payment in February 2021 under the terms of the settlement. Subsequently, annual installment payments of $8m will be due every January from 2022 to 2026. The Group carries a liability totaling $50m (2019: $0m) related to this settlement.

**DOJ resolution**

**Agreement to resolve criminal charges and civil complaints related to SUBOXONE Film**

- The Group settled with the United States Department of Justice (Justice Department or DOJ), the U.S. Federal Trade Commission (FTC), and U.S. state attorneys general the criminal and civil liability in connection with a multi-count indictment brought in April 2019 by a grand jury in the Western District of Virginia, a civil lawsuit joined by the Justice Department in 2018, and an FTC investigation. Under the terms of the agreement, Indivior Solutions Inc. ("Solutions Inc."), a wholly owned subsidiary of Indivior PLC, has pleaded guilty to a single count of making a false statement relating to health care matters in 2012 in violation of 18 U.S.C. Section 1035. Indivior will make payments to federal and state authorities totaling $600 million (plus applicable interest of 1.25% on a portion of that total amount), has agreed to a stipulated injunction with the FTC, and entered into a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services (HHS). In November 2020, the Court approved the settlement and dismissed all charges returned by the grand jury in April 2019.
- Under the terms of a related agreement with the HHS, Solutions Inc. will be excluded from participating in government health programs. This exclusion will not apply to any other entities within the Group. The Group does not anticipate the exclusion of Solutions Inc. will have any material impact on the Group's ability to continue to participate in government health programs.
- Under the terms of the five-year Corporate Integrity Agreement with the HHS Office of the Inspector General (HHS-OIG), the Group will continue its commitment to promote compliance with laws and regulations and its ongoing evolution of an effective compliance program, including written standards, training, reporting, and monitoring procedures. The Group will be subject to reporting and monitoring requirements, including annual reports and compliance certifications from key management and the Board Nomination & Governance Committee submitted to HHS-OIG. In addition, the Group will be subject to monitoring by an Independent Review Organization, who will submit audit findings to HHS-OIG, and review by a Board Compliance Expert, who will prepare two compliance assessment reports in the first and third reporting periods of the Corporate Integrity Agreement.
- Under the terms of the Resolution Agreement with the Justice Department, the Group has agreed to compliance terms regarding its sales and marketing practices. Compliance with these terms is subject to annual Board and CEO certifications submitted to the U.S. Attorney's Office.

In November 2020, the Group made a payment of $103m (including interest) when the resolution was approved by a judge. Subsequently, six annual installments of $50 million will be due every January 15 from 2022 through 2027. The final installment of $200 million will be due in December 2027. The Group carries a liability totaling of $486 million (FY 2019: nil) pertaining to the DOJ resolution.

**DOJ related matters**

**Federal FCA qui tam suits**

- In August 2018, the United States unsealed three qui tam suits pending in the Western District of Virginia that made a variety of allegations under state and federal False Claims Act statutes regarding marketing and promotion practices related to SUBOXONE, and in some instances claiming unlawful retaliation. The suits also seek reasonable attorney's fees and costs. Many of the civil claims concern the same conduct at issue in the Superseding Indictment filed by the Justice Department. Indivior is aware of additional claims regarding similar allegations about marketing and promotion practices which were resolved along with the three Western District of Virginia qui tam suits in the federal civil settlement agreement with the Justice Department; and resolved in principle with the state Attorney Generals and are being formalized in civil settlement agreements with the fifty states. The Group is in discussions with certain relators aimed toward resolving the retaliation claims and claims for attorney's fees and costs.

**State and local matters**

- In October 2016, Indivior was served with a subpoena for records from the State of Connecticut Office of the Attorney General under its Connecticut civil false claims act authority. The subpoena requests documents related to the Group's marketing and promotion of SUBOXONE products and its interactions with a non-profit third-party organization. The Group has fully cooperated in this civil investigation.
- In November 2016, Indivior was served with a subpoena for records from the State of California Department of Insurance under its civil California insurance code authority. The subpoena requests documents related to SUBOXONE Film, SUBOXONE Tablet, and SUBUTEX Tablet. The State of California served additional deposition subpoenas on Indivior in 2017 and served a subpoena in 2018 requesting documents relating to the bioavailability/bioequivalency of SUBOXONE Film, manufacturing records for the product and its components, and the potential to develop dependency on SUBOXONE Film. The Group has fully cooperated in this civil investigation and is in discussions aimed toward resolving the matter. Certain of the qui tam suits filed in the Western District of Virginia and the District of New Jersey assert claims under the civil California insurance code. The Group is in discussions toward resolving these claims and claims for associated attorney's fees and costs.
- In June 2019, the Group learned that the State of Illinois Insurance Department is investigating potential violations of its civil Insurance Claims Fraud Prevention Act with respect to its sales and marketing activity. Certain of the qui tam suits filed in the Western District of Virginia and the District of New Jersey assert claims under this statute, including claims for associated attorney's fees and costs. The Group is in discussions aimed toward resolving this matter.
- In addition to the federal and state health program claims, claims have been asserted under the city false claims acts of Chicago and New York City regarding the promotion of SUBOXONE Film. The Group has resolved the matter with the City of Chicago.

**FTC investigation**

- Indivior Inc. and the FTC have resolved the FTC's pending investigation. In July 2020, the government simultaneously filed a complaint alleging a violation of 15 U.S.C. §45(a), and a joint motion seeking entry of a stipulated order. The US District Court for the Western District of Virginia entered this stipulated order in November 2020 and dismissed the case with prejudice. Pursuant to the stipulated order, the FTC received $10 million. Furthermore, as detailed in the text of the stipulated order, for a ten-year period Indivior Inc. is required to make specified disclosures to the FTC and is prohibited from certain conduct.

**False Claims Act allegations**

- In August 2018, the United States District Court for the Western District of Virginia unsealed a declined qui tam complaint alleging causes of action under the Federal and state False Claims Acts against certain entities within the Group predicated on best price issues and claims of retaliation (United States ex rel. Miller v. Reckitt Benckiser Group PLC et al., Case No. 1:15-cv-00017 (W.D. Va.)). The suit also seeks reasonable attorneys' fees and costs. We understand that all government plaintiffs have declined to intervene. The Group was served with the complaint in January 2021. We are in discussions regarding this matter with the plaintiff-relator.
- In May 2018, Indivior Inc. received an informal request from the Office of the United States Attorney for the Southern District of New York, seeking records relating to the SUBOXONE manufacturing process. We are in discussions with the government regarding the matter.

**Securities class action litigation**

- In April 2019, Michael Van Dorp filed a putative class action lawsuit in the United States District Court for the District of New Jersey on behalf of holders of publicly traded Indivior securities alleging violations of U.S. federal securities laws under the Securities Exchange Act of 1934. The complaint names Indivior PLC, Shaun Thaxter, Mark Crossley and Cary J. Claiborne as defendants. In February 2021, the parties reached a settlement agreement. A Motion for Entry of Order Preliminarily Approving Settlement is pending with the court.

## Intellectual property related matters

### ANDA litigation

- Litigation against DRL is currently pending in the District of New Jersey regarding U.S. Patent No. 9,687,454 and 9,931,305 ("the '454 and '305 Patents"). DRL received final FDA approval for all four strengths of its generic buprenorphine/naloxone film product in June 2018, and immediately launched its generic buprenorphine/naloxone film product "at-risk." In July 2018, the District Court issued a ruling granting Indivior a Preliminary Injunction (PI) pending the outcome of a trial on the merits of the '305 Patent. Indivior was required to post a surety bond for $72 million in connection with the PI. In November 2018, the CAFC issued a decision vacating the PI against DRL. DRL launched its product at-risk in February 2019. In June 2019, DRL filed a motion for leave to file their first amended Answer, Affirmative Defenses, and Counterclaims to add various antitrust counterclaims resulting from the injunction that was issued against DRL. The motion was granted in November 2019. In January 2020, Indivior and DRL entered into a joint stipulation that DRL did not infringe the '305 Patent based on the District Court's claim construction ruling, but that Indivior retained its right to appeal the issue of infringement of the '305 Patent. Indivior maintains its infringement claims on the '454 Patent and DRL maintains its counterclaims. No trial date has been set for either the patent claims or the antitrust counterclaims.
- In November 2018, DRL filed two separate petitions for inter partes review ("IPR") of the '454 Patent with the USPTO. The USPTO denied institution of one of the IPR petitions but granted institution for the second IPR petition. The Patent Trial and Appeal Board (USPTO) issued a decision in June 2020, holding that claims 1-5, 7, and 9-14 were unpatentable, but that DRL had not shown that claim 8 is unpatentable. Claim 6 was not challenged and therefore was not addressed in the PTAB decision. Indivior appealed to the Court of Appeals for the Federal Circuit in July 2020. No court date has been set yet.
- Litigation against Alvogen is pending in the United States District Court for the District of New Jersey regarding the '454 and '305 Patents. On January 22, 2019, Indivior filed a motion for a temporary restraining order ("TRO") and preliminary injunction in the District of New Jersey, requesting that the Court restrain the launch of Alvogen's generic buprenorphine/naloxone film product until a trial on the merits of the '305 Patent. Alvogen received approval for its generic product on January 24, 2019. The same day, the District of New Jersey granted a TRO until February 7, 2019. On January 31, 2019, Indivior and Alvogen entered into an agreement whereby Alvogen was enjoined from the use, offer to sell, or sale within the United States, or importation into the United States, of its generic buprenorphine and naloxone sublingual film product unless and until the CAFC issued a mandate vacating the PI against DRL. The mandate vacating the DRL PI was issued on February 19, 2019, and Alvogen launched its generic product. Any sales in the US are on an "at-risk" basis, subject to the ongoing litigation against Alvogen in the District of New Jersey. In August 2019, Alvogen filed a motion for leave to file an amended Answer to Complaint and Separate Defenses and Counterclaims to add various antitrust counter claims. The motion was granted in November 2019. In January 2020 Indivior and Alvogen entered into a joint stipulation that Alvogen did not infringe the '305 Patent based on the District Court's claim construction ruling, but that Indivior retained its right to appeal the issue of infringement of the '305 Patent. In October 2020, Alvogen filed a motion for leave to file a second amended Answer to Complaint and Separate Defences and Counterclaims to add additional antitrust counterclaims. The motion was approved at the end of the month. Indivior maintains its infringement claims on the '454 Patent, and Alvogen maintains its counterclaims. No trial date has been set for either the patent claims or the antitrust counterclaims.

### Teva opposition to SUBLOCADE European patent

- In October 2018, Teva Pharmaceutical Industries Ltd. ("Teva") filed a Notice of Opposition with the European Patent Office seeking to revoke European Patent No. EP 2579874 ("EP 874"), which relates to the formulation for SUBLOCADE. Oral proceedings are scheduled to take place on September 27, 2021.

## Antitrust litigation and consumer protection

### Antitrust class and state claims

- Civil antitrust claims have been filed by (a) a class of direct purchasers, (b) a class of end payor plaintiffs, and (c) a group of states, now numbering 41, and the District of Columbia. Each set of plaintiffs filed generally similar claims alleging, among other things, that Indivior violated U.S. federal and/or state antitrust and consumer protection laws in attempting to delay generic entry of alternatives to SUBOXONE Tablets. Plaintiffs further allege that Indivior unlawfully acted to lower the market share of these products. These antitrust cases are pending in federal court in the Eastern District of Pennsylvania. The court has not set a trial date.

- In 2013, Reckitt Benckiser Pharmaceuticals, Inc. (now known as Indivior Inc.) received notice that it and other companies were defendants in a lawsuit initiated by writ in the Philadelphia County (Pennsylvania) Court of Common Pleas. See Carefirst of Maryland, Inc. et al. v. Reckitt Benckiser Inc., et al., Case. No. 2875, December Term 2013. The plaintiffs include approximately 79 entities, most of which appear to be insurance companies or other providers of health benefits plans. The Carefirst Plaintiffs have not served a complaint, but they have indicated that their claims are related to those asserted by the plaintiffs in re Suboxone, MDL No. 2445 (E.D. Pa.). The Carefirst case remains pending.

The Group has evaluated the antitrust class and state claims in light of the DOJ settlement under which a Group subsidiary plead guilty to one count of making a false statement relating to health care matters in one state in 2012. The Group continues to believe in its defenses and continues to vigorously defend itself. Select plaintiffs in these matters have previously made settlement demands (which were not accepted and most of which are not current offers), totaling approximately $290m, which was used for contingency planning only to model possible downside financial effects. The final aggregate cost of these matters, whether resolved by litigation or by settlement, may be materially different. If the Group were to entertain further settlement discussions, we make no representations as to what amounts, if any, it may agree to pay, nor regarding what amounts the plaintiffs will demand.

**Other antitrust and consumer protection claims**

- In July 2019, the Indiana Attorney General issued a Civil Investigative Demand investigating potential violations of Indiana's Civil Deceptive Consumer Sales Act with respect to sales and marketing activity by the Company. The Group is cooperating fully in this civil investigation.
- In 2020 Group was served with lawsuits from a number of insurance companies, some of whom are proceeding both on their own claims and through the assignment of claims from affiliated companies. Cases filed by (1) Humana Inc. and (2) Centene Corporation, Wellcare Healthcare Plans, Inc., New York Quality Healthcare Corp. (d/b/a Fidelis Care), and Health Net, LLC are pending in the Eastern District of Pennsylvania. Cases filed by (1) Blue Cross and Blue Shield of Massachusetts, Inc., Blue Cross and Blue Shield of Massachusetts HMO Blue, Inc., (2) Health Care Service Corp., (3) Blue Cross and Blue Shield of Florida, Inc., Health Options, Inc., (4) BCBSM, Inc. (d/b/a Blue Cross and Blue Shield of Minnesota) and HMO Minnesota (d/b/a Blue Plus), and (5) Molina Healthcare, Inc. are pending in the Circuit Court for the County of Roanoke, Virginia. The allegations in these cases include many allegations made in other litigations, including prior antitrust complaints, indictments, and qui tam complaints. These plaintiffs have asserted claims under federal and state RICO statutes, state antitrust statutes, state statutes prohibiting unfair and deceptive practices, state statutes prohibiting insurance fraud, and common law fraud, negligent misrepresentation, and unjust enrichment. Each of these cases is in its initial stages.

The Group has begun its preliminary evaluation of the claims, believes in its defenses, and intends to vigorously defend itself. Currently, engagement with the claimants has been minimal and the Group's evaluation of the various claims is in preliminary stages. Accordingly, no estimate of the range of potential loss can be made at this time.

**Civil opioid litigation**

- As of February 16, 2021, Indivior has been named as a defendant in fewer than 400 civil lawsuits brought by state and local governments, public health agencies, and individuals against manufacturers, distributors and retailers of opioids alleging that they engaged in a longstanding practice to market opioids as safe and effective for the treatment of long-term chronic pain in order to increase the market for opioids and their own market share. The vast majority of these cases have been consolidated and are pending in a federal multi-district litigation (MDL) in U.S. District Court for the Northern District of Ohio. At the present time, litigation against Indivior in the MDL is stayed. There remain three (3) cases against Indivior pending in state courts located in Arizona, Pennsylvania and Virginia which are similarly stayed at the current time.

Given the status and preliminary stage of litigation in both the MDL and state courts, no estimate of a possible loss in the opioid litigation can be made at this time.

# INDIVIOR'S APPROACH TO RISK

Our Board of Directors oversees Indivior's risk management, determines the Group's risk appetite, carries out a robust assessment of the Group's principal and emerging risks and provides governance of Indivior's principal risks

Our Executive Committee monitors the effectiveness of risk management activities and reviews Indivior's principal risks

Our Risk Management Team coordinates the Enterprise Risk Management (ERM) process

**Board of Directors**

**Executive Committee**

**Risk Management Team**

**Risk Mitigation**

**Integrity & Compliance Department**

**Business Unit and Corporate Functional Leadership**

**Internal Audit Team**

Our Integrity & Compliance Department develops and implements an effective compliance management program

Our Business Unit and Corporate Functional Leadership executes day-to-day risk management activities and manages risk mitigation actions within their respective functions or areas

Our Internal Audit Team provides independent assurance of the effectiveness of governance, risk management and controls

# PRINCIPAL RISKS AND RISK MANAGEMENT

Effective management of existing and emerging risks is critical to the success of our Group and the achievement of our strategic objectives. Risk must be accepted to a reasonable degree for our Group to execute on our strategic objectives and pursue our business opportunities in alignment with our mission. Risk management is therefore an integral component of our culture and governance.

The Board of Directors (Board) has carried out a robust assessment to ensure that the principal risks, including those that would threaten the Group's business model, future performance, solvency or liquidity, are effectively managed and/or mitigated to help ensure the Group remains viable. While the Group aims to identify and manage such risks, no risk management strategy can provide absolute assurance against loss.

The tables on pages 39 to 45 provide insight into the Group's principal risks, outlining why effective management of these risks is important, how we manage them, how the risks relate to the Group's strategic priorities, and which risks are increasing, decreasing or have remained static during the past twelve months. Additional risks, not listed here, that the Group cannot presently predict or does not believe to be equally significant, may also materially and adversely affect the Group's business, results of operations and financial condition. The principal risks and uncertainties are not listed in order of significance.

**Managing risks**

Our Enterprise Risk Management (ERM) process is designed to identify, assess, manage, report and monitor risks and opportunities that may impact the achievement of the Group's strategy and objectives. This includes adjusting the risk profile in line with the Group's risk tolerances to respond to new threats and opportunities. An effective ERM process is fundamental to our ability to meet and align to our operational and strategic objectives. The competitive market in which we operate has industry-specific risks, particularly those relating to new product development and commercialization, intellectual property enforcement and legal proceedings, and compliance with laws and regulations. This requires that existing and emerging business risks are effectively assessed, appropriately measured, regularly monitored, and addressed through mitigation plans. Our ERM process fosters and embeds a Group-wide culture of risk management that is responsive, forward-looking, consistent, and accountable.

**Governance and responsibilities**

The Board has overall responsibility for the Group's risk management. The Audit Committee assists the Board in overseeing the Group's risk management activities, including reviewing the Group's principal risks and emerging risks with a focus on key risk areas. In addition, the Board's Committees regularly review risks relevant to their area of focus; this includes, but is not limited to, risks relating to legal, financial, commercial, regulatory, and compliance matters.

The Executive Committee is required by the Board to oversee and monitor the effectiveness of the Group's risk management activities. Quarterly, the Executive Committee reviews enterprise risks as part of its regular quarterly business reviews, and assesses any changes impacting the Group, including emerging risks and impacts to Indivior's principal risks, as well as the underlying mitigating plans.

Business Unit and Functional Leadership executes day-to-day risk management activities, including risk identification, and manages risk mitigation actions within their respective areas in alignment with the ERM framework.

The Risk Management Team facilitates the ERM program, including the implementation of processes and tools to identify, assess, measure, monitor and report risks.

Any one or a combination of the risks listed below could impact the Group's viability (refer to our Viability Statement on page 46).

The emergence of the Coronavirus (COVID-19) pandemic and related government measures to address the pandemic have resulted in business pressures and disruptions across industries worldwide, and corresponding risks to the Group's business and operations. The COVID-19 pandemic has specifically heightened risks for four of our principal risks: business operations (refer to page 39); product pipeline, regulatory, and safety (refer to page 40); commercialization (refer to page 41); and supply (refer to page 42). Excluding the impact of the COVID-19 pandemic, risks for these four principal risks would have remained mostly unchanged compared to the prior year.

## 1. Business operations

The Group's operations rely on complex processes and systems, strategic partnerships, as well as specially qualified and high performing personnel to develop, manufacture and sell our products. Failure to continuously maintain operational and compliance processes and systems as well as to retain and/or recruit qualified personnel could adversely impact product availability and patient health, and ultimately the Group's performance and financials. Additionally, an ever evolving regulatory, political, and technological landscape requires that we have the right priorities, capabilities, and structures in place to successfully execute on our business strategy and adapt to this changing environment.

COVID-19 pandemic - The persistence of the COVID-19 pandemic and the ongoing government measures to address the pandemic continue to create a very challenging business environment for companies across industries worldwide and therefore related risks to the Group's business and operations. In response to COVID-19, the Group has established an agile cross-functional response structure; and implemented a number of mitigation and contingency actions to help maintain the functioning of operations across the organization, supply of all products to our patients, and help ensure the welfare of our employees. The Group continuously monitors the potential impact on the health and well being of our employees as well as the workforce of our key third parties, which ultimately may impact our operations. Furthermore, given the remote working environment, the Group continues to closely monitor cybersecurity threats and the overall operating effectiveness of the monitoring and control activities. Given the evolving and dynamic nature of the COVID-19 pandemic, and uncertainty surrounding the duration of measures designed to mitigate its spread, including the vaccination of the population or attainment of herd immunity, the impact on the Group's operations and financial position is highly uncertain and cannot be predicted with confidence. COVID-19 related developments are under constant review to ensure our mitigation and contingency actions are appropriate, proportionate, and as effective as possible. However, despite the measures the Group has taken, if the pandemic adversely affects Indivior's operations and/or performance, it will have a heightened effect on many of the risks impacting the Group, including its business operations (refer to the other principal risks: product pipeline and regulatory on page 40, commercialization on page 41, and supply on page 42)

The manufacturing of our SUBOXONE and SUBUTEX tablets for all of our European markets is performed by a third-party contract manufacturer located in the UK. The Group has been proactive in taking appropriate actions since the Brexit referendum, including changes to logistics, shipping, and quality testing and release processes, as well as transfer of regulatory licenses and additional inventory builds. While the UK and the European Union (EU) signed the Trade and Cooperation Agreement on December 24, 2020; certain operational risks remain which may impact various areas of the Group, including Operations, Regulatory, Supply Chain, and Quality. The Group is closely monitoring it.

**Change from 2019**

Increased complexity and operational challenges due to the COVID-19 pandemic, significant network of third-party partners, impact on our operations of the Trade & Cooperation Agreement between UK and EU

**Examples of risks**

- Failure or significant performance issues experienced with our key processes, Information Technology (IT) systems, and/or at our critical third-party partners including due to the COVID-19 pandemic
- Loss of intellectual property, confidential data, and personally identifiable information or significant impact on operations from cybersecurity breaches
- Failure to retain and recruit qualified workforce and key talent
- Disruptions in our operations due to Brexit

**Management actions**

- An agile cross-functional response structure led by Executive Management is in place
- Business operating standards, monitoring processes, and contingency plans are in place
- IT policies, processes, systems, and disaster recovery plans supporting overall business continuity are in place
- Strategy, processes, and tools to secure systems and protect data are deployed
- Talent management programs are in place, including talent review and retention programs with focus on identifying key roles and successors
- Operational and regulatory process changes were implemented, and a Brexit steering committee regularly monitors the impact of Brexit on our operations and facilitates appropriate business planning

**Link to strategic priorities**

Grow SUBLOCADE to $1bn+ net revenue, diversify revenue, build our pipeline for future growth, and optimize our operating model

## 2. Product pipeline, regulatory and safety

The development and approval of the Group's products is an inherently risky and lengthy process requiring significant financial, research and development resources, and strategic partnerships. Complex regulations with strict and high safety standards govern the development, manufacturing, and distribution of our products. In addition, strong competition exists for strategic collaboration, licensing arrangements, and acquisition targets. Patient safety depends on our ability to perform robust safety assessment and interpretation to ensure that appropriate decisions are made regarding the benefit/risk profiles of our products. Deviations from these quality and safety practices could impact patient safety and market access, which can have a material effect on the Group's performance and prospects.

COVID-19 pandemic – The COVID-19 pandemic has negatively impacted our R&D operations, specifically trial patient enrollments and limited chemistry, manufacturing & controls (CMC) operations, and therefore caused certain delays in conducting clinical and/or CMC studies internally and/or at our third-party partners.

**Change from 2019**

Increased challenges in conducting clinical trials and/or CMC activities due to COVID-19 pandemic

**Examples of risks**

- Failure to advance the development and/or obtain regulatory approval of pipeline products, as well as failure to execute on business development opportunities
- Potential liability and/or additional expenses associated with ongoing regulatory obligations and oversight
- Unexpected changes to the benefit/risk profiles of our products

**Management actions**

- Product development, business development and international growth strategies are in place
- Due diligence, market valuation, and economic and financial modeling are in place
- Ongoing Quality and Safety monitoring and auditing programs are in place
- Strategies to defend against and pursue appropriate resolution of product liability claims are in place
- Rigorous pharmacovigilance processes for ongoing evaluation of data collected from multiple sources related to patient safety are in place, including Risk Evaluation & Mitigation Strategy ("REMS") programs in the US and Risk Management Plans (RMP) outside the US

**Link to strategic priorities**

Grow SUBLOCADE to $1bn+ net revenue, diversify revenue, and build our pipeline for future growth

## 3. Commercialization

Successful commercialization of our products is a critical factor for the Group's sustained growth and robust financial position. Launch of a new product involves substantial investment in marketing, market access and sales activities, product stocks, and other investments. Certain factors, if different than anticipated, can significantly impact the Group's performance and position. These factors include: HCP/Patient adoption and adherence; generic and brand competition; pricing pressures; private and government reimbursement schemes and systems; negotiations with payors; erosion and/or infringement of intellectual property (IP) rights; and political and socioeconomic factors.

COVID-19 pandemic - The pandemic has resulted in overall fewer patient visits to healthcare provider offices for non-COVID-19 reasons or essential treatments, as patients become unable or unwilling to make visits due to overburdened healthcare systems or elect to have remote consultations (telehealth) with their providers. As a result, in Q2 2020, the Group observed a rapid decline in new US patient enrollments followed by a modest improvement in Q3 compared to Q2, and continued growth in Q4 compared to Q3. The pandemic has also resulted in safety concerns, quarantines, or other travel restrictions for patients. Furthermore, even though the Group has developed remote (digital) meeting capability with healthcare providers, the Group's commercial organization is still only able to engage in-person with a limited number of healthcare professionals (HCPs) and Organized Health Systems (OHS). Although COVID-19 has not significantly impacted the Group's overall operating results and financial position to date, a potential enduring and/or significant decline in patient enrollments and on the patient journey, and the inability to effectively engage with HCPs and OHS would have a negative impact on the Group's financial results in future periods.

Governments across the world are considering and taking actions to lower drug prices. In the US, there is bi-partisan support for drug pricing reforms at both federal and state levels, which include potential legislative and regulatory actions to encourage the import of drugs, to price drugs according to a defined international pricing reference, to encourage more competition, and to undertake other initiatives. These, together with federal and state government fiscal constraints resulting from the COVID-19 pandemic, which constrain public benefit health programs, pose direct and indirect downward pressure risk on drug prices. The Group continues to monitor potential legislative and regulatory changes and their impacts, advocating for the Group's products based on scientific studies and patient-centered outcomes. However, certain potential legislative and regulatory drug pricing changes could have an adverse impact on the Group's financial performance and results in the future.

**Change from 2019**

Increased commercial challenges due to COVID-19 pandemic for SUBLOCADE and some government pricing pressure. (Refer to Chief Executive Officer's review on pages 5 to 11 or the Financial Review section on pages 29 to 32.

**Examples of risks**

- Lower HCP adoption and patient enrollments of SUBLOCADE, including the decrease linked to limited/restricted patient visits and HCP interactions due to the COVID-19 pandemic
- Unexpected changes to government and/or commercial reimbursement levels and government pricing pressures
- Launch of competing branded and/or generic products
- Competition and challenges in the product/geographic expansion outside the U.S.

**Management actions**

- Enhanced investments in OHS access, interactions with HCPs, including remote (digital) meeting capability, as well as facilitation of patients' access and reimbursement working with key stakeholders
- Emphasizing value of products and health economics tailored to commercial and government payors through market access activities
- Patient platforms supporting provider location, reimbursement support, and co-pay assistance for eligible patients are in place
- Ongoing training and development for field-based employees are in place
- Monitoring of government and commercial pricing and reimbursement related trends/measures and development of mitigation strategies
- International growth, pipeline development, marketing, and business development strategies are in place

**Link to strategic priorities**

Grow SUBLOCADE to $1bn+ net revenue, and diversify revenue

## 4. Economic and financial

The pharmaceutical business includes inherent risks and uncertainties, requiring the Group to make significant financial investments to develop and support the success of our product portfolio. Generating cash flow from our approved products, together with external financing, sustains our financial position, allows development of new products, and funds business growth. Realizing value on those investments is dependent upon regulatory approvals, market acceptance (including pricing reimbursement levels), strategic partnerships, competition, and legal developments. Unfavorable outcome from resolutions of legal proceedings, impacts from the COVID-19 pandemic, and/or changes in government pricing regulations could negatively impact our operating results and financial position. Together with potential pressure on our level of net working capital, our ability to comply with our debt covenants could be negatively impacted. As a global business, we are also subject to political, economic, and capital markets changes.

**Change from 2019**

No change

**Examples of risks**
- Inability to raise capital, or execute on business development and alliance opportunities
- Failure to meet financial obligations and performance

**Management actions**
- Realignment of cost and finance structures, and active expense management are in place
- Ongoing monitoring of financial performance and compliance with financial covenants
- Strategies supporting expansion opportunities and diversification are in place
- Regular appraisals of debt and capital market conditions with advisors and counterparties are in place

**Link to strategic priorities**
Grow SUBLOCADE to $1bn+ net revenue, diversify revenue, build our pipeline for future growth, and optimize our operating model

## 5. Supply

The manufacturing and supply of our products are highly complex and rely on a combination of internal manufacturing capabilities and third parties for the timely supply of our finished drug and combination drug products. The Group uses third parties, including contract manufacturing organizations (CMOs), to manufacture, package and distribute our products. The manufacturing of oral solid dose, film products and aseptically filled injectables is subject to stringent global regulatory, quality and safety standards, including Good Manufacturing Practice (GMP). Delays or interruptions in our supply chain and/or product quality failures could significantly disrupt patient access, adversely impact the Group's financial performance and lead to product recalls and/or potential regulatory actions against the Group along with potential reputational damages.

COVID-19 pandemic - The pandemic could adversely impact our broad supply chain (i.e., "supply to patient delivery" process) if we experience a significant absence of our employees and/or employees at our CMOs and vendors due to infection and/or government containment measures. Through on-going management and risk mitigation, internally and with CMOs, the Group has not experienced any significant COVID-19 related disruptions to its supply to patient delivery process through this date.

**Change from 2019**

Increased challenges throughout the "supply to patient" process due to the COVID-19 pandemic, including potential related operational disruptions at our CMOs.

**Examples of risks**
- Reliance on critical CMOs and supply chain partners
- Inability to supply compliant finished products in a continuous and timely manner due from operational disruptions due to the COVID-19 pandemic

**Management actions**
- Business continuity, disaster recovery, emergency response plans, and enhanced communication protocols across the supply chain network are in place
- Contingency plans and management of safety stocks are in place
- Comprehensive product quality and control processes and manufacturing performance monitoring across the supply chain network are in place
- Ongoing monitoring of stock levels and business contingency planning

**Link to strategic priorities**
Grow SUBLOCADE to $1bn+ net revenue, and diversify revenue

## 6. Legal and intellectual property

Our pharmaceutical operations, which include controlled substances, are subject to a wide range of laws and regulations. Perceived or actual noncompliance with these applicable laws and regulations by a pharmaceutical company can result in investigations or proceedings leading to civil or criminal sanctions, fines and/or damages, as well as reputational damages.

Intellectual Property (IP) rights protecting our products may be challenged by external parties, including generic manufacturers. Although we have developed robust patent protection for our products, we are exposed to the risk that courts may decide that our IP rights are invalid and/or that third parties do not infringe our asserted IP rights.

In connection with the agreements to resolve criminal charges and civil complaints related to SUBOXONE Film (see Legal proceedings section on page 33), the Group has specific requirements that are in addition to the Group's preexisting obligations to comply with applicable laws and regulations associated with its US pharmaceutical operations. The Group is subject to penalties if it fails to fulfill the requirements within the agreements.

The Group is also a party to several civil lawsuits, including ongoing litigation in the Federal FCA qui tam suits, and civil antitrust and state claims filed by various plaintiffs. Many of the civil claims concern the same conduct at issue in the Superseding Indictment filed by the DOJ.

The Group is also a defendant in fewer than 400 civil lawsuits brought by various plaintiffs as part of the opioid class action litigation. These cases are at an early stage and are currently stayed.

Unfavorable outcomes from resolutions of these legal proceedings, could have a material adverse impact on the Group's business, financial condition and/or operating results.

**Change from 2019**

Decreased given the agreements reached with DOJ, OIG and FTC resolved the risk of exclusion or other potential federal civil and criminal penalties associated with the matters alleged in the superseding indictment, and being able to continue to participate in US federal healthcare programs. However, material business impact from remaining legal proceedings exist (refer to Legal proceedings section on pages 33 to 36 and Chair and Chief Executive Officer statements on pages 5 and 11 respectively).

**Examples of risks**

- Legal proceedings related to antitrust, state, shareholders, product liability claims, government enforcement and/or private litigation associated with the manufacturing, marketing, and distribution of our products
- Inability to obtain, maintain, and protect patents and other proprietary rights

**Management actions**

- Quality, patient safety, monitoring and compliance are embedded in the Group's processes and culture
- Cooperation with the Government authorities in connection with ongoing litigations, utilizing internal and external counsel
- Insurance coverage and monitoring activities are in place
- Ongoing active review, management and enforcement of our product patents, marketing exclusivity and other IP rights are in place
- Geographic expansion and product diversification strategies are in place

**Link to strategic priorities**

Grow SUBLOCADE to $1bn+ net revenue, diversify revenue, and build our pipeline for future growth

## 7. Compliance

Our Group operates on a global basis and the pharmaceutical industry is both highly competitive and regulated. Complying with all applicable laws and regulations, including engaging in activities that are consistent with legal and industry standards, and our Group's Code of Conduct are core to the Group's mission, culture, and practices. Failure to comply with applicable laws and regulations may subject the Group to civil, criminal and administrative liability, including the imposition of substantial monetary penalties, fines, damages and restructuring the Group's operations through the imposition of compliance or integrity obligations and have a potential adverse impact on the Group's prospects, reputation, results of operations and financial condition.

As part of the Group's resolution of federal criminal and civil charges related to its legacy products (see Legal proceedings section on page 33), the Group has also entered into a Corporate Integrity Agreement (CIA) with HHS-OIG. The five-year CIA requires, among other things, that the Group implement measures designed to ensure compliance with the statutes, regulations, and written directives of U.S. Medicare, U.S. Medicaid, and all other U.S. Federal health care programs, as well as with the statutes, regulations, and written directives of the U.S. Food and Drug Administration. Furthermore, the Group is subject to additional periodic reporting and monitoring requirements related to the Agreements. In addition, the CIA requires reviews by an independent review organization, compliance-related certifications from the Group's executives and certain Board members, and the implementation of a risk assessment and mitigation process. The CIA sets forth specified monetary penalties that may be imposed on a per day basis for failure to comply with the obligations specified in the CIA. The CIA also includes specific procedures under which the Group must notify HHS-OIG if it fails to meet the requirements under the CIA. In the event that HHS-OIG determines the Group to be in material breach of certain requirements of the CIA (including: repeated violations or any flagrant obligations under the CIA, a failure by the Group to report a reportable event and/or take corrective action, a failure to engage and use an independent review organization, a failure to respond to certain requests from HHS-OIG), the Group may be subject to exclusion from participation in the U.S. Federal health care programs, which would have a severe impact on the Group's ability to comply with the financial covenants in the Group's debt facility, maintain sufficient liquidity to fund its operations, pay off its debt in 2022, generate future revenue and ultimately impact the Group's viability.

The Resolution Agreement with the United States Attorney's Office for the Western District of Virginia and Consumer Protection Branch contains certain requirements, such as reporting obligations and that the Group's CEO (a) certify on an annual basis that, to the best of the CEO's knowledge, after a reasonable inquiry, the Group was in compliance with the Federal Food, Drug and Cosmetic Act and has not committed health care fraud, or (b) provide a list of all non-compliant activities and steps taken to remedy the activity. The FTC Stipulated Order contains specific notice and reporting requirements over a ten-year period related to certain activities (e.g., product switching conduct, filing of a Citizen Petition). The Group is subject to contempt prosecution if it fails to comply with any terms of the resolution agreement.

**Change from 2019**

In connection with the agreements to resolve criminal and civil complaints related to SUBOXONE Film, the group is subject to heightened compliance requirements and commitments (refer to Legal proceedings section on page 33). However, to prepare and support the implementation of these agreements, the Group has retained experienced personnel. Further, as ongoing evolution of the Group's compliance journey and in anticipation of these agreements, a robust strategic plan, advanced preparedness efforts, and external and internal resources have been deployed to develop and operationalize an effective compliance program, including: enhanced written standards; training, best practice standards for concerns "speak up" reporting and internal investigations; cross-functional oversight with certification; and monitoring activities.

## 7. Compliance continued

**Examples of risks**

- Failure to meet the requirements of the government agreements (i.e., CIA, DOJ, and FTC)
- Non-compliance with our Code of Conduct, anti-corruption, healthcare, data privacy, or local laws and regulations
- Inability to adequately respond to changes in laws and regulations, including data privacy
- Failure to comply with payment and reporting obligations under the U.S. and foreign government programs

**Management actions**

- Oversight, monitoring and reporting of compliance requirements with government agreements have been implemented, including a management certification, and defined sub-certification process
- Ongoing evolution of our compliance program and development of compliance capabilities, guided by defined strategic plan and learnings from program operations, are in place
- Compliance policies and processes, including Code of Conduct and risk assessment, and related mandatory employee training programs are in place
- Confidential independent reporting process for employees to report concerns is in place
- Oversight and monitoring of controls and procedures in emerging markets are in place
- Data governance and management framework are in place
- Continuous review and assessment of developments in the law, applicable industry standards, and business practices are in place
- Ongoing monitoring of controls over government pricing and reporting is in place

**Change from 2019**

**Link to strategic priorities**

Grow SUBLOCADE to $1bn+ net revenue, diversify revenue, and build our pipeline for future growth

**Viability Statement**

The Group's viability depends upon successful execution of our business strategy, with a focus on:

- ongoing HCP and patient adoption of SUBLOCADE and PERSERIS,
- optimization of the base business,
- management of our remaining legal risks,
- fulfilling our CIA in the US and other compliance requirements, and
- prudent management of our liquidity.

The Board has evaluated the Group's risk profile considering the challenges faced and risks mitigated in 2020. Although the pandemic created new challenges for the growth expansion of both SUBLOCADE and PERSERIS, resolution of the DOJ matter and the RB settlement, cost savings actions taken, and market share retention of SUBOXONE Film have helped to mitigate risk to the Group's viability.

The Group's future business prospects are evaluated throughout the year as part of the strategic planning process. This process is led by the Chief Executive Officer through the Executive Committee and involves all relevant functions such as R&D, manufacturing & supply chain, commercial, global medical affairs & safety, legal, integrity & compliance, human resources and finance. Development of the strategic plan includes a thorough examination of the principal risks and potential actions to manage and mitigate those risks.

The output of the strategic plan is a set of objectives, an analysis of key risks that could prevent the plan from being realized, and a financial forecast covering the following year. The Board reviews and approves the budget for the upcoming year as well as the strategic plan, which includes challenging key assumptions and risk mitigation plans included therein.

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group. In determining a time period to assess the viability of the Group, the Directors considered the Group's strategic plan, business cycle, impact of generic and branded competition and expected branded competition, ongoing legal proceedings and liquidity. Considering the commercial trajectory of our recently launched products, the term loan maturity in 2022 and the status of other litigation, the Directors believe a period to the end of 2024 to be appropriate. This assessment period provides a reasonable horizon for the financial impact of these developments to be reasonably considered.

The strategic plan reflects the Directors' best estimate of the Group's future business prospects, which has been adjusted downward for the expected impacts of the COVID-19 pandemic. Additionally, they have "stress tested" the plan under various scenarios. All such scenarios include a reversion to observed generic analogs for SUBOXONE film in the US after 2021 and limited uptake of PERSERIS. The stress testing then explores the resilience of the Group to the potential impact of significant risks set out on pages 37 to 45. This scenario represents 'severe but plausible' circumstances the Group could experience. The scenario tested includes:

- underperformance in the expected market acceptance of SUBLOCADE over the viability period (considering a 15% decline on forecasts), and
- unfavorable outcome of remaining legal proceedings at the high end of the range (refer to Legal proceedings section on page 33).

Having considered these risk factors along with other principal risks set out on pages 37 to 45, the Directors have assessed the Group's ability to comply with the financial covenants in the Group's debt facility, maintain sufficient liquidity to fund its operations, fulfill obligations under the Agreements and the Resolution Agreement, pay off the debt at maturity in 2022, and address the reasonably possible financial implications of legal proceeding risks.

Other risks identified in the principal risk table on pages 37 to 45 were also considered, but the above financial risks and operating considerations were considered the most immediate and significant that could prevent the Group from delivering on its strategy and remaining viable. A number of other aspects of the principal risks, including possible governmental changes to pharmaceutical pricing and reimbursement, could also threaten the Group's viability in its current form, because of their nature or potential impact, if they were to occur.

The results of this stress testing showed the Group would be able to withstand the impact of these scenarios over the period of the viability assessment. In doing so, the Group expects to use its cash reserves. Although further cuts to the Group's operating costs and planned strategic investments are not required in our scenario planning, the ultimate actions required will vary to ensure ongoing viability of the Group.

Other scenarios may occur that could impact the Group's viability during the assessment period beyond those modeled in stress testing. In the early portion of the viability period, the Directors' control over certain matters, such as legal proceeding response strategy, helps mitigate risk to the Group's viability. However, over the full viability period, the Directors' ability to influence the outcome of such matters is more limited.

Based on their assessment of the Group's business prospects and viability above, the Directors confirm their reasonable expectation that the Group will continue in operation and meet its liabilities as they come due over the four-year period ending December 31, 2024.

The strategic Report on pages 2 to 47 was approved by the Board on March 18, 2021.

By Order of the Board

**Kathryn Hudson**
Company Secretary

# CHAIR'S GOVERNANCE STATEMENT

**Graham Hetherington**
Chair

## DEAR SHAREHOLDER,

On behalf of the Board, I am pleased to present the Corporate Governance Report for the year ended December 31, 2020.

### Governance and culture

The Board is committed to high standards of corporate governance and compliance. The aim of this Corporate Governance Report is to set out the governance framework in place, which we believe is fundamental to driving the long-term success of the Company and value creation for all shareholders.

Our Vision, Guiding Principles and culture underpin everything we do. As Chair of the Board, my role is to lead the Board and to ensure that it operates effectively and in a way that supports and furthers our Vision. In 2020, we made good progress in further developing our governance framework, enhancing our regulatory and control environment and managing the Group's material litigation risk.

> **The Board is committed to high standards of corporate governance and compliance.**

### Resolution Agreement

In July 2020, the Group reached resolution with the United States Attorney's Office for the Western District of Virginia and the Department of Justice's Consumer Protection Branch. The Board was pleased to reach this resolution and to provide certainty in respect of this matter. Importantly, this agreement allows us to move forward and focus on Indivior's important work for patients suffering from opioid use disorder. As part of the Resolution Agreement, the Group has agreed to a financial fine and forfeiture of $600 million over seven years as well as entering into a Corporate Integrity Agreement, DOJ Compliance Measures and Federal Trade Commission Stipulated Order, which present ongoing reporting and annual requirements that span the next five to ten years. These compliance commitments are consistent with our Integrity & Compliance Program and the high level of legal and ethical standards that we seek to follow every day.

### COVID-19

Shortly after we published our 2019 Annual Report and Notice of Annual General Meeting in early March 2020, the UK went into its first lockdown. Our 2020 AGM was held as a closed meeting, and we encouraged our shareholders to vote by proxy and submit questions to the Board by email ahead of the meeting.

As we look to our 2021 AGM, the current UK Government roadmap states that social distancing measures are expected to remain in place in the UK until June 2021. We have therefore requested that shareholders do not attend the 2021 AGM in person. We encourage shareholders to vote by proxy and intend to provide a facility for shareholders to engage electronically with the Board at the AGM.

The Board quickly embraced digital technology and we moved to holding our Board and Committee meetings virtually. This technology enabled us to continue to meet effectively, but inevitably meant

> **With refreshed perspective, a commitment to value creation for all shareholders and clear priorities, we are building a Board to support the future development of Indivior.**

that our plans to engage with our workforce and to visit our offices in Richmond, VA and Slough, UK were curtailed or cancelled.

Management also utilized digital technology to interact with shareholders at the quarterly financial results, virtual investor conferences and individual meetings.

Dan Phelan, who is the designated Non-Executive Director for workforce engagement, met virtually with members of Indivior's Culture Champion Network.

Whilst we have fully embraced digital technologies throughout this challenging time, we look forward to returning to more normal engagement with our stakeholders when it is safe to do so.

Further information regarding engagement with the workforce and the impact of COVID-19 on Indivior's workforce can be found on pages 23 and 26 respectively.

**Board effectiveness**

As part of its annual cycle of business, the Board undertook an evaluation to consider the performance of the Board and its Committees. The review highlighted a number of areas of focus for the year ahead, as outlined on page 61. The Board and Committees will focus attention on these areas during the coming year.

**Changes to the Board**

There were a number of changes to the Board during the year. In June 2020, Howard Pien took a medical leave of absence, and subsequently stepped down from the Board in September. Daniel Tassé agreed to act as Interim Chair during this critical time and continued in that role until my appointment as Chair in November 2020.

In June 2020, Shaun Thaxter stepped down as Chief Executive Officer. Mark Crossley, who had previously held the position of Chief Financial & Operations Officer was appointed Chief Executive Officer. Ryan Preblick was appointed Interim Chief Financial Officer in June 2020 and subsequently appointed as Chief Financial Officer and Executive Director in November 2020.

Tatjana May stepped down from the Board in July 2020. Daniel Tassé has advised that, as a result of his increasing business commitments, he will step down from the Board at the conclusion of the Annual General Meeting in May 2021.

The Nomination & Governance Committee, which has responsibility for developing and overseeing the Board's succession plans, supported the Board in the appointments process in 2020. The Committee has also considered the composition of the Board and its Committees following the changes in 2020 and in the broader context of long-term succession planning.

To build upon the Board's existing skills, experience and diversity, a search process is underway to identify two new Non-Executive Directors (one of whom will have recent and relevant financial experience).

Further information regarding the appointments process is detailed in the Nomination & Governance Committee Report.

**Looking ahead**

This past year has been a challenging year for Indivior. The Group's Vision, Guiding Principles and strong culture have stood the test and helped to guide us through these challenging times.

With refreshed perspective, a commitment to value creation for all shareholders and clear priorities, we are building a Board to support the future development of Indivior.

**Graham Hetherington**
Chair of the Board

March 18, 2021

## GRAHAM HETHERINGTON
CHAIR

**Appointed to the Board**
November 2019

A R N

**Skills and experience**
- Graham was appointed a Non-Executive Director in November 2019 and Chair of the Board in November 2020. He brings substantial financial and industry experience having served as Chief Financial Officer of two FTSE 100 companies. Graham has a wide knowledge of international finance management and planning, including M&A and audit and risk management coupled with an in-depth understanding of the US market. This broad mix of skills and experience allows him to make an effective and valuable contribution to the Board.
- Fellow of the Chartered Institute of Management Accountants (CIMA)
- BTG plc: Non-Executive Director & Senior Independent Director (2016-2019)
- Shire plc: Chief Financial Officer (2008-2014)
- Bacardi: Chief Financial Officer (2007-2008)
- Allied Domecq plc: Chief Financial Officer (1999-2005)

**Other current appointments**
None

## MARK CROSSLEY
CHIEF EXECUTIVE OFFICER

**Appointed to the Board**
February 2017

C

**Skills and experience**
- Mark was appointed Chief Executive Officer in June 2020. He was appointed to the Board in February 2017 and served as Chief Financial Officer between 2017 and 2019 and as Chief Financial & Operations Officer between 2019 and 2020. Mark has a wealth of financial and pharmaceutical industry experience and knowledge. His extensive career experience across multiple disciplines covering strategy, finance, information technology and systems, treasury, supply and procurement allows him to bring a valuable perspective to the Board. This, complemented with an understanding of the risks and opportunities within the pharmaceutical industry, is highly valued by the Board.
- Indivior Chief Strategy Officer
- Reckitt Benckiser Pharmaceuticals Inc.: Global Finance Director
- Procter and Gamble: Associate Director Corporate Portfolio Finance
- Procter and Gamble: Associate Director Female Beauty Strategy and Business Planning

**Other current appointments**
None

## PETER BAINS
INDEPENDENT NON-EXECUTIVE DIRECTOR

**Appointed to the Board**
August 2019

A S

**Skills and experience**
- Peter has over 30 years of experience in the pharmaceutical and biotechnology industries including a 23-year career at GlaxoSmithKline where he held numerous senior operational and strategic roles. His background provides international experience and a deep commercial understanding of sustained delivery coupled with investment appraisal and contracting. The Board values his experience in understanding the risks and opportunities present in these industries.
- Sosei Group Corporation: Chief Executive Officer (2010-2018)
- Syngene International: Chief Executive Officer (2010-2016)

**Other current appointments**
- Mereo BioPharma Group PLC: Non-Executive Director
- Apterna Limited: Non-Executive Director
- MiNA Therapeutics Limited: Chief Business Officer (part-time role)

## RYAN PREBLICK
CHIEF FINANCIAL OFFICER

**Appointed to the Board**
November 2020

D C

**Skills and experience**
- Ryan was appointed Chief Financial Officer and Executive Director in November 2020, having served as Interim Chief Financial Officer since June 2020. He has a wealth of financial and pharmaceutical industry knowledge and experience, across multiple disciplines covering strategy, finance, information technology, commercial and supply, which allows him to bring a valuable perspective to the Board.
- Indivior SVP, Global Finance & Commercial Operations
- Indivior VP, US Finance
- Altria Corporation (formerly Philip Morris) Senior Manager Financial Planning & Analysis
- Honeywell International Corporate Finance

**Other current appointments**
None

## DANIEL TASSÉ
SENIOR INDEPENDENT DIRECTOR

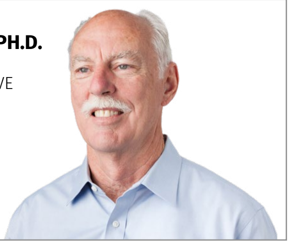
**Appointed to the Board**
November 2014

A R

**Skills and experience**
- Daniel has a strong track record of leading global organizations with over 35 years of pharmaceutical and financial industry experience. He is an effective Senior Independent Director with a balanced understanding of the concerns of major shareholders. His experience provides both the business and Board with the benefit of extensive leadership and outlook.
- Ikaria Holdings, Inc.: CEO and President (2008-2015), Chairman (2009-2015)
- GlaxoSmithKline: various senior management positions including President and Regional Director for Australasia (2001-2004)

**Other current appointments**
- DBV Technologies: CEO
- REGENXBIO Inc.: Director

## A. THOMAS MCLELLAN, PH.D.
INDEPENDENT NON-EXECUTIVE DIRECTOR



**Appointed to the Board**
November 2014

N S

**Skills and experience**
- Tom has extensive experience in the field of addiction, which spans more than 35 years as a career researcher in the treatment of and policy-making around substance use and abuse. This enables him to contribute valuable insight and perspective to his work on Indivior's Science & Policy Committee which can have a material impact on the operating context within a regulatory and political environment.
- Published over 450 articles and chapters on addiction research
- Treatment Research Institute (TRI): Co-founder, CEO and Chairman until September 2016
- White House Office of National Drug Control Policy: Deputy Director (2009-2011)

**Other current appointments**
- Recover Together, Inc.: Director
- Serves on several editorial boards of scientific journals

## LORNA PARKER
INDEPENDENT NON-EXECUTIVE DIRECTOR

**Appointed to the Board**
November 2014

R N

**Skills and experience**
- Lorna has over 25 years of executive search, management assessment and board consulting experience, and UK listed company experience, Lorna provides strong leadership on governance matters including succession planning. Her experience and insight in collating and understanding wide-ranging views contribute to making her an invaluable source of knowledge for the Board.
- Conducts board effectiveness reviews for FTSE 100 companies
- Future Academies: Director (2014-2017)
- BC Partners: Senior Advisor (2008-2016)
- Spencer Stuart: Partner (1989-2008); led the private equity practice across Europe and the legal search practice globally

**Other current appointments**
- CVC Capital Partners: Senior Advisor
- Royal Horticultural Society: Trustee
- National Opera Studio: Trustee

## DANIEL J. PHELAN
INDEPENDENT NON-EXECUTIVE DIRECTOR DESIGNATED NON-EXECUTIVE DIRECTOR FOR WORKFORCE ENGAGEMENT

**Appointed to the Board**
November 2014

R N

**Skills and experience**
- Dan possesses over 30 years of pharmaceutical and executive management experience, including extensive experience dealing with executive remuneration matters. Having overseen and led operational teams, Dan brings valuable perspectives regarding people, leadership and development coupled with a wide-ranging knowledge of inclusion and diversity, thereby bringing a cultural focus to the Board. He is conscious of the value of shareholder engagement. Dan is an active and knowledgeable Chair of the Remuneration Committee.
- Rutgers University Board of Trustees: Member (2013-2017)
- Computer Sciences Corporation: Advisory Board member (2013-2015)
- RiseSmart: Advisory Board member (2012-2016)
- GlaxoSmithKline: Advisor to three CEOs and various executive positions (1981-2012)

**Other current appointments**
- TE Connectivity Ltd: Board Director
- GLG Institute: Advisor

## KATHRYN HUDSON
COMPANY SECRETARY

**Appointed Company Secretary**
June 2015

D C

**Skills and experience**
- More than 20 years' experience as a Company Secretary
- Fellow of the Institute of Chartered Secretaries and Administrators, Chartered Governance Professional
- Kingfisher plc: Company Secretary (2012-2015)
- Senior Company Secretarial positions at Burberry Group plc and ICAP plc

**Other current appointments**
None

## COMMITTEE MEMBERSHIP KEY

- A Audit Committee
- R Remuneration Committee
- N Nomination & Governance Committee
- S Science & Policy Committee
- D Disclosure Committee
- C Integrity & Compliance Committee

**MARK CROSSLEY**
CHIEF EXECUTIVE OFFICER

See biography on page 50

**RYAN PREBLICK**
CHIEF FINANCIAL OFFICER

See biography on page 51

**CHRISTIAN HEIDBREDER**
CHIEF SCIENTIFIC OFFICER

**Skills and experience**
- 30 years' leadership in neurosciences
- 350+ publications
- Affiliate Professor, Dept. of Pharmacology & Toxicology of the VCU School of Medicine
- Member of the National Advisory Council on Drug Abuse
- Member of the Helping to End Addiction Long-term (HEAL) Multi-Disciplinary Working Group

**Key previous roles**
- Reckitt Benckiser Pharmaceuticals Inc.: Global R&D Director
- Altria: Health Sciences
- GlaxoSmithKline: R&D Centre of Excellence for Drug Discovery in Psychiatry
- SmithKline Beecham: R&D Neuroscience
- Swiss Federal Institute of Technology (ETH): Biology
- National Institute on Drug Abuse: Intramural Research Program
- University of Louvain: Psychopharmacology

**CINDY CETANI**
CHIEF INTEGRITY AND COMPLIANCE OFFICER

**Skills and experience**
- 30+ years
- Certification: Licensed Professional of Ethics and Compliance

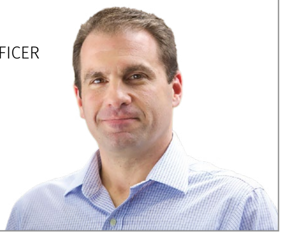
**Key previous roles**
- Novartis Pharmaceuticals Corp: Chief Compliance Officer and U.S. Country Compliance Head
- Novartis International AG: Head of Compliance Operations, Group Integrity & Compliance
- Pharmacia Corp: Director of Operations, Managed Markets
- Prudential Healthcare: Manager, Advertising Compliance
- US Life: Asst Vice President, Commissions and Compensation

**HILLEL WEST**
CHIEF SUPPLY OFFICER

**Skills and experience**
- 25+ years

**Key previous roles**
- Teva Pharmaceuticals: VP, Integration & Separation Management
- Teva Pharmaceuticals: Exec. Director, Head of Specialty Medicines Supply Chain
- Teva Pharmaceuticals: Exec. Director, Global Supply Chain and Operations Strategy
- PwC Consulting Europe: Head of Supply Chain Strategy, Emerging Markets
- PwC Consulting US: Senior Director, Supply Chain Transformation

**JON FOGLE**
CHIEF HUMAN RESOURCES OFFICER



**Skills and experience**
- 25+ years
- Senior certified professional in human resources

**Key previous roles**
- Reckitt Benckiser Pharmaceuticals Inc.: Global Human Resources Director
- Reckitt Benckiser Pharmaceuticals Inc.: Human Resources Director for the US
- Capmark Finance (formerly GMAC Commercial Mortgage): Senior Vice President of Human Resources, North America

**MURALI GOPAL**
CHIEF MEDICAL OFFICER

**Professional experience and qualifications**

C D

- 20 years' experience in Pharmaceutical Industry
- 10 years' clinical experience in Psychiatry

**Key previous roles**

- Mallinckrodt LLC: Vice President and Head of Global Medical Department
- AbbVie Inc.: Vice President in Medical Affairs
- AbbVie Inc.: Vice President in Global Health Economics and Outcomes Research
- DWA Healthcare: Chief Medical Officer
- Eli Lilly and Co: Medical Advisor
- University of Pittsburgh: Medical Director Inpatient Services
- Faculty Member: Western Psychiatric Institute and Clinic – UPMC
- American Psychiatric Association – Assembly Member
- American Psychiatric Association – Multiple Board Memberships
- Ross University School of Medicine: Medicine Doctorate

**KATHRYN HUDSON**
COMPANY SECRETARY

See biography on page 51

C D

**RICHARD SIMKIN**
CHIEF COMMERCIAL AND STRATEGY OFFICER

**Skills and experience**

C D

20+ years

**Key previous roles**

- Reckitt Benckiser Pharmaceuticals Inc.: President, North America
- Reckitt Benckiser: General Manager Portugal
- Reckitt Benckiser: Marketing Director UK Healthcare
- Reckitt Benckiser: Two Global Category roles and a number of General Management positions

**COMMITTEE MEMBERSHIP KEY**

D Disclosure Committee

C Integrity & Compliance Committee

Jon Wasserman is currently the Interim Chief Legal Officer

# CORPORATE GOVERNANCE

**Roles and responsibilities of the Board**

The Board has a schedule of matters that are reserved to it for approval. The key areas reserved to the Board include:

- the Group's strategic aims and objectives and review of performance against those aims and objectives;
- the Group's annual budget and corporate plans;
- the Group's annual, half-yearly and quarterly financial reports;
- the Annual Report and Accounts and the reports included therein;
- dividend policy;
- all Board appointments or removals, remuneration arrangements and termination payments;
- membership and chairship of the Board and its Committees;
- succession planning for the Board and senior management;
- major capital projects, acquisitions or divestments;
- any increase in, or significant variation in, the terms of the borrowing facilities of the Group;
- capital expenditure projects outside the scope of the approved annual budgets and plans;
- treasury and risk management policies;
- routinely reviewing the Group's confidential reporting hotline facility (Ethicsline) and ensuring that arrangements are in place for investigations and follow up action;
- establishing an effective method for gathering the views of the Group's workforce and keeping this mechanism under review; and
- considering the interests of the Group's shareholders and other key stakeholders in its discussions and decision-making.

The Board has delegated responsibility for the day-to-day management of the business to the Chief Executive Officer.

**Board and Committee attendance**

Directors are expected to attend all Board meetings, save in exceptional circumstances. To maximize attendance, scheduled meetings are arranged well in advance to help Directors avoid clashes with other commitments. If a Director is unable to attend a meeting, they are provided with the briefing materials before the meeting and can discuss any agenda item with the Chair of the Board, Chief Executive Officer or relevant Committee Chair. Board and Committee meetings are normally held in the UK and US. The Board was able to meet once in person at the beginning of 2020, but following the introduction of lockdown restrictions, all Board and Committee meetings were held virtually.

| | DATE APPOINTED TO THE BOARD | DATE STEPPED DOWN FROM THE BOARD | SCHEDULED MEETINGS ATTENDED IN 2020 | AD HOC MEETINGS ATTENDED IN 2020[4] |
|---|---|---|---|---|
| **CHAIR** | | | | |
| Graham Hetherington[1] | November 2019 | – | 5/5 | 9/9 |
| **EXECUTIVE DIRECTORS** | | | | |
| Mark Crossley[2] | February 2017 | – | 5/5 | 9/9 |
| Ryan Preblick[3] | November 2020 | – | 1/1 | – |
| **NON-EXECUTIVE DIRECTORS** | | | | |
| Peter Bains | August 2019 | – | 5/5 | 9/9 |
| A. Thomas McLellan | November 2014 | – | 5/5 | 9/9 |
| Lorna Parker | November 2014 | – | 5/5 | 9/9 |
| Daniel J. Phelan | November 2014 | – | 5/5 | 7/9 |
| Daniel Tassé[5] | November 2014 | – | 5/5 | 7/9 |
| **FORMER DIRECTORS** | | | | |
| Howard Pien[6] | November 2014 | September 4, 2020 | 2/2 | 4/4 |
| Tatjana May | February 2017 | July 31, 2020 | 3/3 | 7/7 |
| Shaun Thaxter[7] | November 2014 | June 27, 2020 | 2/2 | 4/5 |

1. Graham Hetherington was appointed Chair of the Board on November 18, 2020.
2. Mark Crossley was appointed Chief Executive Officer on June 27, 2020.
3. Ryan Preblick was appointed Chief Financial Officer and Executive Director in November 2020, having served as Interim Chief Financial Officer from June 27, 2020.
4. Due to the need for the Board to convene often at short notice, some Directors were not able to attend all meetings.
5. Daniel Tassé was appointed Interim Chair on June 15, 2020 and stepped down from this role on November 19, 2020. He is the Senior Independent Director.
6. Howard Pien commenced a medical leave of absence on June 15, 2020 and resigned as a Director on September 4, 2020. He did not attend any Board or Committee meetings during his leave of absence.
7. Shaun Thaxter recused himself from the ad hoc Board meeting held on June 27, 2020 as he had an interest in the matter under discussion.

## Compliance with the 2018 UK Corporate Governance Code

The UK 2018 UK Corporate Governance Code published by the Financial Reporting Council (the “Code”) sets out standards of good practice in relation to: board leadership and company purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration.

This section describes how the Board has applied the Principles of the Code. Throughout the financial year and to the date of this report, the Company has complied with the Provisions of the Code, with the exception of the following:

### Provision 12 – Senior Independent Director

In June 2020, Howard Pien took a medical leave of absence and subsequently stood down from the Board in September 2020. Daniel Tassé, Senior Independent Director, acted as Interim Chair of the Board from June 2020 until Graham Hetherington was appointed Chair of the Board in November 2020. The Company was therefore not compliant with Provision 12 of the Code from June 2020 to November 2020 as the roles of the Chair of the Board and Senior Independent Director were combined.

### Provision 20 – Appointment of Chair

An external search process was not used in connection with the appointment of Graham Hetherington as Chair of the Board in November 2020 as the Board considered that there were a number of potential candidates amongst the serving Non-Executive Directors. Further information regarding the appointment process can be found on page 74.

### Provision 21 – Annual performance evaluation

The Board undertook an evaluation of its performance and the performance of its Committees. The evaluation was facilitated by the Interim Chair and supported by the Company Secretary and Lintstock, an independent consultancy. The Company was not a constituent of the FTSE 350 for the majority of the year (the Company was promoted to the FTSE 350 in September 2020) and the Board determined that it would not undertake a full externally facilitated Board evaluation in 2020, but has agreed that it will do so in 2021. The Board last undertook an externally facilitated evaluation in 2017.

The 2020 evaluation process did not include an assessment of the performance of the Chair as, at the time of the evaluation, an Interim Chair was in place and a succession process was underway to identify a permanent Chair.

### Provision 24 – Audit Committee composition

In June 2020, Howard Pien took a medical leave of absence and subsequently stood down from the Board in September 2020. Daniel Tassé acted as Interim Chair from June 2020 until Graham Hetherington was appointed Chair of the Board in November 2020; he remained a member of the Audit Committee during this period.

Graham Hetherington was appointed a member of the Audit Committee upon his appointment to the Board in November 2019 and was subsequently appointed Chair of the Audit Committee on March 31, 2020. Graham is currently the designated member of the Audit Committee with recent and relevant financial experience and competence in auditing and accounting.

In November 2020, Graham Hetherington was appointed Chair of the Board. On appointment, Graham stepped down as Chair of the Audit Committee, but remained a member of the Committee to ensure its composition remained compliant with the requirement that a member have recent and relevant financial experience and competence in auditing and accounting.

The Company was therefore not compliant with Provision 24 of the Code from June 2020 to the end of the financial year as the Interim Chair of the Board and subsequently the Chair of the Board were also members of the Committee. A search process is underway to identify an independent Non-Executive Director with recent and relevant financial experience.

### Provision 38 – Pensions

The pension arrangements for the Chief Executive Officer, Mark Crossley, and the Chief Financial Officer, Ryan Preblick, are fully aligned with the wider US workforce. The pension arrangements for the former Chief Executive Officer were not fully aligned with the wider US workforce and the Company was therefore not fully compliant with this provision for the period up to his departure in June 2020. Further information can be found in the Annual report on remuneration on page 96.

**Compliance with the 2018 UK Corporate Governance Code** continued

**1. BOARD LEADERSHIP AND COMPANY PURPOSE**

### Purpose and culture

It is critical to the strategy and long-term success of the Group that there is a culture and set of values that are widely understood and that guide the organization in everything it does. The Board is collectively responsible for the long-term success of the Company and for delivering value to shareholders. The Board provides strategic leadership and effective oversight of the Group's operations, either directly or through the work of its principal Committees. It has ultimate responsibility for the oversight and monitoring of the Group's governance, principal risks and control framework. Further information regarding the Group's internal financial control and risk management systems can be found on page 70.

The Board's primary focus is to support and further the Group's purpose of pioneering life-transforming treatment for patients suffering from addiction and other serious mental illnesses. Led by the Chair, it establishes the Group's purpose, values and strategy, reviews financial and operational performance, risk management and appetite, the Group's capital structure and plans proposed by management to implement agreed strategy. The Board ensures that sufficient resources are available to meet the objectives set.

The Group's culture is considered a key strength. The Board has responsibility for assessing and monitoring the culture of the Group and ensuring that its policies and practices are aligned with this. During the year, Daniel J. Phelan (the designated Non-Executive Director for workforce engagement) hosted a virtual discussion with members of the Culture Champion network. Further information regarding the Board's engagement with the workforce is set out on page 62. Further information regarding the Group's Culture Champion network can be found on page 24.

### Stakeholder engagement

As part of its decision-making processes, the Board considers the interests of shareholders, key stakeholders and wider society. Further information regarding the Board's stakeholder engagement activities can be found in the stakeholder engagement statement set out on pages 17 to 21 of the Strategic Report, the 'Managing our business responsibly' section on pages 22 to 27 and in the 'Engagement with shareholders' section on page 62. Further information regarding the Board's activities during the year, including examples of how it considered the interests of stakeholders, is provided in the 'Principal Board decisions' section on pages 59 to 60.

### Workforce policies and practices

The Board keeps workforce policies and practices under review to ensure they are consistent with the Group's values and support the long-term sustainable success of the Group. The Group's Code of Conduct ("Doing the Right Things Right") sets out standards expected of the workforce and how these standards align to the Group's culture and Guiding Principles.

At the onset of the COVID-19 pandemic, the Group introduced a series of measures to maintain the welfare, health and safety of its employees; this included mandating that the global workforce (excluding essential supply manufacturing) work remotely. Further information regarding the impact of the COVID-19 pandemic on the workforce can be found on page 26.

During the year, the Chief Integrity & Compliance Officer updated the Board on the continued focus on the Group's Integrity & Compliance Program, including key program enhancements and the preparations and implementation of the Corporate Integrity Agreement (CIA) with the Office of the Inspector General of the U.S. Department of Health and Human Services.

The Chief Integrity & Compliance Officer provided an overview of reports received via the confidential reporting hotline facility (Ethicsline), which provides a facility for members of the workforce to raise concerns in confidence and (where local regulations permit) anonymously. The Nomination & Governance Committee routinely reviews reports received via the Ethicsline and monitors the case management and investigation process at each meeting. The Board has ultimate responsibility for the Group's confidential reporting facility and there is a process in place for promptly escalating significant reports. During the year, the Board reviewed the reports received through the confidential reporting facility and the arrangements in place for investigation and follow-up action.

An independent Ethics & Compliance Program Perceptions Survey was conducted by Ethisphere. Subsequently an action plan was put in place for continued evolution, although Indivior's results exceeded all eight Ethisphere benchmark pillars.

Further information regarding the Group's Integrity & Compliance Program, including 2020 program highlights, can be found in the 'Managing our business responsibly' section on page 25 and 26.

The Remuneration Committee is responsible for reviewing workforce remuneration and related policies and the alignment of incentives with culture. Further information regarding the Remuneration Committee's review in 2020 can be found on page 105.

## 2. DIVISION OF RESPONSIBILITIES

### Chair of the Board

The Chair leads the Board and is responsible for ensuring its overall effectiveness. The Chair was considered independent on appointment and demonstrates objective judgment and promotes a culture of openness and constructive debate. He works with the Chief Executive Officer and the Company Secretary to ensure that all Directors receive timely and clear information. The Chair works closely with the Senior Independent Director and the Non-Executive Directors. A part of each Board meeting is reserved for a meeting of the Chair and the Non-Executive Directors, without executive management present.

In June 2020, Howard Pien took a medical leave of absence and subsequently stood down from the Board in September 2020. Daniel Tassé acted as Interim Chair from June 2020 until Graham Hetherington was appointed Chair of the Board in November 2020.

### Chief Executive Officer

The Chief Executive Officer is responsible for the day-to-day leadership of the business. He is supported in this role by the Executive Committee. The Chair and the Chief Executive Officer work together, supported by the Company Secretary, to set the Board's agenda.

Shaun Thaxter stepped down as Chief Executive Officer in June 2020 and subsequently entered into an agreement with the U.S. Department of Justice pleading guilty to one misdemeanor count under the US Responsible Corporate Officer Doctrine. Under this Doctrine, executives can be held liable for violations of the Federal Food, Drug, and Cosmetic Act by others in the Company without personal wrongdoing or malfeasance by the executive. Mr Thaxter's agreement had the same underlying facts as those that the Company finalized in November 2020. The Board has considered Mr Thaxter's performance and conduct during his tenure, and noted that there had not been any findings of personal wrongdoing or malfeasance.

Mark Crossley, who had previously served as Chief Financial & Operations Officer, was appointed Chief Executive Officer in June 2020.

### Senior Independent Director

The Senior Independent Director acts as a sounding board for the Chair and can act as an intermediary for the other Directors and shareholders when required. He also leads the other Non-Executive Directors in the annual performance evaluation of the Chair. He provides an alternative point of contact for shareholders on matters where the usual channels of communication are deemed inappropriate.

Between June and November 2020, Daniel Tassé, the Senior Independent Director, also acted as the Interim Chair of the Board. Daniel Tassé has advised that he will not stand for re-election at the 2021 Annual General Meeting (the "2021 AGM") and will stand down at the conclusion of that meeting. An announcement regarding his successor as Senior Independent Director will be made in due course.

### Board balance and independence

There is a clear division of responsibilities between the leadership of the Board and executive leadership of the business. The roles of Chair, Chief Executive Officer and Senior Independent Director are clearly separated and set out in writing. Their division of responsibilities, plus the matters reserved for the Board and the terms of reference for each principal Committee, ensure that no single individual can have unfettered powers of decision-making.

At December 31, 2020, the Board comprised the Chair, two Executive Directors and five Non-Executive Directors; all Non-Executive Directors are considered independent in accordance with Provision 10 of the 2018 Code. Details of the Board's composition and the biographical details for each of the Directors, setting out the skills and expertise they bring to the Board, are set out on pages 50 to 51.

At its meeting in February 2021, the Board considered the independence of each of the Non-Executive Directors (other than the Chair, who was deemed independent by the Board at the date of his appointment), and determined that all remain independent of management and free from any relationship that could interfere with their judgment.

The Non-Executive Directors bring an external perspective to Board discussion. The Company has benefited from the broad range of skills and experience which the Non-Executive Directors provide from different businesses and fields, including the pharmaceutical, financial and research sectors. They offer specialist advice, constructive challenge and strategic guidance to the Executive Directors as well as holding them to account.

Throughout the year they have helped to shape the Group's strategy, scrutinized the performance of management, agreed goals and objectives, and monitored the Group's risk profile and reporting of performance.

**Compliance with the 2018 UK Corporate Governance Code** continued

## 2. DIVISION OF RESPONSIBILITIES CONT/D

### Board processes and the role of the Company Secretary

The Company Secretary ensures that the Board receives appropriate and timely information and provides advice and support to the Chair, Board and senior management on regulatory and governance matters. All Directors have access to the Board portal, which is used to distribute Board and Committee materials, governance materials and analysts' notes.

Board meetings are scheduled well in advance. Where it is necessary to call meetings at short notice, efforts are made to find suitable times when all Directors can attend; where this is not possible, Directors are provided with briefing materials and can discuss any agenda item with the Chair of the Board, Chief Executive Officer or relevant Committee Chair. In addition, updates and analysts' notes are uploaded to the Board portal to ensure that Directors are kept apprised of any developments.

All Directors have direct access to the advice and services of the Company Secretary. Directors may also obtain independent professional advice as required at the Company's expense.

### Time commitment

The letters of appointment for the Chair and Non-Executive Directors state the expected time commitment to fulfill their roles. The Chair and Non-Executive Directors are expected to set aside sufficient time to prepare for meetings. The Board is satisfied that all Directors continue to devote sufficient time to discharge their duties effectively.

## 3. COMPOSITION, SUCCESSION AND EVALUATION

### Appointment and re-appointment of Directors

There is a formal, rigorous and transparent procedure for the appointment of new Directors. The process for new appointments is led by the Nomination & Governance Committee, which makes its recommendations to the Board. In accordance with Provision 18 of the 2018 Code, all Directors, with the exception of Daniel Tassé, will stand for re-appointment at the 2021 AGM. The Notice of 2021 AGM will include a biography for each Director setting out the skills they bring to the Board and why their contribution is, and continues to be, important to the long-term success of the Group.

Further information regarding the process for the appointment of the Chair, Executive and Non-Executive Directors can be found in the Nomination & Governance Committee Report on pages 73 and 76.

### Succession planning and diversity

The Nomination & Governance Committee is responsible for developing and overseeing the succession plans for the Board and senior management and, as part of this review, takes consideration of the length of service of each Director. The Committee also considers the skills and experience of each of the Directors and maintains a skills matrix. Appointments and succession plans are based on merit and objective criteria and, within this context, are intended to promote diversity. Further information regarding the review of succession planning, diversity and inclusion in 2020 can be found in the Nomination & Governance Committee Report.

### Board evaluation

The annual evaluation of the Board considers its composition, diversity and effectiveness. Further information regarding the 2020 Board Effectiveness Review can be found on page 61.

## 4. AUDIT, RISK AND INTERNAL CONTROL

Further information about the role and work of the Audit Committee is set out in the Audit Committee Report on pages 64 and 72.

Further information regarding the Group's approach to risk management, including the management of principal and emerging risks, can be found on pages 37 to 47.

## 5. REMUNERATION

Further information about our approach to remuneration and the role and work of the Remuneration Committee is set out in the Directors' Remuneration Report on pages 79 and 108.

## Principal Board decisions

The Directors consider that they met sufficiently frequently to enable them to discharge their duties effectively. Details of the principal matters discussed and decisions made during the year are shown in the following table.

| STRATEGY |
|---|
| › The Board undertook a detailed review of the Group's refreshed long-term strategy. The Board approved the refreshed strategy and agreed that the top strategic priority remained driving the growth of SUBLOCADE, which is considered to be the biggest potential driver of value creation and facilitator of other strategic priorities.<br>› In September 2020, the Board approved the implementation of organizational and cost actions to better align the Group's capabilities and resources with its strategic priorities. This included the reorganization and reinvestment in the US commercial function to align with the development of the Organized Health Systems (OHS) channel, reorganization of the R&D function from a traditional pharmaceutical R&D model to a 'connect and develop' biotech model focused on early stage assets and generating evidence for SUBLOCADE and PERSERIS, and the streamlining of certain corporate functions and reducing discretionary spend (with an expected reduction in the operating expense base of between \$60m and \$70m on an annualized basis before any further investments for growth). |
| **FINANCIAL AND OPERATIONAL PERFORMANCE** |
| › The Board reviewed and approved the FY 2019 preliminary announcement, Q1 results, 2020 half-year results and Q3 results announcements.<br>› Supported by the Audit and Disclosure Committees, the Board reviewed the Annual Report and concluded that, when taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.<br>› The Board received an update on the operational performance of the business at each scheduled meeting, which included an update on the performance of SUBLOCADE and the focus on the development of the OHS channel in line with the refreshed strategy.<br>› The Board reviewed the plans to diversify the Group's revenue base, which included plans to obtain regulatory approval and launch SUBLOCADE/SUBUTEX prolonged-release (PR) for injection, SUBOXONE Film and PERSERIS in certain countries outside the US.<br>› The Board was regularly updated by the Chief Scientific Officer on the development of the Group's pipeline and continued progress of post-approval studies for SUBLOCADE and PERSERIS. |
| **LITIGATION MATTERS** |
| › In July 2020, the Group reached an agreement with the United States Department of Justice (DOJ), the Federal Trade Commission (FTC), and the U.S. state attorneys general to resolve the Group's criminal and civil liability in connection with the indictment bought in April 2019 by a grand jury in the Western District of Virginia (the "Resolution Agreement"). Under the terms of the Resolution Agreement, Indivior Solutions Inc, a wholly owned subsidiary of Indivior PLC, pleaded guilty to one count of making a false statement relating to healthcare matters in 2012. The agreement between the Group and the DOJ was approved by the United States federal court in the Western District of Virginia in November 2020.<br>As part of the Resolution Agreement, the Group agreed to a financial fine and forfeiture of \$600 million over seven years as well as entering into a Corporate Integrity Agreement, DOJ Compliance Measures and FTC Stipulated Order, which present ongoing reporting and annual requirements that span the next five to ten years. These compliance commitments are consistent with the Group's Integrity & Compliance Program and the high level of legal and ethical standards that the Group seeks to follow every day.<br>The Board considered the terms of the Resolution Agreement and agreed that entering into the Resolution Agreement was in the best interests of the Company. In reaching its determination, the Board considered the potential implications of not entering into the agreement, including potential exclusion from US federal healthcare programs which are material to the Group's revenues. The Board also considered the likely consequences of the decision in the longer term, the impact on key stakeholders (including, but not limited to, shareholders, employees, suppliers and patients) and the potential reputational impact upon the Group.<br>› In November 2020, Reckitt Benckiser Group plc (RB) filed a claim against the Company in the Commercial High Court in London relating to a claim for indemnity under the 2014 Demerger Agreement between the companies. In January 2021, the Group announced it had reached an agreement with RB, whereby RB agreed to withdraw its claim and to release Indivior from any claim for indemnity under the Demerger Agreement relating to the DOJ and FTC settlements which RB entered into in July 2019, as well as other claims for indemnity arising from those matters. In consideration of this release, Indivior agreed to pay RB a total of \$50m over the next five years and also agreed to release RB from any claims to seek damages relating to its settlement with the DOJ and FTC.<br>› Further information regarding legal proceedings can be found on pages 33 to 36. |

**Principal Board decisions** continued

**COVID-19**

- At the onset of the COVID-19 pandemic, a meeting was convened at short notice to update the Board on the actions taken to protect the welfare of the Group's workforce, included mandating that the global workforce (excluding essential supply manufacturing) work remotely.
- The Board was regularly updated on the financial and operational impact of the COVID-19 pandemic on the business. This included ensuring a continuous supply of product was available and monitoring the financial impact on the business. A meaningful decline in patient enrollments for both SUBLOCADE and PERSERIS was observed in early Q2, which was believed to be indicative of a trend of a substantial reduction in patient visits to healthcare providers offices. As a result of this uncertainty, FY2020 financial guidance was withdrawn in April 2020.

**SUCCESSION PLANNING**

- Supported by the Nomination & Governance Committee, the Board approved the appointment of Mark Crossley as Chief Executive Officer in June 2020, following Shaun Thaxter stepping down from that role.
- Supported by the Nomination & Governance Committee, the Board approved the appointment of Daniel Tassé as Interim Chair of the Board in June 2020 and Graham Hetherington as Chair of the Board in November 2020
- Supported by the Nomination & Governance Committee, the Board approved the appointment of Ryan Preblick as Interim Chief Financial Officer in June 2020 and as Chief Financial Officer and Executive Director in November 2020.
- All matters discussed by the Nomination & Governance Committee were summarized to the Board for consideration or approval. Further information regarding those items discussed and specifically changes to the Board in 2020 and succession planning activities can be found on pages 74 to 75.

**AUDIT AND RISK**

- On the recommendation of the Audit Committee, the Board agreed to recommend the re-appointment of PricewaterhouseCoopers LLP as the External Auditor.
- Further information regarding the Group's approach to risk management, including the management of its principal and emerging risks, can be found on pages 37 to 45.
- All matters discussed by the Audit Committee were summarized to the Board for consideration or approval. Further information regarding the work of the Audit Committee, including any significant internal audit findings in 2020 can be found on pages 64 to 72.

**GOVERNANCE AND COMPLIANCE**

- The Company Secretary provided an update on the impact of the COVID-19 pandemic on the arrangements for the 2020 Annual General Meeting following the introduction of social distancing measures in the UK. The arrangements for the meeting were adapted and the 2020 AGM was held as a closed meeting, with shareholders encouraged to vote by proxy and to submit questions by email ahead of the meeting.
- The Board considered the significant vote against the 2019 Remuneration Report at the 2020 AGM and approved the publication of the Board's response, including the actions it intended to take to understand the reasons behind the result. The Group engaged with shareholders following the AGM and understood that some shareholders had concerns that executive remuneration with respect to the 2019 financial year was not aligned with the shareholder experience. Shareholders' feedback was taken into account in determining remuneration outcomes in respect of the 2020 financial year and in the development of the 2021 Remuneration Policy. The Board approved the publication of an Update Statement in November 2020, which was published on the Group's website and on the Investment Association's Public Register.
- The Board was updated on the Group's continued investment in the Integrity & Compliance function and overall program; this included the continued development of the team, enhancements to policies, training and development activities and the requirements of the CIA, DOJ Compliance Measures and FTC Stipulated Order, which present ongoing reporting and annual requirements that span the next five to ten years.
- The Board received training on the requirements of the CIA from the appointed Compliance Expert to the Board. This training covered the hallmarks of an effective compliance program and the Board's specific obligations under the CIA.

**INVESTOR RELATIONS**

- The Chair of the Board and the Chair of the Remuneration Committee met with a number of major shareholders during the year and provided a report to the Board on those discussions, including shareholders' key concerns and areas of focus.
- The Chief Executive Officer and Chief Financial Officer[1] provided an update on feedback from investors following each quarterly results announcement.
- The Board was kept abreast of the views of shareholders during the year by management and presentations from the Group's brokers.

1. Mark Crossley served as Chief Financial & Operations Officer until June 2020. Ryan Preblick served as Interim Chief Financial Officer from June to November 2020 and was appointed Chief Financial Officer and Executive Director in November 2020. Unless otherwise stated, references to the 'Chief Financial Officer' refer to the individuals who held the roles of Chief Financial & Operations Officer, Interim Chief Financial Officer and Chief Financial Officer respectively at the relevant time.

## Board Effectiveness Review

### 2019 Effectiveness Review

The 2019 Board Effectiveness Review, which was internally facilitated, highlighted a number of areas of focus for 2020; these areas and the actions taken during the year to address them are set out below:

› the need to focus on succession planning for the Chair, Non-Executive Directors and senior management.
  Succession plans have been regularly reviewed and updated during the year. The succession plan for the Chair was accelerated when Howard Pien took a medical leave of absence and subsequently stepped down from the Board in September 2020. A search process to identify at least two additional Non-Executive Directors (one to have relevant financial experience) commenced in November 2020. As a result of the changes in the year, succession planning for the Non-Executive Directors will be regularly reviewed and the skill matrix updated;

› the need to continue to oversee management of the Group's material litigation matters.

› The Group's material litigation was kept under close review during the year. In July 2020, the Group reached a resolution with the United States Attorney's Office for the Western District of Virginia and the Department of Justice's (DOJ's) Consumer Protection Branch, which was approved by the Court in November 2020. The Board continue to have oversight of outstanding legal matters.

### 2020 Effectiveness Review

The Board undertook a review of the effectiveness of its performance and of its Committees and individual Directors during the year. As the Company was not a constituent of the FTSE 350 for the majority of the year and as a result of the focus on reaching a resolution with the US Government, the Board determined that it would not undertake a full externally facilitated Board evaluation in 2020.

The review was internally facilitated by the Interim Chair, supported by the Company Secretary and Lintstock, an independent consultancy.

The review comprised an online survey completed by each of the Directors and the Company Secretary, followed by individual meetings with each Director and the Interim Chair and Company Secretary.

The online survey focused on a number of key areas, including Board composition, stakeholder oversight, Board dynamics, Board support, Board committees, focus of meetings, COVID-19, strategic oversight, risk and regulatory compliance, succession planning and organizational capacity and priorities for change.

The responses to the survey were collated and a report was prepared by Lintstock, an independent consultancy who focus on board evaluations; Lintstock do not have any other connection with the Company or individual Directors. The report was circulated to Directors and discussed at individual meetings with each Director and the Interim Chair and Company Secretary, to enable the Interim Chair to better understand the issues raised and areas of focus in the year ahead.

The review reflected that the overall performance of the Board and its Committees was positively rated, particularly in the context of the challenges faced during the year.

The review highlighted a number of areas of focus, including:

› the importance of driving the growth of SUBLOCADE, with particular reference to Organized Health Systems channel development;
› effective implementation and oversight of the CIA and other government agreements;
› maintaining the culture of the organization, particularly with respect to the impact of COVID-19, and Board engagement with employees, was highlighted as an area requiring focus in the year ahead;
› the successful development of early stage assets to create a sustainable and diversified platform for growth;
› the appointment of a permanent Chair of the Board and Chief Financial Officer was highlighted as a critical area of focus. Graham Hetherington and Ryan Preblick were subsequently appointed Chair and Chief Financial Officer respectively in November 2020; and
› the importance of orderly succession planning for the Non-Executive Directors who have been on the Board since demerger was also highlighted. Following departures from the Board, gender and ethnic diversity was identified as an area for focus.

The Nomination & Governance Committee is responsible for developing the succession plans for the Chair of the Board.

The evaluation process did not include an assessment of the performance of the Chair as, at the time of the evaluation, an Interim Chair was in place and a succession process was underway to identify a permanent Chair.

The last externally facilitated Board Effectiveness Review was carried out in 2017 by Oliver Ziehn of Lintstock. The Board intends to undertake an externally facilitated review in 2021.

## Board Induction

New directors receive a comprehensive, tailored induction program, which takes into account their background, skills and their position on the Board and Committees. The Company Secretary facilitates the induction of Directors and monitors ongoing training needs for the Board. Where an existing Director takes on a new role, they receive induction appropriate to their new role. In 2020, Graham Hetherington and Mark Crossley held meetings with major shareholders following their appointment as Chair of the Board and Chief Executive Officer respectively.

### Induction – Ryan Preblick

Ryan Preblick attended a corporate governance induction session, delivered by Addleshaw Goddard LLP, which covered the role, duties and legal responsibilities of a director, the UK listing regime, the UK Corporate Governance Code and other legislative and regulatory matters. Mr Preblick also received training on the Compliance and Integrity Program and the requirements and compliance commitments under the CIA, DOJ Compliance Measures and FTC Stipulated Order.

Mr Preblick also met a number of key stakeholders as part of his induction; this included the External Audit Partner and major shareholders.

**Board accountability**

The Board is responsible for the integrity of the Group's Annual Report, and recognizes its responsibility to present a fair, balanced and understandable assessment of the Group's position and prospects.

The Board has assessed, together with the Audit and Disclosure Committees, all information available in considering the overall drafting of the Group's Annual Report and the process by which they were compiled and reviewed. In doing so, the Board ensured that adequate time was dedicated to the drafting process so that linkages and consistencies were worked through and tested. Drafts were reviewed by knowledgeable executives and senior management not directly involved in the year-end process.

The Board recognizes that this responsibility extends to interim and other inside information, information required to be presented in relation to statutory requests, and reports to regulators. In relation to these requirements, reference is made to the Statement of Directors' Responsibilities for preparing the Annual Report and financial statements, set out on pages 113 and 114.

**Engagement with shareholders**

The Board recognizes the importance of regular, effective and constructive communications with its shareholders.

The principal opportunity for shareholders to engage with the Board is at the AGM. As a result of the COVID-19 pandemic, the Group was unable to hold its 2020 AGM in the normal way. Attendance at the 2020 AGM was limited to essential personnel only and shareholders were able to submit questions to the Board in advance of the AGM by email.

The Group announces its financial results on a quarterly basis, and these were released to the London Stock Exchange via an authorized Regulatory Information Service, and subsequently published on the Group's website. Results announcements were accompanied by a presentation for analysts and investors from the Chief Executive Officer, Chief Financial Officer and other executives; these were live webcast and archived on the Group's website. These presentations included dedicated question and answer sessions, where attendees were invited to ask questions.

During the year, the Chief Executive Officer, Chief Financial Officer and the Vice President, Investor Relations met regularly with the Group's major shareholders and financial analysts to discuss matters relating to the Group's business strategy and current performance. Where appropriate, the Chair, Chair of each of the Committees and Non-Executive Directors may attend meetings with major shareholders.

The Board regularly received reports covering discussions with major shareholders and was informed of any issues or concerns raised during those discussions. In addition, the Group's corporate brokers provided reports to the Board on the views of investors.

Shareholders' and analysts' briefings are circulated to all Non-Executive Directors. This process enhances Non-Executive Directors' understanding of the views of shareholders and enables the Board to judge what future action would further assist investors' understanding of the Group's strategic objectives.

**Annual General Meeting**

The AGM provides all shareholders with an opportunity to put questions to the Board of Directors and to vote on the resolutions set out in the Notice of Meeting. All resolutions are voted on by way of poll, with one vote for each share held. The results of the poll are announced to the London Stock Exchange and published on Indivior's website shortly after the end of the AGM.

**Case study**
**Workforce engagement**

Workforce voice in the Boardroom

During the year, Daniel J Phelan, the designated Non-Executive Director for workforce engagement, met virtually with members of Indivior's Culture Champion network. The focus of the discussion was the culture of the organization, how this had been impacted by COVID-19 and the biggest challenges and issues currently faced by the business. The session was facilitated by an external facilitator and the Culture Champions provided thoughtful and candid feedback and whilst 2020 had been a challenging year for the Group, employees demonstrated resilience and remained passionate about Indivior's Vision. The Board hopes to be able to increase its face-to-face engagement activities in 2021.

Global Town Hall

Global Town Hall meetings were held throughout the year. The purpose of these events is to provide a business update and an opportunity for employees to ask questions and engage with senior management. In addition, internal and external speakers are invited to present at meetings to provide an insight into different areas, including strategic priorities, business development and the global disease state. With the impact of COVID-19, these events were held virtually in 2020.

## Governance framework

**The Board is responsible for ensuring there is a robust and transparent governance framework in place.**
There is a clear division of responsibilities between the Board and its Committees; each role is clearly defined and is distinct from the other.


### Board Committees

The Board has established four principal committees to support it in fulfilling its oversight responsibilities; these are the Audit, Nomination & Governance, Remuneration and Science & Policy Committees. Each of these committees has certain delegated responsibilities which are set out in their Terms of Reference, which are available at www.indivior.com. The Chair of each principal committee reports on the activities of their respective Committee at the following Board meeting. Copies of all papers and the minutes of meetings of the principal committees are available to all Directors.

### Executive Committees

In addition to the principal committees, the Group has three executive committees:

#### Executive Committee

The Executive Committee is chaired by the Chief Executive Officer. The Committee comprises key functional leaders from the business and its purpose is to assist the Chief Executive Officer in discharging his duties. The Executive Committee meets monthly.

Biographical details of the members of the Executive Committee are on pages 52 to 53.

#### Integrity & Compliance Committee

The Integrity & Compliance Committee comprises all members of the Executive Committee and is chaired by the Chief Integrity & Compliance Officer. The Integrity & Compliance Committee meets monthly and is responsible for overseeing compliance with applicable laws, rules and regulations related to Indivior's business operations (excluding compliance with securities regulations and financial reporting requirements). These meetings are also attended by the independent Compliance Expert to the Board.

#### Disclosure Committee

The Disclosure Committee comprises the Chief Financial Officer, the Chief Commercial & Strategy Officer, the Chief Legal Officer, the Chief Scientific Officer and the Company Secretary and is chaired by the Chief Financial Officer. The Committee meets as necessary and oversees the disclosure of information in accordance with the UK Market Abuse Regulation and the FCA's Disclosure Guidance and Transparency Rules.

The Disclosure Committee receives input and advice from relevant individuals and advisors as required. These include the Group's brokers and external legal counsel.

# AUDIT COMMITTEE REPORT

**Daniel Tassé**
Chair of the
Audit Committee

On behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended December 31, 2020.

The role of the Audit Committee is to monitor and assess the integrity of the Group's Annual Report and financial statements and review the significant reporting judgments contained in them. We also keep the Group's internal controls and risk management systems under review, to assess their effectiveness. This report is intended to provide shareholders with an insight into how the Committee discharged these responsibilities throughout the year.

A number of changes to the composition of the Committee occurred during the year, as discussed later in this report. Further, as notified to the London Stock Exchange on January 11, 2021, I will stand down as a Non-Executive Director at the conclusion of the Company's next Annual General Meeting in May 2021. I will remain Chair of the Audit Committee until the conclusion of that meeting.

I hope you find this report informative. In 2021 the Committee will continue to work closely with the management team and the rest of the Board to meet the opportunities and challenges facing the Group.

**Daniel Tassé**
Chair of the Audit Committee

## Members and meetings

Daniel Tassé, who has served as a member of the Committee since November 2014, was re-appointed Chair of the Committee following the appointment of Graham Hetherington as Chair of the Board. As a current pharmaceutical-industry Chief Executive Officer, Daniel Tassé has extensive sectoral experience and a thorough understanding of audit matters.

Graham Hetherington has, throughout the year, served on the Committee and was the designated Committee member with recent and relevant financial experience and competence in auditing and accounting. He is a fellow of the Chartered Institute of Management Accountants. He was Chair of the Committee from March 2020 until his appointment as Chair of the Board in November 2020, but remains a member of the Committee. The Company was not compliant with Provision 24 of the Code between June 2020 and the end of the financial year; further details can be found on page 55. Peter Bains has been a member of the Committee throughout the year. Daniel J Phelan, who had been appointed a member of the Committee on an interim basis in July 2019, stepped down as a member of the Committee in July 2020.

Throughout the year, the Committee invited the Chief Financial and Operations Officer/Chief Financial Officer, SVP-Group Controller, Vice President-Chief Audit Executive, Vice President-Tax, External Audit Partner and other representatives from management and the External Auditor to attend Committee meetings. The Committee reserves the right to meet without any of these individuals present. Following the appointment of Mark Crossley as Chief Executive Officer in June 2020 (previously Chief Financial & Operations Officer), a search was initiated for a permanent Chief Financial Officer, resulting in the appointment of Ryan Preblick in November 2020 (who had served as Interim Chief Financial Officer from June 2020). In order to ensure continuity of financial reporting to the Committee whilst the process to identify a permanent Chief Financial Officer was undertaken, Mark Crossley and Ryan Preblick were invited to attend Committee meetings until the appointment of a permanent Chief Financial Officer was made. The Deputy Company Secretary is secretary to the Committee.

| | INDEPENDENT NON-EXECUTIVE DIRECTOR | DATE APPOINTED TO THE COMMITTEE | DATE STEPPED DOWN FROM THE COMMITTEE | SCHEDULED MEETINGS ATTENDED IN 2020 | AD HOC MEETINGS ATTENDED IN 2020 |
|---|---|---|---|---|---|
| **MEMBERS (AT DECEMBER 31, 2020)** | | | | | |
| Daniel Tassé (Chair to March 31, 2020 and from November 19, 2020) | Yes | November 2014 | – | 5/5 | 1/1 |
| Peter Bains | Yes | August 2019 | – | 5/5 | 1/1 |
| Graham Hetherington (Chair from March 31, 2020 to November 19, 2020) | Independent (until November 2020) | November 2019 | – | 5/5 | 1/1 |
| **FORMER MEMBERS** | | | | | |
| Daniel J. Phelan | Yes | July 2019 | July 24, 2020 | 3/3 | n/a |

For part of each meeting, the Committee meets separately with each of the Chief Financial Officer[1], Vice President-Chief Audit Executive and the External Auditor. The Committee also meets privately at each scheduled meeting. The Chair of the Committee reports on the outcomes of each meeting to the Board, and copies of the minutes of Committee meetings are circulated to all Directors.

The Committee has unrestricted access to Group documents, information, employees, and the External Auditor. The Committee may also take independent professional advice on any matters covered by its Terms of Reference at the Group's expense.

1. Mark Crossley served as Chief Financial & Operations Officer until June 2020. Ryan Preblick served as Interim Chief Financial Officer from June to November 2020 and was appointed Chief Financial Officer and Executive Director in November 2020. Unless otherwise stated, references to the 'Chief Financial Officer' refer to the individuals who held the roles of Chief Financial & Operations Officer, Interim Chief Financial Officer and Chief Financial Officer respectively at the relevant time.

## Role and responsibilities

The Committee's principal responsibility is to oversee and give assurance to the Board with regard to the integrity of financial reporting, internal controls, risk management, and audit arrangements. In discharging this responsibility, the Committee, with the assistance of management and the external auditor, focused its attention in the following areas:

### FINANCIAL REPORTING

- To monitor the integrity of the Group's financial reporting, including all formal announcements relating to financial results and compliance with accounting standards.
- To inform the Board of the outcome of the Group's internal and external audits and explain how they contributed to the integrity of financial reporting.
- To review the Group's strategy for management of key financial risks, and ensure the Group has followed appropriate accounting policies, and made appropriate estimates and judgments.
- To challenge, where necessary, the consistency of, and any changes to, accounting and treasury policies, the clarity and completeness of disclosures, any adjustments resulting from the external audit, the going concern assumption, the viability statement and compliance with accounting standards.
- To review the content of each quarterly, half-yearly and annual financial results and to advise the Board of the integrity of each. Further information is set out on page 69.

### RISK MANAGEMENT

- To assist the Board in relation to the Board's assessment of the principal risks facing the Group and the prospects of the Group for the purposes of disclosures required in the Annual Report and Accounts.

### INTERNAL FINANCIAL CONTROLS

- To review the effectiveness of the Group's internal controls over financial reporting, including the policies and overall processes for assessing financial control and effectiveness of corrective action taken by management. Further information is set out on page 70.

### FRAUD

- To monitor the Group's policies, procedures and controls for preventing bribery and money laundering.

### INTERNAL AUDIT

- To monitor and review the effectiveness of the Group's Internal Audit function in the context of the Group's overall governance, risks and controls framework.
- To consider and review the remit of the Internal Audit function, ensuring it has adequate resources and all necessary access to information to enable the effective performance of the function. Further information can be found on page 69.
- To review progress against the Internal Audit plan along with any significant findings and the tracking of remedial actions.

| EXTERNAL AUDITOR |
|---|
| › To oversee the relationship between the Group and the External Auditor, advise the Board how the External Auditor has contributed to the integrity of the Group's financial reporting process, and to report to the Board whether it considers the audit contract should be put out to tender, thereby conforming to the requirements for tendering or rotation of the audit services contract. Further information is set out on pages 71 to 72.<br>› To review and monitor the External Auditor's objectivity and independence, agree the scope of their work, negotiate and agree fees paid for the audit, assess the effectiveness of the audit process and agree the policy in relation to the provision of non-audit services. |

**Activities during the year**

The Committee has an annual work plan linked to events in the Group's financial calendar including standing items that the Committee considers, in addition to any specific matters requiring the Committee's attention. The Committee met a total of six times during the year and considers that it met sufficiently frequently to enable it to discharge its duties effectively. Details of the principal matters discussed during the year are shown in the following table.

| FINANCIAL REPORTING |
|---|
| › The Chief Financial Officer provided an update on the financial performance of the business at each scheduled meeting including market guidance where appropriate.<br>› The Committee reviewed and recommended to the Board the quarterly, half-yearly and annual financial results, including any updates to published guidance.<br>› Matters relating to going concern, with supporting analysis, were reviewed throughout the year.<br>› The viability statement was reviewed by the Committee, in line with the Group's financial calendar. The viability statement can be found on page 46.<br>› The Committee reviewed key accounting matters to ensure the Group followed appropriate accounting policies and made appropriate estimates and judgments.<br>› The Committee reviewed letters of representation issued to the External Auditor prior to them being agreed by the Board.<br>› At each scheduled Committee meeting the SVP-Group Controller presented a treasury operations update thereby assisting the Committee's oversight of the Group's capital base.<br>› The Committee received presentations from the Vice President-Tax regarding key tax judgments and amendments to the annual tax strategy for 2021, which is available on the Group's website.<br>› The Committee reviewed the Group's strategy for the management of key financial risks.<br>› The Committee reviewed a preliminary draft of the 2021 Budget/Plan.<br>› The Committee met with the Chief Financial Officer following each scheduled meeting. |
| **INTERNAL AUDIT AND RISK** |
| › The Committee agreed the Internal Audit plan for 2020, and reviewed and approved the 2021 Internal Audit plan and the revised 2021 Internal Audit plan (which was revised due to the impact of COVID-19).<br>› The Committee received presentations from Vice President-Chief Audit Executive on progress and delivery against the Internal Audit plan and results of Internal Audit's activities, including key audit and significant findings.<br>› The Committee reviewed the Group's principal risks for inclusion in the Annual Report and financial results announcements.<br>› Further information regarding the Group's principal risks can be found on pages 37 to 45.<br>› The Group's Enterprise Risk Management (ERM) program and process was reviewed by the Committee.<br>› The Group's approach to cybersecurity and the threats posed to the Group were reviewed by the Committee.<br>› The Committee reviewed the effectiveness of the Internal Audit function, including the annual quality assessment of the Internal Audit function.<br>› The Committee received a presentation on the COVID-19 Risk Landscape and the impact the current pandemic could have across the Group.<br>› The Committee met privately with the Vice President-Chief Audit Executive following each scheduled meeting. |

**Activities during the year** continued

#### GOVERNANCE

- The Committee received an update on the work of the Group's Integrity & Compliance function.
- The Committee reviewed the Group's policies relating to related party transactions, non-audit services and non-GAAP adjusted measures and approved amendments where appropriate.
- The Committee reviewed the Group's insurance program and made various recommendations regarding the 2020/21 renewal planning process.
- The Committee's effectiveness was reviewed during the year as part of the Board's annual performance evaluation. An explanation of how the performance evaluation was conducted and the conclusions arising from it can be found on page 61.
- The Committee recommended to the Board the re-appointment of PricewaterhouseCoopers LLP as the External Auditor.

#### EXTERNAL AUDITORS

- The Committee agreed the External Auditor engagement and audit fee for 2020 as well as the external audit plan for 2020.
- The Committee considered the accounting and audit matters from the External Auditor's reports issued throughout the year.
- The Committee reviewed the independence of the External Auditor.
- The Committee received technical and regulatory update presentations from the External Audit partner.
- The annual assessment of the External Auditor was undertaken and reviewed by the Committee.
- Following each scheduled meeting, private meetings were held with the External Auditor.

## Significant judgments

In preparation for each meeting, management produced briefing papers on significant matters the Committee was to discuss. Management is invited to attend Audit Committee meetings in order to respond to Committee inquiries. The following areas of focus in relation to the Group's Annual Report and other judgmental accounting areas were considered and discussed with both management and the External Auditor:

#### GOING CONCERN

- In considering the implications of the DOJ resolution and RB settlement, the Committee engaged with management to fully consider the effect on cash outflows both before and after the going concern period under different forecasting scenarios. To assist, management provided detailed financial planning analyses for consideration by the Committee, detailing sufficiency of the Group's liquidity over possible near-term trading and litigation outcomes.
- Uncertainties relating to the DOJ indictment and risk of potential exclusion from participating in US government health programs were addressed by the DOJ resolution approved in November. Uncertainties arising from the RB claim in November were addressed by the settlement reached in January 2021.
- The Committee assessed the current trends and net revenue forecasts for SUBLOCADE, PERSERIS, US SUBOXONE Film, and rest of world products, including reasonably possible downside scenarios for SUBLOCADE.
- The Committee continued to challenge management regarding the litigation strategy for unresolved legal matters, agreeing to maintain the current strategy to litigate.
- As a consequence of COVID-19, the Committee evaluated management's planning for and implementation of further cost saving initiatives to protect and reduce the cost base of the business.
- Based substantially on the factors listed above, the Committee was able to validate removal of the previous material uncertainty relating to the Group's ability to continue as a going concern and the continued appropriateness of the going concern basis of accounting.

**Significant judgments** continued

## VIABILITY STATEMENT

- Building on the output from the going concern assessment above, including the expected impacts of COVID-19, the Committee assessed the prospects and challenges facing the Group. The Committee considered scenarios that could impact future financial projections and the ability of the Group to remain viable.
- The Committee discussed with management the dependencies on which the viability statement was reliant, which included, amongst other items, the future growth of SUBLOCADE and PERSERIS, payment of existing liabilities and debts as they come due, the Group's overall legal strategy associated with remaining litigation matters and expectations for the Group's base business.
- The Committee reviewed management's business plan including net revenue and cash flow forecasts considering the impact of COVID-19, and the possible use of cash reserves during the viability period. The Committee probed management's judgment regarding litigation risks, and management's sensitivity analysis to assess SUBLOCADE growth potential.
- As in previous years, the Committee is of the opinion that a four-year period was an appropriate timeframe over which to make the viability statement and reflected the best estimate of the future prospects of the business.
- Based on the Committee's assessment of the Group's prospects, management's approach to the challenges facing the business, including appropriate and detailed financial disclosures in the Annual Report referencing the possible scenarios that may occur that could impact the Group's viability during the assessment period, the Committee agreed there was a reasonable expectation that the Group will be able to continue to operate and meet its liabilities as they fall due over the next four years. Further information on the Group's principal risks including the viability statement are detailed on pages 37 to 47.

## CRITICAL ACCOUNTING JUDGMENTS AND DISCLOSURES, AND KEY SOURCES OF ESTIMATION

- When applying the Group's accounting policies, management must make a number of key judgments on the application of applicable accounting standards, estimates and assumptions. These judgments and estimates are based on relevant factors.
- The Committee has challenged management on key judgments and sources of estimation covering a number of key areas underlying the Group's financial statements and results. The Committee specifically discussed the uncertainty and potential outcome of the ongoing litigation matters the Group faced in order to support the judgments taken regarding maintaining the provision, which represents the best estimate of the potential outcome. Provisions for returns, discounts, incentives and rebates were discussed with the Committee, considering the impact of generics on pricing and contractual arrangements in place. Management's growth forecasts for both SUBLOCADE and PERSERIS were also considered by the Committee in conjunction with the cash flows utilized for going concern, viability and inventory and other asset impairment and recoverability judgments.
- Given that certain matters disclosed in the Annual Report are highly judgmental, the Committee has reviewed management's assumptions and inputs into their analysis and development of the judgments, estimates and disclosures, and discussed the critical nature of each with both management and the External Auditor.
- The Committee has satisfied itself that the Group's accounting policies and their application by management are appropriate. The Committee is also satisfied with both the appropriateness of analysis performed by management, including the judgments made and estimates used, and the related disclosures.

## COVID-19

- The Committee has considered the COVID-19 business, financial and accounting implications on the Group. The Committee has reviewed and challenged scenarios considered by management including cash flow forecasts, which incorporated mitigating actions taken by management to reduce costs. The Committee has satisfied itself that management had adequately identified and considered potentially significant accounting and disclosure matters.

**Monitoring the integrity of reported financial information**

Ensuring the integrity of the financial statements and associated announcements is a fundamental responsibility of the Committee. During the year, the Committee reviewed the Group's FY 2019 preliminary results announcement, the 2020 half-yearly and quarterly financial results. In doing so, these reviews considered:

- the accounting principles, policies and practices adopted in the Group's financial statements, any proposed changes to them and the adequacy of their disclosure;
- the description of performance to ensure it was fair, balanced and understandable;
- accounting matters or areas of complexity, the actions, estimates and judgments of management in relation to financial reporting, and the assumptions underlying the going concern and viability statements;
- any significant adjustments to financial reporting arising from the external audit;
- cybersecurity threats posed to the overall operating effectiveness of controls;
- tax contingencies, compliance with statutory tax obligations and the Group's tax strategy;
- litigation and contingent liabilities affecting the Group;
- long-term funding options; and
- COVID-19 challenges necessitating continued financial discipline.

**Internal Audit**

Internal Audit plays an important role by providing assurance and advice relating to the Group's governance, risks and controls. The internal audit function reports into the Committee and has authority to review any relevant part of the Group or its business and has a planned schedule of reviews that coincide with the Group's risks. The Committee is required to assist the Board in fulfilling its responsibilities regarding the adequacy of resourcing and the effectiveness of the Internal Audit function to ensure it is appropriate for the Group's needs. The Internal Audit function also has an important role to play in reviewing the effectiveness of internal controls as detailed on page 70.

The Committee approved the 2020 Internal Audit plan which is structured to align with the Group's strategic priorities and key risks. An integrated planning process is undertaken to ensure that internal audit work is appropriately aligned to, and coordinated with, the activities of other functions across the Group. The Internal Audit plan comprises both fixed and flexible elements to provide flexibility to respond to any change in priorities and risks, such as COVID-19. At each scheduled Committee meeting, progress against the Internal Audit plan is reviewed along with significant findings and the tracking of remedial actions. The Committee also tracks overdue remedial actions.

To fulfill its duties in keeping under review the effectiveness of the Internal Audit function, the Committee monitored:

- Internal Audit's reporting lines and its access to the Committee and all Board members;
- Internal Audit's staffing and resources;
- Internal Audit's plans and achievements of planned activity;
- the results of key audits and other significant findings, the adequacy of management's response and the timeliness of their resolution; and
- changes since the last annual assessment of the significant risks and the Group's ability to respond to changes in its business and the external environment.

A quality assessment review of the Internal Audit function was conducted during the year with the assistance of Lintstock, an independent evaluation consultancy. The assessment included input from Internal Audit's stakeholders across the Group including the External Auditor. Following consideration of the outcome of the assessment, the Committee concluded that significant progress continued to be made during 2020, and that the Internal Audit function remains effective and meets the needs of the Group.

### Internal control over financial reporting and risk management

The Committee acknowledges its duty to assist the Board to fulfill its responsibilities for the Group's risk management and internal control systems, including the adequacy and effectiveness of the control environment, internal control over financial reporting and the Group's compliance with the 2018 Code.

During the year, all business areas prepared annual operating plans and budgets. These are regularly reviewed and updated as necessary. Performance against budget is monitored centrally at the operational level, and is discussed at Committee and Board meetings. The cash position of the Group is monitored daily by the treasury function.

Clear guidelines are in place for capital expenditure and investment decisions. These include budget preparation, appraisal and review procedures, and delegated authority levels.

Effective controls ensure the Group's exposure to avoidable risk is minimized, and the Committee is cognizant of the material controls within the Group, including, amongst other things, that proper accounting records are maintained, financial information used within all business areas is reliable and up-to-date, and the financial reporting processes comply with relevant regulatory reporting requirements.

Internal control systems are in place in relation to the Group's financial reporting processes for preparation of consolidated accounts. These systems include policies and procedures that relate to the maintenance of records which accurately and fairly reflect transactions, provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements, require representatives of the Group to certify that their reported information gives a true and fair view of the state of affairs of the business and its results for the period, and review and reconcile reported data.

Control processes are designed to manage, rather than eliminate, the risk of assets being unprotected and guard against their unauthorized use, culminating in the failure to achieve business objectives. Internal controls will only provide reasonable and not total assurance against material misstatement or loss.

The Group's Enterprise Risk Management (ERM) process is designed to identify, assess, manage, report and monitor risks and opportunities that may impact the achievement of the Group's strategy and objectives. This includes adjusting the risk profile in line with the Group's risk tolerances to respond to new threats and opportunities.

To fulfill its duties, the Committee reviewed:

- presentations from the Chief Information Officer outlining the Group's approach to IT and cybersecurity;
- reports from Internal Audit at each scheduled Committee meeting covering key audit areas and any deficiencies in the control environment covering internal financial control, operational, IT and risk management; and
- the External Auditor's reports to the Committee.

Accordingly, the Committee confirms its oversight of the process for identifying, evaluating and managing risks faced by the Group and the operational effectiveness of the appropriate controls, all of which have been in place throughout the year and up to the date of approval of the 2020 Annual Report and Accounts.

### Reviewing the effectiveness of internal control

As referred to above, the Committee, assisted by the Internal Audit function, reviewed the effectiveness of management's internal controls. In addition to financial and business reports, the Committee has reviewed medium- and longer-term strategic plans, reports on key operational issues, tax, treasury, risk management, and Internal and External Auditors' reports.

### Significant failings or weaknesses

The Committee confirms that no significant weaknesses or failings were identified during the year and, therefore, no remedial actions were required.

### Misstatements

Management reported to the Committee that they were not aware of any material or immaterial misstatements intentionally made. Management and the External Auditor reported to the Committee the misstatements they had found during their work and, after due consideration, the Committee agreed with management that these misstatements were not material and that no adjustments were required.

## External Auditor

PricewaterhouseCoopers LLP (PwC) were appointed as the Group's External Auditor on demerger in December 2014, and were last re-appointed by shareholders at the AGM in May 2020. The External Audit team is led by Sarah Quinn (External Audit Partner), who was appointed following the conclusion of the 2016 year-end audit.

The Committee oversees the work undertaken by the External Auditor, and is responsible for the development, implementation and monitoring of policies and procedures on the use of the External Auditor for non-audit services in accordance with professional and regulatory requirements. These policies are kept under review to ensure that the Group benefits, in a cost-effective manner, from the cumulative knowledge and experience of the External Auditor while ensuring that the External Auditor maintains the necessary degree of independence and objectivity. During the year, the Committee continued to meet with the External Auditor following Committee meetings, without members of management being present, and reviewed key issues within their scope of interest and responsibility. Such meetings provided a forum for open dialogue and feedback.

## Auditor effectiveness

The Committee on behalf of the Board is responsible for assessing the effectiveness of the audit process. This process was in place throughout the year and post year-end and including the date of approval of the Annual Report.

In fulfilling its responsibilities in assessing the effectiveness of the External Auditor the Committee reviewed:

- the fulfillment by the External Auditor of the agreed audit plan and variations from it;
- reports highlighting the significant risks and key judgments that arose during the course of the audit and their resolution;
- key findings from the FRC's Audit Quality Inspection report for PwC and planned actions;
- a report from the Audit Partner at each Committee meeting; and
- fees charges for execution of the external audit.

Consistent with the previous year, the Committee received feedback from key internal stakeholders in assessing the effectiveness of the External Auditor. The analysis of the results was undertaken by Lintstock on the quality of the External Auditor's communication, delivery and interaction with the various finance teams across the Group. The results were discussed with the Committee and the External Auditor at the Committee meeting held in November 2020 and it was concluded that the working relationship between the External Auditor and the various finance teams was effective and that the audit had been undertaken in an independent, constructive and professional manner.

To fulfill its responsibilities for oversight of the external audit process the Committee reviewed:

- the terms, areas of responsibility, associated duties and scope of the audit as set out in the engagement letter with the External Auditor;
- the overall audit plan and fee proposal;
- key accounting and audit judgments and how the External Auditor applied constructive challenge and professional skepticism when dealing with management;
- recommendations made by the External Auditor to the Committee and the adequacy of management's response;
- recent and historical performance of the External Auditor in relation to the Group's audits including the quality and probity of communication with the Committee;
- the depth of understanding of the Group's business, operations and systems, and accounting policies and practices; and
- the demonstration of professional integrity and objectivity to rotate and select other key engagement partners at least every five years or as otherwise required by applicable law or regulation.

The Committee continues to review annually the appointment of the External Auditor, taking into account the External Auditor's effectiveness, independence and Audit Partner rotation, and makes a recommendation to the Board accordingly.

Any decision to open the external audit to tender would be taken on the recommendation of the Committee. To date, no tender has been conducted, and there are no contractual obligations that restrict the Group's current choice of External Auditor.

Further details of the responsibilities of the Committee regarding the engagement of the External Auditor and the supply of non-audit services can be found in the Committee's Terms of Reference.

**External Auditor independence**

Indivior has a formal policy in place to safeguard the independence of the External Auditor. The Committee and the Chief Financial Officer keep the independence and objectivity of the External Auditor under review, and during the year the Committee formally reviewed the independence of the External Auditor, and believes they remained independent throughout the year. Separately, the External Auditor has reported to the Committee confirming its independence throughout the year within the meaning of the regulations on this matter and in accordance with its professional standards.

To fulfill its responsibilities to ensure the independence of the External Auditor, the Committee reviewed:

- a report from the External Auditor describing arrangements to identify, report and manage any conflict of interest, and policies and procedures for maintaining independence and monitoring compliance with relevant requirements; and
- the extent of non-audit services provided by the External Auditor.

The Committee has reviewed the nature and level of non-audit services undertaken by the External Auditor during the year to satisfy itself that there is no effect on their independence.

**Non-audit services**

The Committee and the Board place great emphasis on the objectivity of the Group's External Auditors in reporting to shareholders. During the year, the Committee reviewed its Provision of Non-Audit Services Policy and revised the policy to incorporate the requirements of the Financial Reporting Council's (FRC) Ethical Standard (2019) which now includes a 'whitelist' of permitted audit and audit-related services along with ensuring its continuing compliance with the FRCs Guidance on Audit Committees (2016). The Policy recognizes the criticality of the independence and objectivity of the External Auditor and the need to ensure that this is not impaired by the provision of non-audit services.

The Committee, in keeping under review the nature and level of non-audit services undertaken by the External Auditor, recognizes that it may be more beneficial for the External Auditor to provide certain services because of its existing knowledge of the business or because the information required is a by-product of the audit process. In these circumstances, the External Auditor is permitted to provide certain non-audit services where these are not, and are not perceived to be, in conflict with its independence.

The Committee will consider non-audit services when it is in the best interests of the Group to do so, provided they can be undertaken without jeopardizing the independence of the External Auditor.

The Group's policy on non-audit fees states that, on an annual basis, non-audit fees by external auditors must not exceed 70% of the average of the Group's external audit fees billed over the last three-year period.

Any permitted service with a fee of $0.5m or less is considered trivial and must be pre-approved by the Chief Financial Officer. Any services with a fee of more than $0.5m must first be approved by the Committee.

Amounts paid to the External Auditor were $3.1m (2019: $2.4m) during the year, comprising $2.6m (2019: $2.0m) for audit services and $0.5m (2019: $0.4m) for audit-related assurance services as set out in Note 6 to the consolidated financial statements. In conclusion, taking into account the application of the revised Provision of Non-Audit Services Policy, the Committee is satisfied that the External Auditor was independent at all times during the year under review.

**External Auditor re-appointment**

The Committee has recommended to the Board that PricewaterhouseCoopers LLP be proposed for re-appointment by shareholders as the External Auditor at the AGM in May 2021.

The external audit contract will be put out to tender at least every ten years and the Committee considers that it would be appropriate to conduct an external audit tender by no later than 2023 for the 2024 year end. The Company continues to comply with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee responsibilities) Order 2014 for the financial year under review.

**Daniel Tassé**
Chair of the Audit Committee

March 18, 2021

# NOMINATION & GOVERNANCE COMMITTEE

**Lorna Parker**
Chair of the Nomination & Governance Committee

On behalf of the Board I am pleased to present the Nomination & Governance Committee Report for the financial year ended December 31, 2020.

Once again, the Committee had a full agenda in 2020. The Committee supported the Board in making recommendations regarding a number of significant appointments, including the Chair of the Board, Chief Executive Officer and Chief Financial Officer. The Committee will continue to monitor succession plans in 2021 to ensure these remain effective and appropriate.

The Committee has responsibility for reviewing the Group's corporate governance arrangements and its Integrity & Compliance Program. As part of the settlement with the US Attorney's Office for the Western District of Virginia, the Group entered into a Corporate Integrity Agreement with the Office of Inspector General of the U.S. Department of Health and Human Services (the "CIA"), DOJ Compliance Measures and FTC Stipulated Order, which present ongoing reporting and annual requirements that span the next five to ten years. To support in its oversight of the Integrity & Compliance Program, the Board appointed an independent consultancy, Guidehouse, as Compliance Expert to the Board.

The Board and the Committee will continue to oversee the continuous development of our Integrity & Compliance Program in 2021.

**Lorna Parker**
Chair of the Nomination & Governance Committee

### Members and meetings

At the invitation of the Committee, the Chair of the Board, the Chief Executive Officer, the Chief Legal Officer, the Chief Integrity & Compliance Officer and the Company Secretary attended meetings of the Committee. The Company Secretary is secretary to the Committee.

Following the entering into of the CIA, DOJ Compliance Measures and FTC Stipulated Order, the Compliance Expert to the Board attends the relevant section of each Committee meeting which relates to integrity and compliance matters. For part of each meeting, the Committee meets privately with the Chief Integrity & Compliance Officer and the Compliance Expert to the Board and then also separately meets with the Compliance Expert to the Board only.

The Chair of the Committee reports on the activities of the Committee at the following Board meeting, and copies of the minutes of Committee meetings are circulated to all Directors.

The Committee has authority to appoint search consultants and other advisors at its discretion.

The Committee has delegated authority from the Board, which is set out in its Terms of Reference.

### Role and responsibilities

The role and responsibilities of the Committee fall into two key areas:

#### Board composition and succession planning

› reviewing the size, composition, diversity and balance of skills of the Board and its Committees;
› overseeing the appointment process for Directors and making recommendations to the Board regarding appointments to the Board and its Committees; and
› overseeing succession plans for the Board, its Committees and for senior management positions, and ensuring that these support the development of a diverse pipeline for succession.

| | INDEPENDENT NON-EXECUTIVE DIRECTOR | DATE APPOINTED TO THE COMMITTEE | DATE STEPPED DOWN FROM THE COMMITTEE | MEETINGS ATTENDED IN 2020 |
|---|---|---|---|---|
| **MEMBERS (AT DECEMBER 31, 2020)** | | | | |
| Lorna Parker (Chair) | Yes | November 2014 | | 5/5 |
| Graham Hetherington[1] | Independent on appointment | November 2020 | | 0/0 |
| A. Thomas McLellan | Yes | November 2014 | | 5/5 |
| Daniel J. Phelan | Yes | July 2020 | | 2/2 |
| **FORMER MEMBERS** | | | | |
| Tatjana May | Yes | February 2017 | July 31, 2020 | 3/3 |

1. Graham Hetherington was appointed a member of the Committee on November 18, 2020; there were no Committee meetings held between that date and the end of the financial year.

**Corporate governance and compliance**

- keeping the Group's corporate governance arrangements under review and monitoring external corporate governance developments;
- reviewing and evaluating additional external appointments for the Directors of Indivior PLC and members of the Executive Committee and conflicts of interest notified by Directors, and making recommendations to the Board; and
- overseeing the Integrity & Compliance Program.

## Activities during the year

During the year, the Committee considered, amongst other items, the following matters:

**Corporate governance**

During the year, the Committee was kept abreast of developments in corporate governance by the Company Secretary. In particular, the Committee:

- considered the program of engagement with the workforce. Further information regarding the Board's approach to engagement with the workforce can be found on page 62;
- reviewed the External Appointments Policy, which requires that all Directors of Indivior PLC receive approval from the Board prior to accepting an additional external appointment;
- received an update on the Group's data privacy program, which included the establishment of a Data Governance Committee and appointment of a Senior Information Risk Owner; and
- on behalf of the Board, reviewed and approved the Group's UK Modern Slavery Statement, a copy of which is available on the Group's website (www.indivior.com).

**Director independence and conflicts of interest**

Processes exist for actual or potential conflicts of interest to be reviewed and disclosed and to make sure Directors do not participate in any decisions where they may have a conflict or potential conflict.

During the year, the Committee considered the other commitments of the Chair and Non-Executive Directors and if these were likely to give rise to a potential conflict of interest. The Committee also reviewed the likely time commitment required from the Directors' other appointments and if these were likely to interfere with their ability to discharge their duties (and having regard to 'overboarding' guidelines). The Committee provided a report on its review to the Board.

The Board considered the Committee's recommendations and considered that each of the Non-Executive Directors remained independent and dedicated sufficient time to discharge their duties effectively.

**External directorships**

In accordance with Provision 15 of the 2018 Code, the External Appointments Policy requires that the Directors of Indivior PLC receive approval from the Board prior to accepting an additional external appointment. In reviewing an additional appointment, consideration will be given to the Director's existing commitments, the likely time commitment of the new role (having regard to 'overboarding' guidelines) and if the appointment is likely to give rise to a conflict of interest. None of the Directors took on additional external appointments during the year.

Subject to the prior approval outlined above, Executive Directors may hold one non-executive appointment and members of the Executive Committee may hold one non-executive appointment subject to the approval of the Executive Committee. The Executive Directors do not hold any external directorships.

**Succession planning**

Chair succession

In June 2020, Howard Pien took a medical leave of absence, and subsequently stepped down from the Board in September 2020. Daniel Tassé, who has a deep understanding of the pharmaceutical sector and Indivior's business, was appointed as Interim Chair in June 2020; he continued in this role until November 2020.

The 2019 Board Effectiveness Review had highlighted the need to develop an orderly succession plan for the Chair of the Board and the Committee had considered the plan at its meeting in November 2019 and again in July 2020; this plan was accelerated when Mr Pien stepped down from the Board.

The Committee considered if an external process would be undertaken and agreed that, as there were a number of potential candidates amongst the serving Non-Executive Directors, an external process would not be undertaken. The Chairs of the Nomination & Governance Committee and Remuneration Committee led the process, which included discussions with each of the Directors and the Company Secretary.

Following a thorough process, the Committee recommended to the Board that Graham Hetherington be appointed Chair of the Board. Graham has a strong track record of value creation including in specialty pharma and has deep strategic, operational and financial expertise. The Board appointed Graham Hetherington as Chair of the Board in November 2020.

Executive succession

Shaun Thaxter stepped down as Chief Executive Officer in June 2020. Mark Crossley, who had been Chief Financial & Operations Officer and Executive Director since February 2017, was appointed as Chief Executive Officer.

Mr Crossley had previously been identified as a potential successor to Mr Thaxter as part of the Committee's regular succession planning discussions. In determining to appoint Mark Crossley as Chief Executive Officer, the Board considered his deep understanding of the Company's guiding principles, proven leadership skills and broad strategic and financial skillset.

Ryan Preblick was appointed Interim Chief Financial Officer in June 2020. A search process, considering both internal and external candidates, was undertaken to identify a permanent Chief Financial Officer. Following a thorough process, the Committee recommended the appointment of Ryan Preblick as Chief Financial Officer. His appointment was approved by the Board in November 2020. In determining to appoint Ryan, the Board took account of his strong financial leadership, deep understanding of the organization and strong performance in his role as Interim Chief Financial Officer.

### Non-Executive succession

The Committee keeps the succession plans for the Non-Executive Directors under close review. In April 2020, Tatjana May advised the Board that she would step down as a Non-Executive Director in July 2020. Due to the COVID-19 pandemic, it was agreed that a search process would not be implemented to identify a successor at that time.

Following Graham Hetherington’s appointment as Chair of the Board, it was agreed that a search would commence to identify a Non-Executive Director with recent and relevant financial experience.

In January 2021, Daniel Tassé notified the Board that he would step down as a Non-Executive Director following the conclusion of the 2021 AGM. Consequently, the Board has extended the search process to identify an additional Non-Executive Director. The search process is progressing and further information regarding the appointment process can be found under the section below.

### Appointment of Non-Executive Directors

There is a formal, rigorous and transparent process for the recruitment of new Directors. This process includes the appointment of an external search consultancy to support the Committee in the development of a candidate specification, development of long- and shortlists, conducting screening interviews and taking up references. Candidate specifications are developed by reference to the skills matrix maintained by the Committee and the personal strengths and experience required in addition to the promotion of diversity. Shortlisted candidates are interviewed by a number of Directors (including Executive and Non-Executive Directors). Prior to recommendation, a review is undertaken of any actual or potential conflicts and assessment of the proposed Director’s existing commitments. Following these steps, the Committee makes a recommendation to the Board regarding the appointment of the preferred candidate to the Board and relevant Committees.

The Chair of the Nomination & Governance Committee leads the recruitment process, supported by the Company Secretary. The Chair of the Nomination & Governance Committee provides regular progress reports to the Board, including copies of candidate specifications and profiles.

### Board Effectiveness Review

The Committee considered the approach regarding the review of the effectiveness of the Board, its Committees and the individual Directors. As the Company was not a member of the FTSE 350 for the majority of the year and due to a number of other factors including the focus on the DOJ resolution, it was agreed that an internally facilitated evaluation would be undertaken in 2020. The Chair of the Committee, supported by the Company Secretary, developed the approach for 2020, which was undertaken by way of an online survey, followed by meetings with each individual Director, the Chair and Company Secretary.

The Committee’s performance was reviewed as part of the Board’s annual performance evaluation. Further information regarding the 2020 Board Effectiveness Review can be found on page 61.

### Integrity & Compliance

At each meeting, the Committee received an update from the Chief Integrity & Compliance Officer on the Group’s Integrity & Compliance Program. The Compliance Expert to the Board also attends these parts of the Committee’s meeting.

For part of each meeting, the Committee meets privately with the Chief Integrity & Compliance Officer and the Compliance Expert to the Board and then also separately meets with the Compliance Expert to the Board only.

Ahead of each meeting, the Committee receives the Integrity & Compliance dashboards, which show performance across all program areas, including:

- progress against the Integrity & Compliance key strategic priorities for the year;
- key program enhancements, including developments to policies and process enhancements supported by external advisors;
- risk assessments and mitigation plans;
- details of training and workforce education activities;
- field monitoring activities;
- transparency reporting;
- reports received via the Group’s confidential reporting hotline (Ethicsline) and subsequent investigations; and
- staffing and resourcing of the Integrity & Compliance Department.

During the year, the Group entered into a Corporate Integrity Agreement (CIA) with the Office of the Inspector General of the U.S. Department of Health and Human Services, as well as Department of Justice Compliance Measures and FTC Stipulated Order commitments. The Committee has received reports on the implementation of these commitments and the effectiveness of Indivior's Integrity & Compliance Program.

Further information regarding the Group’s Integrity & Compliance program can be found on pages 25 and 26.

### Diversity and inclusion

At Indivior, we value our distinctive culture and believe it is a key source of sustainable competitive advantage. We believe diversity and inclusion in its broadest sense supports innovation, continuous improvement of quality, and increased speed and efficiency in meeting the various needs of our patients, customers and stakeholders.

Our Diversity and Inclusion Policy, which applies to the Board and our workforce, reflects our beliefs and values. Supporting and promoting the diversity of our people is an important priority for the Group and we have focused on developing an inclusive culture that values all employees regardless of their age, disability, gender, race, sexual orientation or other protected characteristics. We achieve this through targeted sourcing of people from diverse backgrounds and cultures and an ongoing focus on creating an environment that allows our talented people to prosper.

As a result of departures from the Board during the year, gender and ethnic diversity has reduced. When making new appointments, the Nomination & Governance Committee and the Board gives careful consideration to the skills, experience and knowledge of the potential candidates and makes its recommendations and appointments based on merit and objective criteria and, within this context, the promotion of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

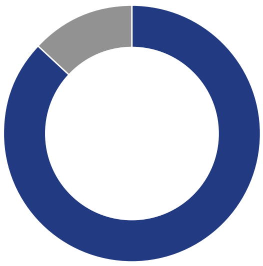
The Nomination & Governance Committee has considered the diversity of the Board and recognizes that we have work to do. The Board is supportive of the targets set by the Hampton Alexander Review and Parker Review and aspires to achieve the targets set by Hampton Alexander Review by the 2022 AGM and the Parker Review by the target date of 2024.

There is currently one female Director on the Board, representing 13% of the composition of the Board. Our senior management (the Executive Committee) is comprised of 22% women. Across the Group and at senior leadership levels in the organization (Executive Committee members and their direct reports), there is 32% female representation.

**Lorna Parker**
Chair of the Nomination & Governance Committee

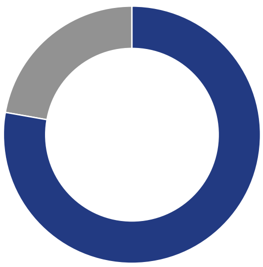
March 18, 2021

**Board of Directors**



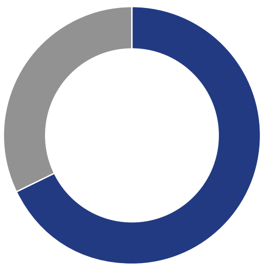
- **Male: 87%**
- **Female: 13%**

**Senior management team**



- **Male: 78%**
- **Female: 22%**

**Senior leadership**



- **Male: 68%**
- **Female: 32%**

# SCIENCE & POLICY COMMITTEE

**Peter Bains**
Chair of the Science & Policy Committee

### Members and meetings

At the invitation of the Chair of the Committee, the Chief Scientific Officer, Chief Medical Officer and Chief Commercial and Strategy Officer attended meetings of the Committee.

The Deputy Company Secretary is secretary to the Committee.

### Role and responsibilities

The principal role and responsibilities of the Committee include:

› to provide assurance to the Board regarding the quality, competitiveness and integrity of the Group's research and development (R&D) activities;
› to evaluate emerging issues and trends in science and policy matters including the potential impact of wider government policy that may affect the Group's overall business strategy;
› to review the scientific technology and R&D capabilities deployed within the business;
› to assess the decision-making processes for R&D projects and programs, and to review benchmarking against industry and scientific best practice, where appropriate; and
› to review relevant and important bioethical issues and assist in the formulation of, and agreement on behalf of the Board, appropriate policies in relation to such issues.

The Committee has delegated authority from the Board, which is set out in its Terms of Reference and available to view on the Group's website www.indivior.com.

The Committee has authority to appoint consultants and other advisors at its discretion.

The Committee holds a private session at each meeting without members of the executive management team being present.

The Chair of the Committee reports on the activities of the Committee to the Board, and copies of the minutes of Committee meetings are circulated to all Directors.

### Activities during the year

During the year, the Committee considered, among other items, the following matters:

› monitored and reviewed the planning and execution of appropriate post-marketing requirement studies and post-marketing commitment studies relating to SUBLOCADE and PERSERIS;
› monitored and reviewed the progress and development of the Group's product pipeline growth strategy and early stage asset development opportunities including INDV-2000: Selective OX1 receptor antagonist, INDV-1000: Selective GABAb positive allosteric modulator and an ATRIGEL drug delivery platform;
› reviewed the ongoing progress of the RECOVER Study™ (Remission from Chronic Opioid Use-Studying Environmental and Socio-Economic Factors on Recovery);

| | INDEPENDENT NON-EXECUTIVE DIRECTOR | DATE APPOINTED TO THE COMMITTEE | DATE STEPPED DOWN FROM THE COMMITTEE | MEETINGS ATTENDED IN 2020 |
|---|---|---|---|---|
| **MEMBERS (AT DECEMBER 31, 2020)** | | | | |
| Peter Bains | Yes | August 2019 | – | 5/5 |
| A. Thomas McLellan | Yes | November 2014 | – | 5/5 |
| **FORMER MEMBERS** | | | | |
| Tatjana May | Yes | November 2019 | July 31, 2020 | 3/3 |

- received comprehensive briefings on the Group's public policy strategies with emphasis on the federal and state landscape in the US, including legislative developments focusing on the provision of medication assisted treatment and drug pricing reforms;
- revision of strategy and priorities for the Group's Global Medical Affairs team including strategic alignment and collaboration between the US Medical Affairs team and the Group's Government Affairs team;
- reviewed initiatives for controlled product involvement in the US Criminal Justice System and greater participation and delivery to health ecosystems;
- endorsed the Group's fresh initiative focused on advancing patient interests through innovation, advancing policies and messaging resulting in the initiative 'New Leaf for Patients';
- reviewed progress of regulatory filings outside the US;
- reviewed the effectiveness of the Committee during the year as part of the Board's annual performance; and
- throughout the year, the Chief Scientific Officer updated the Committee on the progress of the Peer-Review publications in which the Group was involved, which numbered 40 at the year-end. The Committee also approved the Peer-Review Publication Plan for 2021.

**Peter Bains**
Chair of the Science & Policy Committee

March 18, 2021

# ANNUAL REMUNERATION STATEMENT

**Daniel J. Phelan**
Chair of the Remuneration Committee

## DEAR SHAREHOLDERS,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended December 31, 2020. This report is split into the following sections:

- the Annual Statement, which provides a summary of the remuneration decisions made during the year, together with an 'at a glance' summary of the remuneration decisions made during the year;
- the proposed Directors' Remuneration Policy, which will be put to shareholders for approval at the Annual General Meeting on May 6, 2021; and
- the Annual Report on Remuneration, which describes how the Remuneration Policy that was approved by shareholders at the 2018 AGM has been applied during the year.

My colleagues and I on the Committee hope that you find the report clear, transparent and informative, and that we can count on your continued support. The Committee believes the Remuneration Policy proposed for approval will support and drive our long-term growth ambitions and deliver returns on behalf of shareholders.

All payments to Directors during the year were made in accordance with the Remuneration Policy.

### COVID-19

2020 was an unprecedented year. After a positive operational start to the year, the COVID-19 pandemic brought about an abrupt change in market conditions. Our immediate priorities in this challenging period were the safety and wellbeing of our people and ensuring that we were able to maintain a supply of medicines to our patients.

Maintaining flexibility through cash conservation remained a key element of our near-term plans. In May 2020, and in direct response to the challenges presented by COVID-19, the Executive Committee agreed that they would forgo any bonus payment for 2020 under the Annual Incentive Plan (AIP).

Later in the year, and with uncertainty continuing, the Group took a number of organizational and cost actions to better align capabilities and resources with the Group's strategic priorities, targeting a reduction in the operating base by $60-70m on an annualized basis. Unfortunately, this resulted in a number of our colleagues leaving the Group. We also determined that there would be no annual merit salary increases in 2021 and that the profit-sharing component of the US 401(K) pension plan would be suspended in 2021. The fees for the Chair and Non-Executive Directors were reviewed and it was agreed that they would not receive an increase, aligned with the wider workforce.

The Committee has considered the COVID-19 context in its broader decision making and has considered executive pay in the context of the wider workforce and the broader impact on society, the Company and its shareholders.

### Changes to the Board

Shaun Thaxter stepped down as Chief Executive Officer and Executive Director on June 27, 2020 in mutual agreement with the Board. He subsequently pled guilty in his personal capacity to one misdemeanor count under the US Responsible Corporate Officer Doctrine. Under this doctrine, executives can be held liable for violations of the Federal Food, Drug, and Cosmetic Act by others in the Company without personal wrongdoing or malfeasance by the executive.

In determining Mr Thaxter's leaving arrangements, the Committee was mindful of the circumstances in which he stepped down and considered the operational performance of the business. The Committee also considered Mr Thaxter's performance and conduct during his tenure, and noted that there had not been any findings of personal wrongdoing or malfeasance.

The Committee noted that Mr Thaxter had played a pivotal role in the formation of Indivior and its vision to improve the lives of patients suffering from addiction and its co-occurring disorders. The business had received successful approval for and had launched SUBLOCADE and PERSERIS in the US and other key territories and managed the impact of the launch of generic film competition to SUBOXONE Film in 2019.

The Committee determined, based on Mr Thaxter's leadership that produced years of positive operational performance, and the absence of any findings of personal wrongdoing or malfeasance, to allow Mr Thaxter to retain his outstanding LTIP awards. The awards will be pro-rated for time worked and subject to the achievement of stretching performance conditions and a two-year post-vesting holding period. The awards will also remain subject to the Company's malus and clawback policies.

Mark Crossley, who was previously the Chief Financial and Operations Officer and who has been an Executive Director since February 2017, was appointed Chief Executive Officer on June 29, 2020. Ryan Preblick was appointed Interim Chief Financial Officer on June 29, 2020 and was appointed Chief Financial Officer and Executive Director on November 20, 2020.

Further information regarding the remuneration arrangements for Mark Crossley and Ryan Preblick and the termination arrangements for Shaun Thaxter are disclosed in the Annual Report on Remuneration on pages 102 to 103 respectively.

Further information regarding the appointments process can be found on pages 74 to 75.

**Our new Directors' Remuneration Policy**

Over the course of 2020 and early 2021, the Remuneration Committee conducted a full review of remuneration arrangements ahead of proposing the revised Directors' Remuneration Policy for approval at the 2021 AGM, this being three years from the introduction of the current policy. This included consultation with our major shareholders and investor bodies and the feedback received was considered in the development of our proposed Remuneration Policy.

The Committee is highly cognizant of the shareholder experience in 2019 and 2020, the challenges facing the business in the short to medium term as well as the ongoing challenges posed by the COVID-19 pandemic and has considered all these factors in the development of our future Remuneration Policy.

When conducting its review, the Committee was mindful of what is considered best practice in remuneration for a Group operating within the UK listed environment, whilst also recognizing the need to compete for talent in the transatlantic pharmaceutical sector.

Whilst we do not propose to make any structural changes to the framework of remuneration, we propose the following important changes to the key elements of our Remuneration Policy:

› Alignment of pensions contributions for the Executive Directors with contributions available to the wider workforce

› Reduction in LTIP maximum and introduction of a cap on the absolute maximum number of shares

We recognize both our market positioning and the current executive remuneration environment in the UK, whilst also recognizing we are behind the US market in terms of quantum. In trying to carefully balance these two markets, the Committee has proposed to reduce the annual maximum Long-Term Incentive Plan (LTIP) opportunity for the Executive Directors from 500% of salary to 400% of salary (i.e. a 20% reduction in the maximum award level). In addition, a cap on the absolute number of shares under award so that the maximum number of shares to be awarded in any year will be the lower of 1,500,000 shares or 400% of salary. In keeping with previous years, the Committee will continue to review the award level under the LTIP prior to grant and may reduce the award level, taking into account the underlying business and alignment with the shareholder experience. These reductions will be applied in respect of the awards to be granted in March 2021.

› Shareholding policy

In order to align the shareholding policy with the LTIP opportunity, the shareholding policy will be changed to a number of shares such that an Executive Director will be required to hold the lower of 1,500,000 shares or the number of shares equivalent to 400% of salary.

› Introduction of a formal post-cessation shareholding policy

Executive Directors will be expected to hold Indivior shares equal to their incumbent shareholding requirement (or actual shareholding if lower) for two years post departure. The introduction of a formal policy formalizes and augments the Group's existing provisions.

**Context for remuneration at Indivior**

Our remuneration philosophy is focused on aligning the incentivization of our senior executives with our strategic priorities.

Our approach remains the careful balancing of our positioning as a primarily US-based business that competes for talent in a global market, but one which is UK-listed and operates within a UK governance framework. We recognize that our remuneration structure is different in some respects from a 'typical' UK package, but the Committee believes that the structure carefully balances these factors and will ensure that the Group is able to retain and attract the talent needed to enable the delivery of our strategic ambitions.

## 2020 Remuneration outcomes

### Annual Incentive Plan

As announced in May 2020, the Executive Directors have forgone any bonus payment for 2020 associated with the Group's Annual Incentive Bonus Plan (AIP).

### Long-Term Incentive Plan

For LTIP awards granted in 2018 which vested in 2021, the year ended December 31, 2020 was the final year of the three-year performance period. These awards were subject to three separate measures (each with one-third weighting): relative Total Shareholder Return (TSR) versus the constituents of the FTSE 250 Index excluding investment trusts; relative TSR versus the constituents of the S&P1500 Pharmaceutical and Biotech Index; and key pipeline and product targets. Threshold performance in respect of the relative TSR performance measures was not met resulting in 0% vesting for those elements and there was 33% vesting in respect of the key pipeline and product element. This resulted in an overall vesting of 11% of maximum on a formulaic basis.

However, in light of the shareholder experience over the same three-year period, the Committee considered it appropriate to once again exercise its discretion to override the formulaic outturn and reduce LTIP amounts to zero in respect of the awards held by Mark Crossley and Shaun Thaxter.

Discussion of the targets set and remuneration outcomes are set out in the Annual Report on Remuneration on pages 96 to 98.

## Implementation of Remuneration Policy for Executive Directors in 2021

### Base salary

The Executive Directors will not receive a base salary increase in 2021.

### Annual Incentive Plan

The structure of the AIP will remain unchanged in 2021 with 75% of any bonus payment delivered in cash and 25% to be deferred into shares for a period of two years. The metrics have been realigned with the key strategic objectives for the business: global net revenues for SUBLOCADE and US net revenues for PERSERIS.

### Long-Term Incentive Plan

LTIP awards granted in 2021 will be subject to relative TSR versus the constituents of the FTSE 250 (excluding investment trusts) and relative TSR versus the constituents of the S&P 1500 Pharmaceutical and Biotech Index, each with equal weighting. The Committee considers that relative TSR remains a relevant metric as it is directly aligned with the interests of shareholders. The use of two relative TSR comparator groups is intended to balance the fact that Indivior is a FTSE 250 listed company, but also recognizes that Indivior operates within a specialized sector, where the majority of its direct peers are listed in the US. The awards granted to the Executive Directors in 2021 will be subject to an additional two-year holding period following the end of the three-year performance period. Further details can be found on page 100.

## Shareholding requirements

Our executive shareholding requirements are significantly higher than UK market practice. At December 31, 2020, the Chief Executive Officer held shares with a value equivalent to 65% of salary and the Chief Financial Officer held shares with a value of 17% of salary.

## All-employee plans

The Group operates all-employee share plans in the US and UK.

## Shareholder engagement

The Committee is committed to aligning the interests of the Executive Directors with shareholders. During the year, we consulted with our largest shareholders (representing c.70% of our issued share capital), as well as proxy advisors. As part of this consultation, we sought feedback from shareholders in respect of the 2019 Remuneration Report vote, the termination arrangements in respect of the former Chief Executive Officer and the proposals in respect of the 2021 Remuneration Policy.

The Committee recognizes that the 2019 Remuneration Report received a 24% vote against at the 2020 Annual General Meeting and c.15% of shareholders abstained from voting on this and a number of other resolutions. Following our consultation, we published an Update Statement on our website in November 2020, acknowledging that some shareholders had been concerned that executive remuneration with respect to the 2019 financial year was not completely aligned with the shareholder experience. In particular, the principal issues raised were that the awarding of salary increases and payment of bonuses to the Executive Directors were not considered to be aligned with the shareholder experience in 2019.

The Committee is grateful for the engagement and feedback received. That feedback received was considered by the Committee in the development of our proposed Remuneration Policy and also in determining remuneration outcomes in respect of the 2020 financial year.

## 2021 Annual General Meeting

We hope to receive your support for the Remuneration Policy and Directors' Remuneration Report at our AGM in May 2021.

**Daniel J. Phelan**
Chair of the Remuneration Committee

March 18, 2021

# REMUNERATION AT A GLANCE

## Fixed Pay

### Base salary

**Year ended 31 December 2020**

Base salaries effective 1 January 2020

| | |
|---|---|
| Mark Crossley[1] | $775,000 |
| Ryan Preblick[2] | $480,000 |
| Shaun Thaxter | $846,300 |

1. From appointment as CEO, effective June 29, 2020.
2. From appointment as CFO, effective November 19, 2020.

**Proposed implementation for 2021**

No merit increases applied to base salaries.

| | |
|---|---|
| Mark Crossley | $775,000 |
| Ryan Preblick | $480,000 |

### Pension and benefits

**Year ended 31 December 2020**

Profit sharing contributions of 4% of base salary plus any Company match of 75% on elected deferrals up to 4.5% of base salary provided to Mark Crossley and Ryan Preblick, in line with the wider workforce.

Shaun Thaxter received pension contributions of 17.5% of salary up to the date he stepped down from the Board.

Other benefits provided in line with policy.

**Proposed implementation for 2021**

The pension benefits of the Executive Directors are aligned with those of the wider US workforce.

Benefits include healthcare, car allowance and life and disability insurance. No changes will be made to benefits and pension arrangements for 2021.

## Variable Pay

### AIP

**Year ended 31 December 2020**

In response to the COVID-19 pandemic, the Executive Directors and members of the Executive Committee agreed to forgo any bonus payment under the AIP 2020 and therefore no bonus was paid to the Executive Directors for 2020.

Performance against the targets set at the start of the performance period has been included on page 96 for completeness.

**Proposed implementation for 2021**

The maximum award for 2021 remains unchanged:

1. Mark Crossley – 200% of salary
2. Ryan Preblick – 120% of salary

The performance measures and weightings for 2021 will be:

| Measure | Weighting |
|---|---|
| Global net revenue – SUBLOCADE | 80% |
| US net revenue – PERSERIS | 20% |

25% of any bonus paid will be deferred into shares for a period of two years.

## Variable Pay

### LTIP

**Year ended 31 December 2020**

For LTIP awards granted in 2018, the Committee considered the formulaic outturn in the context of the shareholder experience and determined to exercise its discretion to override the formulaic outturn to zero.

| Measure | Weighting | Outcome |
|---|---|---|
| TSR (FTSE 250) | 33.3% | 0% |
| TSR (S&P 1500 Pharma & Biotech) | 33.3% | 0% |
| Key pipeline and product | 33.3% | 11% |
| Outcome (on formulaic basis) | | 11% |
| Committee negative discretion | | (11)% |
| Final outturn | | 0% |

| | | Year ended 31 December 2020 | Proposed implementation for 2021 |
|---|---|---|---|
| Variable Pay | LTIP | LTIP awards of 225% of base salary were granted to the Executive Directors (reduced from policy maximum of 500% of base salary).<br>The performance measures are unchanged from the 2019 award:<br>Measure / Weighting<br>TSR (FTSE 250) 50%<br>TSR (S&P 1500 Pharma & Biotech) 50%<br>A two-year holding period applies to vested awards. | The maximum opportunity has been reduced from 500% to 400% of base salary. In addition, a cap on the absolute number of shares will be applied so that the maximum number of shares to be granted is the lower of 1,500,000 or 400% of base salary.<br>Measure / Weighting<br>TSR (FTSE 250) 50%<br>TSR (S&P 1500 Pharma & Biotech) 50%<br>A two-year holding period will apply to vested awards. |

### UK Corporate Governance Code: Provision 40

When developing the revised Remuneration Policy and considering its proposed operation for 2021, the Committee was mindful of, and feels it has appropriately addressed, the following factors set out in the UK Corporate Governance Code:

#### Clarity

The Committee welcomes open and frequent dialogue with shareholders on our approach to remuneration. During the course of the year, shareholders were consulted to gather feedback and understand their views on our approach to remuneration, including:

› proposed changes to the Remuneration Policy;
› remuneration arrangements for Shaun Thaxter;
› remuneration arrangements for Mark Crossley on appointment; and
› to gather shareholder views in respect of the 2020 AGM vote.

#### Simplicity

We believe the remuneration arrangements for Executive Directors, as well as those throughout the organization, are simple in nature and well understood by both participants and shareholders.

#### Risk

The Committee considers that the structure of incentive arrangements does not encourage inappropriate risk-taking.

AIP deferral, the LTIP holding period and our shareholding requirement, including post-cessation holding, provide a clear link to the ongoing performance of the business and the experience of our shareholders.

Malus and clawback provisions also apply to the AIP and the LTIP.

#### Predictability

Our Remuneration Policy contains details of threshold, target and maximum opportunity levels under our AIP and LTIP, with actual outcomes dependent on performance achieved against predetermined measures and target ranges. This is illustrated by the charts on page 89.

#### Proportionality

Our performance measures and target ranges under the AIP and LTIP are aligned with the Group's strategy and with shareholders' interests over the longer term.

Under the AIP and LTIP, discretion may be applied where formulaic outturns are not considered reflective of underlying Group or individual performance. The Committee has exercised this discretion in recent years to reduce the outcomes under the 2018 AIP, the 2017-2019 LTIP and 2018-2020 LTIP to zero.

#### Alignment to culture

The Remuneration Policy has been designed to support the delivery of the Group's key strategic priorities and is aligned to the Company's values.

All employees are entitled to participate in the pension scheme. The pension provided to the Executive Directors is aligned to the wider US workforce rate.

# DIRECTORS' REMUNERATION POLICY

The following tables and accompanying notes in this section of the report set out the Remuneration Policy for Executive Directors and Non-Executive Directors (the "2021 Remuneration Policy"). The 2021 Remuneration Policy will be put to a binding shareholder vote and, subject to approval by shareholders, will become effective from the Annual General Meeting to be held on May 6, 2021.

**Summary of decision-making process and changes to policy**

The policy has been updated to reflect the new UK Corporate Governance Code, as well as recent developments in best practice. In determining the new Remuneration Policy, the Committee followed a robust process, which included discussions on the content of the 2021 Remuneration Policy at the Remuneration Committee meetings throughout the year. The Committee considered input from management (while ensuring that conflicts of interests were suitably mitigated) and our independent advisors. The Committee also consulted with Indivior's major shareholders and considered the feedback received as part of the review process.

A summary of the differences between the Company's current Directors' Remuneration Policy, approved by shareholders at the 2018 Annual General Meeting, and the proposed 2021 Remuneration Policy is set out below:

- Full alignment of pension arrangements for the Executive Directors with the wider workforce in their local market;
- A reduction in the LTIP maximum opportunity from 500% of salary to 400% of salary and introduction of a cap on the absolute number of shares so that the maximum number of shares to be granted in any year will be the lower of 1,500,000 shares and 400% of salary;
- In order to align the shareholding policy with the LTIP maximum opportunity, the shareholding policy is reduced from 500% of salary to the lower of 1,500,000 shares or the number of shares equivalent to 400% of salary;
- Introduction of a post-cessation shareholding policy. Executive Directors will normally be expected to maintain a holding of Indivior shares at a level equal to the lower of the in-post shareholding guideline or the individual's actual shareholding for a period of two years from the date the individual ceases to be a Director; and
- Other minor changes have been made to improve the operation of the Remuneration Policy.

**The Remuneration Policy will be available on the Group's website (www.indivior.com) following the 2021 Annual General Meeting.**

## Policy table – Executive Directors

| | OPERATION | MAXIMUM OPPORTUNITY | FRAMEWORK USED TO ASSESS PERFORMANCE |
|---|---|---|---|
| **BASE SALARY**<br>To provide an appropriate level of fixed remuneration to attract and retain Executive Directors of the caliber required to deliver the Group's strategy. | Base salaries are normally reviewed annually, with any increase normally being applied with effect from January 1 each year.<br>Base salary levels/increases take account of:<br>› the competitive practice in the Group's remuneration peer group.<br>› the scope and responsibility of the position.<br>› individual and overall business performance.<br>› salary increases awarded across the Group as a whole. | The current salaries of the Executive Directors are disclosed in the Annual Report on Remuneration.<br>To avoid setting expectations of Executive Directors and other employees, no maximum salary is set under the Remuneration Policy.<br>However, salary increases will normally be aligned with increases awarded across the Group as a whole.<br>Increases may be made above this level to take account of individual circumstances, which may include (but are not limited to):<br>› increase in the size or scope of the role or responsibilities.<br>› increase to reflect the individual's development and performance in role. For example, where a new incumbent is appointed on a below-market salary.<br>Where increases are awarded in excess of the wider employee population, the Committee will explain the rationale in the relevant year's Annual Report on Remuneration. | n/a |
| **PENSION BENEFITS**<br>To provide Executive Directors with an appropriate allowance for retirement planning. | Executive Directors may receive contributions into a defined contribution scheme, a cash allowance, pension benefits in the form of profit-sharing contributions into the US qualified 401(K) plan, Group matching on 401(K) elected deferrals, or a combination thereof. | Maximum levels of contributions for Executive Directors will be in line with the rates available to the wider workforce in the Executive Director's local market. | n/a |
| **BENEFITS**<br>To provide a market-competitive level of benefits for the Executive Directors | Executive Directors may receive various market-competitive benefits, which may include: a company car (or cash equivalent), travel allowance, private medical and dental insurance, travel accident policy, disability and life assurance.<br>Where appropriate, other benefits may be provided to take account of individual circumstances, such as but not limited to expatriate allowances, relocation expenses, housing allowance and education support.<br>The Company provides Directors' and Officers' liability insurance, and an indemnity to the extent permitted by law. | Benefits for Executive Directors are set at a level which the Committee considers to be appropriate against relevant market data for comparable roles in companies of equivalent size and complexity in similar sectors and geographical locations to the Group. | n/a |

**Policy table – Executive Directors** continued

| | OPERATION | MAXIMUM OPPORTUNITY | FRAMEWORK USED TO ASSESS PERFORMANCE |
|---|---|---|---|
| **ANNUAL INCENTIVE PLAN (AIP)**<br>To drive strong financial performance and reward the delivery of the business strategy on an annual basis. | Performance is assessed on an annual basis with measures and targets set by the Committee at the start of the performance year. At the end of the performance year, the Committee determines the extent to which these have been achieved.<br>Bonuses are paid after the end of the performance year. 75% of the annual bonus is delivered in cash and 25% is deferred into shares for a period of two years. During the deferral period, deferred share awards may be reduced or canceled in certain circumstances.<br>Dividend equivalents may be paid, normally in the form of additional shares, on deferred share awards up to the end of the deferral period, where relevant.<br>The Committee has discretion to adjust the formulaic bonus outcomes both upward and downward (including to zero) to ensure alignment of pay with the underlying performance of the Group, e.g. in the event performance is impacted by unforeseen circumstances outside management control. | The maximum annual bonus payable under the AIP is 200% of base salary.<br>The current maximum bonus level applying to each individual Executive Director is set out in the Annual Report on Remuneration. | Bonuses are based on a combination of stretching annual financial and non-financial/strategic performance measures, with the majority of the bonus assessed against the financial performance metrics.<br>The Committee retains the discretion to change the measures and their respective weightings to ensure alignment with business priorities. In any event, bonus measures will be based at least 50% on financial and no more than 50% on non-financial and strategic measures.<br>For threshold performance, up to 12.5% of the maximum bonus opportunity may be received; and for target performance, up to 50% of the maximum bonus opportunity may be received. If performance is below threshold, no bonus will be paid.<br>Further details, including the performance measures and weightings in respect of the relevant financial year, are disclosed in the Annual Report on Remuneration. Annual bonus payments are subject to malus and clawback arrangements as detailed in the notes following this table. |
| **LONG-TERM INCENTIVE PLAN (LTIP)**<br>To incentivize and reward long-term performance, and align the interests of Executive Directors with those of shareholders. | Awards under the LTIP may consist of grants of conditional share awards, nil cost options or market-value share options which vest subject to the achievement of stretching performance targets measured over a performance period of at least three years. Awards granted to Executive Directors are subject to an additional holding period following the performance period. For awards with a three-year performance period, this holding period will normally be two years.<br>The LTIP opportunity is reviewed annually with reference to market data and the associated cost to the Group is calculated using an expected value methodology. | The maximum annual award that may be made to any individual in respect of any financial year will be the lower of 1,500,000 shares and 400% of base salary.<br>The value for this purpose is the aggregate grant market value of the shares. Market value is the average closing middle market quotations of shares over the five business days immediately preceding the grant date.<br>Details of the LTIP opportunity in respect of each year will be disclosed in the Annual Report on Remuneration. | Vesting of the awards granted under the LTIP is subject to continued employment and the achievement of key financial and strategic performance conditions which are aligned to the Group's strategic plan.<br>The Committee retains the discretion to change the measures and their respective weightings to ensure alignment with business priorities. In any event, LTIP measures will be based at least 50% on shareholder return based measures and no more than 50% on other non-financial and strategic measures.<br>Threshold performance will result in up to 12.5% of the maximum award vesting. Target performance will result in up to 50% of the maximum award vesting. |

| | OPERATION | MAXIMUM OPPORTUNITY | FRAMEWORK USED TO ASSESS PERFORMANCE |
|---|---|---|---|
| **LONG-TERM INCENTIVE PLAN (LTIP) (CONTINUED)** | The performance conditions are reviewed before each award cycle to ensure they remain appropriate and targets are suitably stretching and may be amended in accordance with the terms of the LTIP or if the Committee reasonably considers it appropriate, provided that the amended performance conditions are not materially easier to satisfy.<br>Dividend equivalents may be paid, normally in the form of additional shares, on LTIP awards that vest up to the end of the post-vesting holding period, where relevant.<br>The Committee has discretion to adjust the formulaic LTIP outcomes to improve the alignment of pay with value creation for shareholders to ensure the outcome is a fair reflection of the underlying performance of the Group. | | Further details, including the performance targets attached to the LTIP in respect of each year, are disclosed in the Annual Report on Remuneration.<br>Awards are subject to malus and clawback arrangements as detailed in the notes following this table. |
| **ALL-EMPLOYEE SHARE PLANS**<br>To align the interests of employees including Executive Directors and shareholders. | Executive Directors may participate in all-employee share plans offered by the Group on the same basis as is offered to the Group's other eligible employees. | Maximum opportunity for awards will be in line with the savings limits set by local regulations.<br>As an example, the current maximum contribution set by HMRC in relation to a Save As You Earn (SAYE) Plan is £500 per month. | n/a |

### Notes to the policy table

A summary of the key differences between the Directors' Remuneration Policy approved by shareholders at the 2018 Annual General Meeting, and the proposed 2021 Remuneration Policy is set out on page 84.

### Executive Director shareholding policy

The Committee recognizes the importance of aligning Executive Director and shareholders' interests through executives building up significant shareholdings in the Company. Executive Directors are expected to acquire a significant number of shares over a period of five years and retain these until retirement from the Board of Directors. The shareholding requirement is the lower of 1,500,000 shares or the number of shares equivalent to 400% of base salary for the Executive Directors, in line with the overall LTIP maximum. This is generally expected to be achieved within five years of the date of appointment. Details of the Executive Directors' current shareholdings are provided in the Annual Report on Remuneration.

With effect from 2021, Executive Directors will also be subject to a post-cessation shareholding policy. Executive Directors will normally be expected to maintain a holding of Indivior shares at a level equal to the lower of the in-post shareholding guideline or the individual's actual shareholding for a period of two years from the date the individual ceases to be a Director. The specific application of this shareholding policy will be at the Committee's discretion. The Committee has the discretion to waive this requirement in certain circumstances (e.g. compassionate circumstances).

### Payments outside policy

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed (i) before May 13, 2015 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

### Clawback and malus

The Committee has the discretion to scale back or cancel LTIP awards, extend the performance period or defer the exercise period prior to the satisfaction of awards or after the end of any relevant holding period in the event that results are materially misstated for part of the performance period applicable to an award, an individual's conduct has amounted to gross misconduct or, in respect of awards made after the adoption of the 2018 Remuneration Policy, in the event of serious reputational damage to Indivior. Where LTIP awards have vested the Committee has the discretion to 'claw back' awards or reduce amounts of other payments due to the individual up to the fifth anniversary of the grant of the awards in the circumstances described above.

### Share plan terms

Share-based awards will typically be settled in shares, but may be settled in cash in certain circumstances (for example, where the Committee determines that it is not possible or practical to settle awards with shares).

The terms of awards may be adjusted in the event of a variation of the Company's share capital, a demerger, special dividend or distribution or any other circumstances the Committee considers appropriate.

### Performance measure selection and approach to target setting

The AIP performance measures are selected to provide an appropriate balance between incentivizing Executive Directors to meet financial targets for the year and incentivizing them to further the Group's strategic objectives. The particular measures each year are selected to ensure focus on the key objectives for that particular financial year.

In respect of the LTIP, the Committee annually reviews the performance measures which apply to awards to ensure that they are aligned with the Group's strategy and with shareholders' interests over the longer term.

Measures and targets for both the AIP and LTIP are reviewed annually against a number of internal and external reference points. Measures and targets are set on a sliding scale at levels the Committee considers to be appropriately stretching for the level of performance delivered.

### Remuneration Policy for the wider workforce

The Remuneration Policy for Executive Directors in general is more heavily weighted towards variable pay than for other employees.

The majority of employees participate in an annual incentive plan, but LTIP awards are only made to certain senior executives in the Group.

The Group's approach to annual base salary reviews is consistent across the business, with consideration given to the level of experience, responsibility, individual performance and salary levels for comparable roles in comparable companies.

The Group also operates all-employee shares plans that are open to eligible employees in the relevant jurisdictions.

Employees are also entitled to taxable and non-taxable benefits (including eligibility to participate in defined contribution pension arrangements), with employees being entitled to substantially the same benefit structure as Executive Directors.

### Discretions

The Committee retains discretion as to the operation and administration of these incentive plans, including with respect to:

- who participates;
- the timing of grant and/or payment;
- the size of an award and/or payment (within the plan limits approved by shareholders);
- discretion to change the measures and their respective weightings to ensure alignment with business priorities;
- discretion to adjust the targets and/or set different measures and alter weightings for incentives if events occur (e.g. material divestment of a group business or changes to accounting standards) which cause the Committee to determine that an adjustment or amendment is appropriate so that the conditions achieve their original purpose;
- discretion to adjust the formulaic outcomes under the AIP and LTIP, both upward and downward (including to zero), to ensure alignment of pay with the underlying performance of the Group, e.g. in the event performance is impacted by unforeseen circumstances outside management control;
- in exceptional circumstances, amendment of any performance conditions applying to a share award – provided the new performance conditions are considered fair and reasonable, and are neither materially more nor materially less challenging than the original performance targets when set;
- discretion relating to the measurement of performance in certain circumstances (e.g. a variation of share capital, change of control, special dividend, distribution or any other corporate event which may affect the current or future value of an award);
- determination of a good leaver (in addition to any specified categories) for incentive-plan purposes, based on the plan rules and the appropriate treatment under the plan rules; and
- adjustments required in certain circumstances (e.g. rights issues, share buybacks, special dividends, other corporate events, etc.).

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration. As appropriate, it might also be the subject of consultation with the Company's major shareholders.

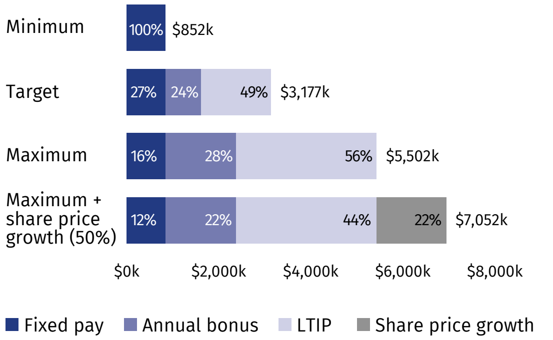
### Minor amendments

The Committee may make minor amendments to the 2021 Remuneration Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval.

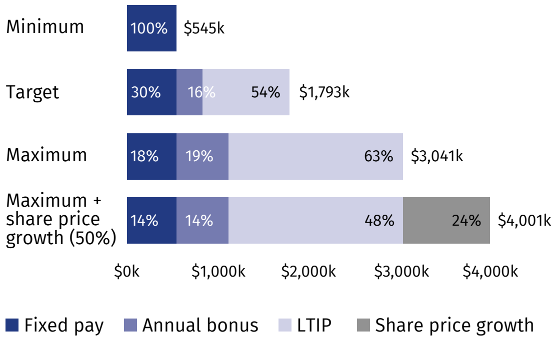
### Scenario analysis

The charts below provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under four different performance scenarios: 'Minimum', 'Target', 'Maximum' and 'Maximum plus 50% share price growth'.

#### Chief Executive Officer – Mark Crossley




#### Chief Financial Officer – Ryan Preblick




| Performance scenario | Basis of valuation |
|---|---|
| Minimum performance (below threshold) | Fixed pay only – base salary, benefits and pension benefits |
| Target performance | Fixed pay plus AIP at target performance (50% of maximum) and target vesting under the LTIP (50% of maximum) |
| Maximum performance | Fixed pay plus maximum AIP and full vesting under the LTIP (all performance conditions met) |
| Maximum performance plus 50% share price growth | Fixed pay plus maximum AIP and full vesting under the LTIP (all performance conditions met) plus 50% share price appreciation over the performance period |

The charts are based on the face value of awards and do not include the value of any dividends.

**Policy table – Chair and Non-Executive Directors**

The Chair and Non-Executive Directors do not have service agreements, but are engaged on the basis of a letter of appointment. In line with the UK Corporate Governance Code, all Directors are subject to re-appointment annually at the Annual General Meeting.

The Chair and Non-Executive Directors are not eligible to participate in the Group's Annual Incentive Plan, Long-Term Incentive Plan or pension schemes.

Details of the policy on fees paid to the Chair and Non-Executive Directors are set out in the table below:

| COMPONENT AND OBJECTIVE |
|---|
| Fees and other arrangements<br>To attract and retain a Chair and Non-Executive Directors of the highest caliber with broad commercial experience relevant to the Group. |
| **APPROACH OF THE COMPANY** |
| The fees paid to Non-Executive Directors are determined by the Board of Directors, with recommendations provided by the Chair and Chief Executive Officer.<br>The fees of the Chair are determined by the Committee.<br>Additional fees may be payable for acting as Senior Independent Director and as Chair of a Board Committee (including the Audit, Remuneration, Science & Policy and Nomination & Governance Committees). Members of all Board Committees also receive an additional fee. Additional fees may be paid for additional time commitments, including, for example, international travel.<br>Fee levels are reviewed from time to time. Fees are reviewed by taking into account external advice on best practice and competitive levels, in particular at FTSE 250 companies. Time commitment and responsibility are also taken into account when reviewing fees. Chair and Non-Executive Directors' fees are not subject to performance conditions.<br>Aggregate fees are limited to £1.5m by the Company's Articles of Association.<br>The Chair and Non-Executive Directors may also be reimbursed for their travel and accommodation costs incurred in the pursuance of their duties (including any tax which may be payable in respect of such costs). The maximum reimbursement is expenses reasonably incurred (including any taxes thereon).<br>The Chair and Non-Executive Directors are expected to hold an interest in Indivior shares.<br>The Company provides Directors' and Officers' liability insurance, and an indemnity to the extent permitted by law. |

### Chair and Non-Executive Directors' letters of appointment

The Chair and Non-Executive Directors have letters of appointment setting out their duties and the time commitment expected which are available for inspection at the Company's registered office. The Chair and Non-Executive Directors' appointments can be terminated by one month's notice by either party. The Chair and Non-Executive Directors have no entitlement to compensation on termination. Details of the date of appointment and expiry of current terms are set out on page 107.

### Approach to recruitment remuneration

#### External appointment

When determining the remuneration package for a new Executive Director, the Committee will take into account all relevant factors based on the circumstances at that time. This may include factors such as the caliber of the individual, market practice in the candidate's location or locations and scope of the role to which they are being appointed.

Typically, the package will be aligned to the Company's Remuneration Policy as set out above. However, should there be a commercial rationale for doing so, the Committee has the discretion to include any other remuneration elements, to vary the composition of the remuneration package, which are not included in the policy table, subject to the overall limit on variable remuneration set out below. The Committee does not intend to use this discretion to make non-performance related awards and is always mindful of the need to pay no more than is necessary.

The overall limit of variable remuneration will be as set out in the policy table taking into account the maximum value under the AIP and the maximum awards under the LTIP (i.e. 600% of base salary).

The Committee may make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer, i.e. over and above the maximum limit on variable remuneration set out above. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards and the likelihood of those conditions being met with the intention that the value awarded would be no higher than the expected value of the forfeited arrangements and made on a like-for-like basis.

#### Internal promotion

When appointing a new Executive Director by way of internal promotion, the policy will be consistent with that for external appointees, as detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director, the Company will continue to honor these arrangements even in instances where they would not otherwise be consistent with the prevailing Executive Director remuneration policy at the time of appointment or payment.

#### Chair and Non-Executive Directors

In recruiting a new Chair or Non-Executive Director, the Committee will use the policy as set out in the table on page 90. A basic fee in line with the prevailing fee schedule would be payable for membership of the Board of Directors, with additional fees payable for acting as Senior Independent Director, as Chair of the Audit, Remuneration, Science & Policy and Nomination & Governance Committees, and for being a member of the Audit, Remuneration, Science & Policy and Nomination & Governance Committees.

### Service contracts and exit payment policy

Executive Directors' service contracts, including arrangements for termination, are carefully considered by the Committee. In accordance with general market practice, each of the Executive Directors has a rolling service contract which is terminable on 12 months' notice and this practice will also apply for any new Executive Directors. In such an event, the compensation commitments in respect of their contracts could amount to one year's remuneration based on base salary and benefits in kind and pension rights during the notice period.

The treatment of awards under the AIP, DBP and LTIP is set out below. Termination payments may take the form of payments in lieu of notice, payable in a lump sum or in installments.

The Company's policy on any termination payment is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the Executive Director's service contract and the circumstances of the termination. The Committee reserves the right to make any other payments in connection with an Executive Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his cessation of office or employment.

Copies of Executive Directors' service contracts are available to view at the Company's registered office.

The table below summarizes how unvested awards under the Annual Incentive Plan and LTIP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion as provided under the rules of the plans:

| | REASON FOR CESSATION | TIMING OF VESTING/PAYMENT | CALCULATION OF VESTING/PAYMENT |
|---|---|---|---|
| ANNUAL INCENTIVE PLAN (AIP) | Voluntary resignation or termination with 'cause'. | Not applicable. | No bonus to be paid for the financial year.<br>Deferred share awards are normally forfeited if the executive resigns or is terminated with 'cause'. |
| | All other circumstances. | Following the end of the financial year at the usual bonus payment date. | Annual bonus will be paid only to the extent that objectives set at the beginning of the plan year have been met. Any such bonus will be paid on a pro-rata basis to the termination date. |
| LONG-TERM INCENTIVE PLAN (LTIP) | Voluntary resignation or termination with 'cause'. | Not applicable. | Unvested awards lapse. |
| | Ill-health, injury, permanent disability, retirement with the agreement of the Company, the sale of the individual's employing company or business out of the Group, redundancy or any other reason that the Committee determines in its absolute discretion. | After the end of the financial year in which the cessation of employment occurs; or at the discretion of the Committee, after the end of the relevant performance period. | The Committee determines whether and to what extent unvested awards vest based on the extent to which performance conditions have been achieved (either to the end of the financial year in which cessation of employment occurs, or over the full performance period) and unless the Committee determines otherwise the proportion of the performance period elapsed. |
| | Death | As soon as possible after date of death. | The Committee may disapply performance conditions but unless the Committee determines otherwise will reduce unvested awards to reflect the proportion of the performance period worked. |
| | Change of control of the Company | On change of control. | Awards will vest to the extent that any performance conditions have been satisfied (unless the Committee determines that the performance conditions should not apply). Awards will also be reduced pro-rata to take into account the proportion of the performance period elapsed, unless the Committee decides otherwise.<br>Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate. |

### Consideration of conditions elsewhere in the Group

The Committee does not consult with employees specifically on executive remuneration policy. However, the Committee considers pay practices across the Group and is mindful of the salary increases and pay practices applying across the rest of the business in relevant markets when considering salaries for Executive Directors.

### Consideration of shareholder views

The Committee will consider shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from shareholder representative bodies more broadly, in shaping remuneration policy.

This feedback, and any additional feedback received from time to time, will then be considered as part of the Company's annual review of remuneration. It is the Committee's intention to consult with major shareholders in advance of making any material changes to remuneration arrangements.

**Daniel J. Phelan**
Chair of the Remuneration Committee

March 18, 2021

# ANNUAL REPORT ON REMUNERATION

This Directors' Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008 (as amended), the UK Corporate Governance Code (the "Code") and the UK Listing Authority's Listing Rules and the Disclosure Guidance and Transparency Rules.

The following report outlines our remuneration framework, how the Remuneration Policy was implemented in 2020, and how the Committee intends to apply the policy in 2021. This Annual Report on Remuneration, together with the Annual Remuneration Statement from the Chair of the Committee, will be submitted to an advisory shareholder vote at the 2021 AGM. There were no deviations from the procedure for the implementation of the Remuneration Policy during the year.

### The Remuneration Committee

All members of the Committee are considered to be independent for the purposes of the 2018 Code. All members of the Committee exercise independent judgment and discretion when authorizing remuneration outcomes. The Committee's Terms of Reference require that the Chair of the Committee should have served on a remuneration committee for at least 12 months prior to appointment. As of December 31, 2020, the membership of the Committee was as follows:

| | DATE APPOINTED TO THE COMMITTEE | SCHEDULED MEETINGS ATTENDED IN 2020 | AD HOC MEETINGS ATTENDED IN 2020 |
|---|---|---|---|
| **MEMBERS** | | | |
| Daniel J. Phelan (Chair) | November 2014 | 5/5 | 2/2 |
| Graham Hetherington | November 2019 | 5/5 | 2/2 |
| Lorna Parker | November 2014 | 5/5 | 2/2 |
| Daniel Tassé | November 2017 | 5/5 | 2/2 |

### Meetings

Only members of the Committee have the right to attend Committee meetings. The Company Secretary acts as Secretary to the Committee. At the invitation of the Committee, the Chair of the Board, the Chief Executive Officer, Jon Fogle (Chief Human Resources Officer), Diego Castro Albano (Global Compensation and Benefits Director), and Kathryn Hudson (Company Secretary) attended meetings and provided advice to the Committee. The Committee meets with the advisors to the Committee at each meeting without management present.

Members of the Committee and any person attending its meetings do not participate in and are not involved in deciding their own remuneration outcomes.

The Chair of the Committee reports on the activities of the Committee at the following Board meeting, and copies of the minutes of Committee meetings are circulated to all Directors.

### Advice provided to the Remuneration Committee

Deloitte LLP was appointed as advisor to the Committee in December 2014, following a review undertaken in advance of the Company's listing on the London Stock Exchange. Deloitte LLP is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK.

Fees for advice provided to the Committee for the year, charged on a time spent basis, were £102.9k. Deloitte LLP also provided other employee and tax-related services to the Group during the year. This included payroll and UK tax-return support for the US-based Non-Executive Directors in respect of their UK taxable income and tax-return support in respect of the Executive Directors' US and UK taxable income.

The Committee is satisfied that the advice provided by Deloitte LLP is objective and independent.

### Committee performance

The performance of the Committee was considered as part of the Board and Committee evaluation process. Further information can be found on page 61.

### Role and responsibilities

Indivior's remuneration policies and practices are designed to promote long-term sustainable success. The Committee's role is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that Remuneration Policy and practices reward fairly and responsibly, are linked to corporate performance, and take account of the generally accepted principles of good governance.

The Committee has delegated authority from the Board for determining the policy for Executive Director remuneration and setting remuneration for the Chair, Executive Directors and senior management. This delegated authority is set out in the Committee's Terms of Reference.

On behalf of, and subject to approval by, the Board, the Committee primarily:

- sets and regularly reviews the Group's overall remuneration strategy;
- determines the Remuneration Policy for senior management; and
- in respect of senior management sets, reviews and approves:
  - remuneration policies, including the AIP and LTIP;
  - individual remuneration and compensation arrangements;
  - participation in the Group's AIP and LTIP; and
  - the targets for the AIP and LTIP.

### Key activities during the year

The key activities and matters considered by the Committee during the year were as follows:

- review of the Group's executive remuneration arrangements, the proposed 2021 Remuneration Policy and feedback from engagement with shareholders on those proposed changes. Further information regarding engagement with shareholders is detailed on page 81;
- review of the outturn in respect of the AIP for the 2019 financial year and LTIP awards granted in 2017. The Committee agreed that, in light of the shareholder experience over the performance period, it would exercise negative discretion to override the formulaic outturn to zero in respect of the LTIP awards held by the Executive Directors;
- review of the outturn in respect of the LTIP awards granted in 2018. The Committee once again agreed that, in light of the shareholder experience over the performance period, it would exercise negative discretion to override the formulaic outturn to zero in respect of the LTIP awards held by the Executive Directors. The Executive Directors and members of the Executive Committee had agreed to forgo their bonus as a result of the impact of COVID-19; the Committee considered the outturn in respect of the AIP for the 2020 financial year for other members of the workforce who were eligible for bonuses under the AIP;
- review and approval of the targets and measures under the 2021 AIP and LTIP awards granted in March 2021. The measures under the AIP have been realigned with key strategic objectives for the business and consequently will be based on global net revenue for SUBLOCADE and US net revenue for PERSERIS. The Committee also agreed to align the quantum of LTIP awards for the Chief Executive Officer and Chief Financial Officer with the reduced maximum amounts under the proposed 2021 Remuneration Policy;
- review of the progress of the Executive Directors and members of the Executive Committee against their shareholding requirements;
- review of the requirements of Appendix C of Indivior Inc's Corporate Integrity Agreement with the Office of the Inspector General of the Department of Health & Human Services and oversight of the implementation of these requirements;
- consideration of the changes in the regulatory and corporate governance environment and emerging trends in executive remuneration;
- review of the participation rates for the Group's all-employee share plans;
- review of workforce remuneration and related policies and their alignment with Indivior's culture and executive remuneration arrangements;
- review of the remuneration arrangements for Mark Crossley and Ryan Preblick in regard to their appointments as Chief Executive Officer and Chief Financial Officer respectively;
- review of the fee paid to the Chair of the Board and agreement that there would be no increase to their fees; and
- consideration of the remuneration arrangements on the termination of Shaun Thaxter's employment.

## Single total figure of remuneration for the Executive Directors (audited)

The table below sets out the remuneration of the Executive Directors for the financial year ended December 31, 2020, and comparative figures for the financial year ended December 31, 2019 (where applicable).

| | | Executive Directors | | | | Former Executive Director | |
|---|---|---|---|---|---|---|---|
| | | Mark Crossley | | Ryan Preblick | | Shaun Thaxter | |
| | | **2020 $,000** | 2019 $,000 | **2020 $,000** | 2019 $,000 | **2020 $,000[4]** | 2019 $,000 |
| Fixed pay | | | | | | | |
| | Base salary | **674.9[1]** | 528.3[2] | **55.4[3]** | - | **416.6** | 821.6 |
| | Taxable benefits | **61.4** | 46.2 | **6.3** | - | **51.3** | 84.4 |
| | Pension benefits | **24.2** | 23.8 | **-[5]** | - | **89.4** | 156.4 |
| **Total fixed pay** | | **760.5** | 598.3 | **61.7** | - | **557.3** | 1,062.4 |
| Variable pay | | | | | | | |
| | AIP | **-** | 415.2 | **-** | - | **-** | 1,076.3 |
| | LTIP | **-** | - | **37.5[6]** | - | **-** | 0.0 |
| **Total variable pay** | | **-** | 415.2 | **37.5** | - | **-** | 1,076.3 |
| **Total pay** | | **760.5** | 1,013.6 | **99.3** | - | **557.3** | 2,138.7 |

Note: Totals may not sum up due to rounding.

1. Mark Crossley was appointed Chief Executive Officer on June 29, 2020 and his base salary increased from $571,650 to $775,000 p.a with effect from that date. His base salary shown above for 2020 represents his pro-rated salary paid during the year.
2. Mark Crossley was appointed Chief Financial & Operations Officer on August 1, 2019 and his base salary increased from $509,232 to $555,000 p.a. with effect from that date in recognition of increased responsibilities. His base salary for 2019 represents his pro-rated salary paid during the year.
3. Ryan Preblick was appointed Chief Financial Officer and Executive Director on November 19, 2020 with a base salary of $480,000, his base salary shown above is for the period November 19 to December 31, 2020.
4. Shaun Thaxter stepped down from the Board on June 27, 2020. Further information regarding his termination arrangements can be found on page 103. The amounts shown in respect of 2020 are the amounts paid in respect of salary and benefits for the period he was an Executive Director.
5. The Company had contributed the maximum amount permitted under Ryan Preblick's pension arrangements prior to his appointment and consequently there were no further contributions made after his appointment as Chief Financial Officer and Executive Director.
6. The LTIP award granted to Ryan Preblick in March 2018 was subject to continued employment only and vested on March 9, 2021. The value of the award on the vesting date was US$37,525 (based on the value of the number of shares vesting (21,578) at the mid-market closing price of Indivior shares on the vesting date (125.20p) and converted to US$ using the GBP/US$ exchange rate on the vesting date (GB£1:1.389)). The mid-market closing price of Indivior shares on the date of grant was 402.00p.

### Base salary

On appointment as Chief Executive Officer in June 2020, Mark Crossley's base salary increased from $571,650 to $775,000 p.a. The Executive Directors did not receive a base salary merit increase as part of the 2020/21 annual review cycle, aligned with the wider workforce.

The annual base salaries for the Executive Directors as at January 1, 2021 and January 1, 2020 are set out below.

| Director | **Base salary at January 1, 2021 $'000** | Base salary at January 1, 2020 $'000 | % increase on prior year |
|---|---|---|---|
| Mark Crossley | **775.0** | 571.7 | n/a |
| Ryan Preblick | **480.0** | - | n/a |

### Taxable benefits

Taxable benefits consist primarily of healthcare, car allowance, life and disability insurance and professional support for the completion of US and UK tax returns.

### Pension benefits

Mark Crossley received pension contributions consisting of profit-sharing contributions of $11,400 (4% of base salary up to annual compensation limit) and Company match of $12,825 (75% on elected deferrals up to 4.5% of base salary and subject to annual compensation limit).

The Company had contributed the maximum amount permitted under Ryan Preblick's pension arrangements prior to his appointment and consequently there were no further contributions made after his appointment as Chief Financial Officer and Executive Director.

Shaun Thaxter received pension contributions consisting of profit sharing contributions of $11,400 (4% of base salary up to annual compensation limit), a Company match of $12,825 (75% on elected deferrals up to 4.5% of base salary and subject to annual compensation limit) and a deferred compensation matching contribution of $50,527 and cash payment of $14,686. There were no contributions made by the Company following him stepping down.

No changes have been made to the pension arrangements for 2021. The pension benefits of the Executive Directors are fully aligned with those of the wider US workforce.

### Annual Incentive Plan (AIP) (audited)

#### AIP 2020

The maximum AIP opportunity for the Chief Executive Officer was 200% of base salary. At the start of 2020, Mark Crossley's maximum AIP opportunity was 160% of base salary (in his role as Chief Financial & Operations Officer); this increased to 200% of base salary when he was appointed Chief Executive Officer. The maximum AIP opportunity for the Chief Financial Officer is 120% of base salary.

The Committee set stretching performance targets in the context of the business plan for 2020 and taking account of external forecasts. These targets were set by reference to the key strategic drivers for the business: product revenues for SUBLOCADE and PERSERIS in the US and cash management. For threshold performance, 12.5% of the maximum bonus would be paid, for target performance, 50% of the maximum bonus would be paid, and 100% of the maximum bonus would be paid for the delivery of exceptional performance significantly above both internal and external expectations. The outturn is calculated on a straight-line basis between threshold and target, and between target and maximum.

The table below provides an overview of the performance against the targets set in respect of the three financial metrics set by the Committee.

| | | Performance targets | | | | |
|---|---|---|---|---|---|---|
| Measure | Weighting | Threshold $m | Target $m | Maximum $m | Achieved $m | Outturn as a % of maximum |
| US net revenue – SUBLOCADE | 40% | 160 | 190 | 220 | 126 | 0% |
| US net revenue – PERSERIS | 20% | 17 | 22 | 27 | 14 | 0% |
| Cash management | 40% | 518 | 575 | 633 | 858 | 40% |

Overall performance would have resulted in a formulaic outturn of 40% of maximum. In May 2020, in response to the onset of the COVID-19 pandemic, the Executive Directors and members of the Executive Committee agreed to forgo any bonus payment under the AIP 2020. As no AIP payment will be made for 2020, there will be no bonus deferral in respect of the 2020 financial year.

#### AIP 2021

The Chief Executive Officer and Chief Financial Officer will have a maximum bonus opportunity under the AIP of 200% and 120% of base salary respectively.

The Committee has considered the key strategic objectives for the business and has realigned the performance measures for the 2021 AIP to align with these. Consequently, the targets for 2021 will be focused on accelerating the growth of SUBLOCADE and advancing PERSERIS in the US, with the majority of the weighting on SUBLOCADE. The cash management target has been removed as a target for 2021 as the Committee does not consider this to be a relevant measure for the purposes of the AIP in 2021.

Bonuses for 2021 will be based on the following measures and weightings:

| Measure | Weighting |
|---|---|
| Global net revenue – SUBLOCADE | 80% |
| US net revenue – PERSERIS | 20% |

The performance targets for 2021 have not been disclosed as they are considered to be commercially sensitive. However, we commit to disclosing the performance targets retrospectively in next year's Annual Report on Remuneration.

In line with our Remuneration Policy, 75% of any bonus amount will be delivered in cash and 25% will be deferred into shares for a period of two years.

### Deferred Bonus Plan (DBP) Awards (audited)

In line with the Remuneration Policy, 25% of the outturn under the 2019 AIP was compulsorily deferred into conditional shares under the DBP. The deferred conditional share awards vest after two years subject to continued employment as well as malus provisions.

| | Date of grant | No. of shares under award[1] | Closing share price at date of grant (p) | Face value $'000[2] | Vesting date |
|---|---|---|---|---|---|
| **Executive Director** | | | | | |
| Mark Crossley | March 13, 2020 | 188,523 | 43.74p | 112.6 | Mar 13, 2022 |
| **Former Executive Director** | | | | | |
| Shaun Thaxter | March 13, 2020 | 488,656 | 43.74p | 291.8 | Mar 13, 2022[3] |

1. The market value used to determine the number of shares subject to awards was 43.63p, being the average mid-market closing price of Indivior shares on the business day immediately preceding grant on March 13, 2020.
2. The face value of the awards has been calculated using the closing share price on the date of grant and converted to US$ using the GB£/US$ exchange rate on December 31, 2020 (GB£1:US$1.3651).
3. In accordance with the rules of the Deferred Bonus Plan, the conditional award over 488,656 shares granted on March 13, 2020 will continue and vest on the normal vesting date (March 13, 2022).

### Long-Term Incentive Plan (LTIP) Awards (audited)

#### 2018-2020 LTIP Awards

In 2018, the Executive Directors were granted awards under the LTIP as set out in the table below:

| | Date of grant | No. of shares under award at maximum | Closing share price at date of award | Face value $'000[1] | Award as a % of base salary at grant | Vesting date | Release date |
|---|---|---|---|---|---|---|---|
| **Executive Director** | | | | | | | |
| Mark Crossley | Mar 9, 2018 | 452,209 | 402.0p | 2,317 | 500% | Mar 9, 2021 | Mar 9, 2023 |
| **Former Executive Director** | | | | | | | |
| Shaun Thaxter | Mar 9, 2018 | 729,617 | 402.0p | 3,738 | 500% | Mar 9, 2021 | Mar 9, 2023 |

1. The face value of the awards was calculated using the closing share price on the date of grant and converted to US$ using the GB£/US$ exchange rate on December 31, 2018 (GB£1:US$1.2746).

The performance measures for the awards granted to Shaun Thaxter and Mark Crossley were as follows:

| Measure | Weighting (% of award) |
|---|---|
| Relative TSR vs. the constituents of the FTSE 250 excluding investment trusts[1,2] | 33% |
| Relative TSR vs. the constituents of the S&P 1500 Pharmaceutical and Biotech Index[1,2] | 33% |
| Key pipeline and product measure | 33% |

1. In respect of the award granted to Mark Crossley, 12.5% of the maximum award would have vested for Indivior being ranked median in comparison to the respective peer group, and 100% of the maximum award would have vested for being ranked upper quartile or above. The award vests on a straight-line basis between median and upper quartile.
2. In respect of the award granted to Shaun Thaxter, 15% of the maximum award would have vested for Indivior being ranked median in comparison to the respective peer group, and 100% of the maximum award would have vested for being ranked upper quartile or above. The award vests on a straight-line basis between median and upper quartile.

### Relative TSR measures

Relative TSR was assessed over the three-year period from January 1, 2018, to December 31, 2020, with reference to the two separate peer groups (set out in the table above). At the end of the TSR performance period, Indivior was ranked below median in both peer groups and consequently did not reach threshold and, accordingly, the portions of the award subject to relative TSR did not vest. This resulted in zero outturn in respect of the TSR measures.

### Key pipeline and product measure

The Committee set the following targets under the key pipeline and product measure as follows:

| Product targets | | Weighting (% of measure) | Threshold $m | Target $m | | Maximum $m | Achieved $m | Outturn as a % of target | Outturn as a % of measure |
|---|---|---|---|---|---|---|---|---|---|
| SUBLOCADE | 2019 US net revenue | 20% | 55 | 70 | | 100 | 72 | 54% | 10.8% |
| SUBLOCADE | 2020 US net revenue | 20% | 160 | 190 | | 220 | 126 | 0% | 0.0% |
| PERSERIS | 2019 US net revenue | 10% | 5 | 10 | | 15 | 6 | 20% | 2.1% |
| PERSERIS | 2020 US net revenue | 10% | 17 | 22 | | 27 | 14 | 0% | 0.0% |
| Pipeline target | | Weighting (% of measure) | Number of assets obtained/partnerships agreed (% attained) | | | | Achieved | Outturn as a % of target | Outturn as a % of measure |
| New asset acquisition/partnerships | | 40% | 1 (15%) | 2 (50%) | 3 (75%) | 4 (100%) | 2[1] | 50% | 20.1% |
| **Total** | | **100%** | | | | | | | **33.0%** |

1. A collaboration with Addex Therapeutics was agreed in H1 2018 and a license agreement with C4X Discovery Holdings was also agreed in H1 2018. These collaborations continue and further information can be found on page 15.

On a formulaic basis, this resulted in 33% outturn in respect of the key pipeline and product measure (11% of the maximum award).

### 2018-2020 LTIP overall outturn

The Committee considered the outturn in the context of the shareholder experience over the performance period and considered it appropriate to exercise its discretion to override the formulaic outturn and LTIP amounts for the Executive Directors to zero, notwithstanding that the 2018-2020 LTIP construct had operated as intended. Executive management were supportive of the Committee's decision. The 2018-2020 LTIP awards consequently lapsed in full. The overall outcome is summarized in the table below:

| Measure | Weighting | % of maximum |
|---|---|---|
| Relative TSR vs. the constituents of the FTSE 250 excluding investment trusts | 33.3% | 0% |
| Relative TSR vs. the constituents of the S&P 1500 Pharmaceutical and Biotech Index | 33.3% | 0% |
| Key pipeline and product measure | 33.3% | 11.0% |
| Outcome following formulaic assessment | | (11.0)% |
| **Actual outturn (following Committee discretion)** | | **0%** |

## 2020 LTIP Awards

Conditional awards were granted under the LTIP to the Executive Directors on March 9, 2020. The awards will normally vest after three years and will then be subject to a further two-year holding period before shares are released; clawback provisions apply during this holding period.

An additional award was granted to Mark Crossley on November 6, 2020, to reflect his increased base salary for 2020 following his appointment as Chief Executive Officer. The award was calculated on his pro-rated base salary for the year; resulting in his 2020–2022 LTIP award (effected across two separate awards) remaining at the reduced level of 225% of base salary. These awards will normally vest in March 2023 and will then be subject to a further two-year holding period; clawback provisions apply during this holding period.

The maximum levels achievable under these awards are set out in the table below.

| | Date of grant | No. of shares under award at maximum[1] | Closing share price at date of award | Face value $'000[2] | Performance period | Vesting date | Release date[4,5] |
|---|---|---|---|---|---|---|---|
| **Executive Director** | | | | | | | |
| Mark Crossley | Nov 6, 2020 | 157,981 | 117.30p | 253 | Jan 2020–Dec 2022 | Mar 9, 2023 | Mar 9, 2025 |
| | Mar 9, 2020 | 2,057,610 | 45.04p | 1,265 | Jan 2020–Dec 2022 | Mar 9, 2023 | Mar 9, 2025 |
| **Former Executive Director** | | | | | | | |
| Shaun Thaxter | Mar 9, 2020 | 3,046,085[3] | 45.04p | 1,873 | Jan 2020–Dec 2022 | Mar 9, 2023 | Mar 9, 2025 |

1. The market value used to determine the number of shares subject to awards was 48.09p, being the average mid-market closing price of Indivior shares on the five business days immediately preceding the date of grant on March 9, 2020. The award granted to Mark Crossley in November 2020 was calculated on his pro-rated base salary for the year and the market value used to calculate the number of shares subject to the award was 112.66p, being the average mid-market closing price of Indivior share for the five business days immediately preceding the date of grant on November 6, 2020.
2. The face values of the awards have been calculated using the closing share price on the date of grant and converted to US$ using the GB£/US$ exchange rate on December 31, 2020 (GB£1:US$1.3651). Shaun Thaxter and Mark Crossley received awards with a value of 225% of base salary in 2020.
3. Shaun Thaxter's award was reduced on a pro-rata basis to the date of cessation of employment (June 27, 2020); further information can be found on page 103.
4. Awards granted to Executive Directors are subject to a post-vesting holding period of two years.
5. Conditional awards include the right to receive an amount equal in value to any dividends payable on the number of vested shares between the date of grant and the release date.

The vesting of these awards is subject to the achievement of the following performance measures.

| Measure | Weighting |
|---|---|
| Relative TSR vs. the constituents of the FTSE 250 excluding investment trusts | 50% |
| Relative TSR vs. the constituents of the S&P 1500 Pharmaceutical and Biotech Index | 50% |

1. In respect of the award granted to Mark Crossley, 12.5% of the maximum award will vest for Indivior being ranked median in comparison to the respective peer group, and 100% of the maximum award will vest for being ranked upper quartile or above. The award will vest on a straight-line basis between median and upper quartile, with none of the award vesting if Indivior is ranked below median.
2. In respect of the award granted to Shaun Thaxter, 15% of the maximum award will vest for Indivior being ranked median in comparison to the respective peer group, and 100% of the maximum award will vest for being ranked upper quartile or above. The award will vest on a straight-line basis between median and upper quartile, with none of the award vesting if Indivior is ranked below median.

Relative TSR performance against each comparator group will be measured over three financial years (2020–2022).

### 2021 LTIP Awards

Under our current Remuneration Policy, the Executive Directors would ordinarily be granted annual LTIP awards with a value of 500% of base salary. For 2021 awards, the Committee carefully considered LTIP quantum and agreed to grant awards in line with the proposed 2021 Remuneration Policy. On March 1, 2021, the Chief Executive Officer was granted an award over 1,500,000 shares (348% of base salary), being the maximum cap under the new policy. The Chief Financial Officer was granted an award over 400% of base salary.

| | Date of grant | No. of shares under award at maximum[1] | Closing share price at date of award | Face value $'000[2] | Performance period | Vesting date | Release date |
|---|---|---|---|---|---|---|---|
| **Executive Director** | | | | | | | |
| Mark Crossley | Mar 1, 2021 | 1,500,000 | 129.2p | $2,645.6 | Jan 2021–Dec 2023 | Mar 1, 2024 | Mar 1, 2026 |
| Ryan Preblick | Mar 1, 2021 | 1,068,329 | 129.2p | $1,884.2 | Jan 2021–Dec 2023 | Mar 1, 2024 | Mar 1, 2026 |

1. The market value used to determine the number of shares subject to awards was 128.82p, being the average mid-market closing price of Indivior shares on the five business days immediately preceding the date of grant on March 1, 2021. The award granted to Mark Crossley was capped at 1,500,000 shares, being the maximum cap under the proposed 2021 Remuneration Policy.
2. The face values of the awards have been calculated using the closing share price on the date of grant and converted to US$ using the GB£/US$ exchange rate on December 31, 2020 (GB£1:US$1.3651).

The Committee considered the LTIP metrics in the current business context and determined that performance measures for 2021-2023 LTIP awards will remain focused on shareholder returns. One half will be based on relative ranked TSR versus the FTSE 250 excluding investment trusts and the other half will be based on relative ranked TSR versus the S&P 1500 Pharmaceutical & Biotech Index. The use of two relative TSR comparator groups is intended to balance the fact that Indivior is a UK-listed company, but also recognizes that Indivior operates within a specialized sector, where the majority of its peers are listed in the US.

| Measure | Weighting | Rationale for metric |
|---|---|---|
| Relative TSR vs. FTSE 250 excluding investment trusts | 50% | Provides alignment with shareholders through the relative outperformance of other UK listed companies. |
| Relative TSR vs. S&P 1500 Pharmaceutical and Biotech Index | 50% | Provides alignment with shareholders through the relative outperformance of direct sector peers who are subject to similar market influences. |

1. 12.5% of the maximum award will vest for Indivior being ranked median in comparison to the respective peer group, and 100% of the maximum award will vest for being ranked upper quartile or above. The award will vest on a straight-line basis between median and upper quartile, with none of the awards vesting if Indivior is ranked below median.

In line with our policy, the 2021 LTIP awards are subject to an additional two-year holding period following the end of the three-year performance period.

### Executive Financial Recoupment Program

As part of the Group's Corporate Integrity Agreement with the Office of the Inspector General of the U.S. Department of Health and Human Services, an Executive Financial Recoupment Program has been implemented (the "Recoupment Program"). Under the terms of the Recoupment Program, up to two years of performance pay may be put at risk of forfeiture and/or recoupment for certain US based executives (which includes both serving Executive Directors).

Forfeiture and/or recoupment may be applied in the event that it is determined that there has been a "Triggering Event"; a Triggering Event includes significant misconduct (violation of law or regulation or a significant violation of an Indivior policy) related to covered activities, or, significant misconduct related to covered activities by subordinate employees in the business unit for which the relevant executive had responsibility that is not an isolated incident and which the relevant executive knew or should have known was occurring.

Forfeiture and/or recoupment under the Recoupment Program may be applied to awards granted after November 20, 2020 and will cease to apply to awards on July 24, 2025 or the date on which the Group's obligations under the Corporate Integrity Agreement expire (if later).

These provisions are additional to the malus and clawback provisions contained within the rules of the Annual Incentive Plan, the Long-Term Incentive Plan and the Deferred Bonus Plan.

A copy of the Corporate Integrity Agreement can be found on the Group's website (www.indivior.com).

## Outstanding share awards under the LTIP and DBP (audited)

Details of share awards held by the Executive Directors at December 31, 2020 are shown below.

| Plan[1] | Date of grant | No. of shares under award at January 1, 2020 | Granted during the year | Lapsed during the year | Released during the year | No. of shares under award at December 31, 2020 | Market share price at date of grant | Face value of award granted in 2020 $'000[9] | Performance period | Normal vesting date | Normal release date[2] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | | | | | |
| Mark Crossley | | | | | | | | | | | |
| LTIP | Nov 6, 2020[3,4] | - | 157,981 | - | - | 157,981 | 117.3p | 253 | 2020–2022 | Mar 9, 2023 | Mar 9, 2025 |
| LTIP | Mar 9, 2020[3] | - | 2,057,610 | - | - | 2,057,610 | 45.0p | 1,265 | 2020–2022 | Mar 9, 2023 | Mar 9, 2025 |
| LTIP | Aug 8, 2019[5,6] | 44,222 | - | - | - | 44,222 | 58.4p | - | 2019–2021 | Mar 5, 2022 | Mar 5, 2024 |
| LTIP | Mar 5, 2019[5] | 1,180,880 | - | - | - | 1,180,880 | 108.4p | - | 2019–2021 | Mar 5, 2022 | Mar 5, 2024 |
| LTIP | Mar 9, 2018[7] | 452,209 | - | - | - | 452,209 | 402.0p | - | 2018–2020 | Mar 9, 2021 | Mar 9, 2023 |
| LTIP | Feb 24, 2017[8] | 533,167 | - | 533,167 | - | - | 343.3p | - | 2017–2019 | Feb 24, 2020 | n/a |
| DBP | Mar 13, 2020 | - | 188,523 | - | - | 188,523 | 43.7p | 112.6 | n/a | Mar 13, 2022 | n/a |
| **Total** | | **2,210,478** | **2,404,114** | **533,167** | **-** | **4,081,425** | | | | | |
| Ryan Preblick | | | | | | | | | | | |
| LTIP | Mar 9, 2020[10] | - | 264,935 | - | - | 264,935 | 45.0p | 163 | 2020–2022 | Mar 9, 2023 | n/a |
| LTIP | Mar 9, 2020[10] | - | 66,233 | - | - | 66,233 | 45.0p | 41 | n/a | Mar 9, 2023 | n/a |
| LTIP | Mar 5, 2019 | 56,895 | - | - | - | 56,895 | 108.4p | - | n/a | Mar 5, 2022 | n/a |
| LTIP | Nov 28, 2018 | 58,999 | - | - | - | 58,999 | 58.4p | - | n/a | Nov 28, 2021 | n/a |
| LTIP | Mar 9, 2018 | 21,578 | - | - | - | 21,578 | 402.0p | - | n/a | Mar 9, 2021 | n/a |
| LTIP | Feb 24, 2017 | 23,548 | - | - | 23,548 | | 343.3p | - | n/a | Feb 24, 2020 | n/a |
| **Total** | | **161,020** | **331,168** | **-** | **23,548** | **468,640** | | | | | |
| **Former Executive Director** | | | | | | | | | | | |
| Shaun Thaxter | | | | | | | | | | | |
| LTIP | Mar 9, 2020[3] | - | 3,046,085 | 2,740,086 | - | 305,999 | 45.0p | 1,873 | 2020–2022 | Mar 9, 2023 | Mar 9, 2025 |
| LTIP | Mar 5, 2019[5] | 1,905,294 | - | 1,070,859 | - | 834,435 | 108.4p | - | 2019–2021 | Mar 5, 2022 | Mar 5, 2024 |
| LTIP | Mar 9, 2018[7] | 729,617 | - | 169,756 | - | 559,861 | 402.0p | - | 2018–2020 | Mar 9, 2021 | Mar 9, 2023 |
| LTIP | Feb 24, 2017[8] | 1,032,288 | - | 1,032,288 | - | - | 343.3p | - | 2017–2019 | Feb 24, 2020 | n/a |
| DBP | Mar 13, 2020 | - | 488,656 | | - | 488,656 | 43.7p | 291.8 | n/a | Mar 13, 2022 | n/a |
| **Total** | | **3,667,199** | **3,534,741** | **5,012,989** | **-** | **2,188,951** | | | | | |

1. Awards granted under the LTIP and the DBP are made in the form of conditional awards over shares. Participants will receive an amount equivalent in value to any dividends payable on the number of vested shares between the award date and the vesting (or release date for those subject to a post-vesting holding period).
2. Awards granted to the Executive Directors under the LTIP are subject to a two-year post-vesting holding period. The LTIP awards held by Ryan Preblick, which were granted prior to his appointment as Chief Financial Officer, are not subject to a two-year post-vesting holding period.
3. Mark Crossley and Shaun Thaxter were granted LTIP awards with a value of 225% of base salary in March 2020.
4. Mark Crossley was granted an additional award under the LTIP on November 6, 2020 to reflect his increased base salary for 2020 following his appointment as Chief Executive Officer. The award was calculated on his pro-rated base salary for the year and the market value used to calculate the number of shares subject to the award was 112.66p, being the average mid-market closing price of Indivior shares for the five business days immediately preceding the date of grant on November 6, 2020.
5. Mark Crossley and Shaun Thaxter were granted LTIP awards with a value of 325% of base salary in March 2019.
6. Mark Crossley was granted an additional award under the LTIP on August 8, 2019 to reflect his increased base salary for 2020 following his appointment as Chief Financial & Operations Officer. The award was calculated on his pro-rated base salary for the year and the market value used to calculate the number of shares subject to the award was 106.38p, being the same price as that used to calculate his award in March 2019; the Committee determined that using the price used for the March award would avoid any inadvertent gains as a result of the share price depreciation between March 2019 and August 2019.
7. Mark Crossley and Shaun Thaxter were granted LTIP awards with a value of 500% of base salary in March 2018.
8. Mark Crossley was granted an LTIP award with a value of 500% of base salary in 2017. Shaun Thaxter was granted an LTIP award with a value of 600% of base salary in February 2017.
9. The face values of the awards granted in 2020 have been calculated using the closing share price on the date of the award and converted to US$ using the GB£/US$ exchange rate on December 31, 2020 (GB£1:US$1.3651).
10. Ryan Preblick was granted an award on March 9, 2020 over 264,935 shares under the LTIP, the vesting of this award is subject to the achievement of performance conditions (as set on page 99) and continued employment. Ryan Preblick was also granted an award on March 9, 2020 over 66,233 shares under the LTIP which is subject to continued employment only. These awards were granted on the basis of a set % of base salary (consistent with Senior Vice Presidents across the organization).
11. Mark Crossley holds a vested but unexercised market-value option over 210,619 shares. This option was granted under the rules of the LTIP in December 2014 (on demerger) at an option price of 111.0p per share. The option vested on May 11, 2016 and is scheduled to lapse on December 28, 2024.
12. Shaun Thaxter holds a vested but unexercised market-value option over 921,461 shares. This option was granted under the rules of the LTIP in December 2014 (on demerger) at an option price of 111.0p per share. The option vested on May 11, 2016 and is scheduled to lapse on June 27, 2021, being 12 months following the cessation of employment.

### Executive Directors' shareholding and share interests (audited)

Indivior's remuneration schemes have been designed to promote long-term shareholdings by Executive Directors. Awards granted under the LTIP vest subject to the achievement of stretching performance targets measured over a performance period of at least three years and are then subject to a two-year post vesting holding period. In addition, 25% of any annual bonus paid under the AIP is deferred into shares for a period of two years.

The Executive Directors are currently required to build a shareholding with a value equivalent to 500% of base salary. They have five years from the date of appointment to their current role in which to achieve this shareholding requirement. Members of the Executive Committee are expected to build a shareholding of 150% of base salary within the same time frames. Under the 2021 Remuneration Policy, the shareholding requirement will be realigned for the Executive Directors with the maximum LTIP opportunity to be the lower of 400% of base salary or 1,500,000 shares.

Once the requirement has been met, Executive Directors are not expected to buy shares in the open market to rebuild their shareholding where the market value of their shareholding has subsequently reduced as a result of share price decline and/or exchange rate fluctuations. The Executive Directors are, however, expected to retain a proportion of shares arising from future vestings or releases of shares to rebuild their holding.

The table below shows the shareholding of each of the Executive Directors (together with interests held by their connected persons) and a summary of outstanding awards as at December 31, 2020. The changes in the interests of the Directors in the shares of Indivior PLC between December 31, 2020 and the date of this report are noted in the table below.

| | | Number of shares owned outright | | | | Conditional awards held | | Deferred bonus awards | Options held | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | At March 18, 2021 | At December 31, 2020 | Vested and subject to two-year post-vesting holding period at December 31, 2020 | At December 31, 2019 | Vested and subject to two-year post-vesting holding period at December 31, 2019 | Unvested and subject to performance conditions and continued employment at December 31, 2020 | Unvested and subject to continued employment at December 31, 2020 | Unvested and subject to continued employment | Vested but not exercised | Shareholding requirement (% of base salary)[1] | Shareholding at December 31, 2020 (% of base salary)[1] | Date by which shareholding requirement to be achieved |
| **Executive Directors** | | | | | | | | | | | | |
| Mark Crossley | 346,663 | 346,663 | – | 346,663 | - | 3,892,902 | | 188,523 | 210,619[2] | 500% | 65% | Jun 2025 |
| Ryan Preblick | 71,303[3] | 57,363 | – | - | - | 264,935 | 203,705 | - | - | 500% | 17% | Nov 2025 |
| **Former Executive Director** | | | | | | | | | | | | |
| Shaun Thaxter | - | 1,609,334[4] | – | 1,609,334 | – | 1,700,295 | | 488,656 | 921,461[5] | n/a | n/a | n/a |

1. In line with Indivior's current executive shareholding requirements, the Executive Directors' shareholdings as a % of base salary have been calculated based on shares owned outright valued using the three-month average share price to December 31, 2020 (109.7p), and the US/UK exchange rate over the same period (GB£1:US$1.3651).
2. Mark Crossley holds a vested but unexercised market-value option over 210,619 shares. This option was granted under the rules of the LTIP in December 2014 (on demerger) at an option price of 111.0p per share. The option vested on May 11, 2016 and is scheduled to lapse on December 28, 2024.
3. Ryan Preblick was granted an award over 21,578 shares under the Indivior Long-Term Incentive Plan on March 9, 2018. The vesting of this award was settled on a net settled basis, resulting in the delivery of 13,940 shares to Mr Preblick on March 9, 2021.
4. Shaun Thaxter's shareholding is shown as at the date of cessation of employment (June 27, 2020). There were no post-cessation holding requirements attached to the Indivior shares that he held outright. His unvested conditional awards remain subject to a two-year post-vesting holding period.
5. Shaun Thaxter holds a vested but unexercised market-value option over 921,461 shares. This option was granted under the rules of the LTIP in December 2014 (on demerger) at an option price of 111.0p per share. The option vested on May 11, 2016 and is scheduled to lapse on June 27, 2021, being 12 months following the cessation of employment.

### Appointments during the year

#### Mark Crossley

As announced on June 29, 2020, Mark Crossley was appointed Chief Executive Officer. His annual remuneration package, which is in line with the Company's Remuneration Policy, is as follows:

- Base salary: $775,000 p.a.
- AIP opportunity of up to 200% of base salary. 25% of any bonus paid will be deferred into shares for a period of two years.
- LTIP award opportunity: up to 400% of base salary or 1,500,000 shares.
- Shareholding requirement of 400% of base salary or 1,500,000 shares.
- Mark Crossley's employer pension contribution is in line with the pension contribution available to the wider US workforce, which includes a profit-sharing contribution of 4% and 75% Company matching on elected employee contributions up to 6%, subject to plan/IRS limits.

### Ryan Preblick

As announced on November 19, 2020, Ryan Preblick was appointed Chief Financial Officer and Executive Director. His annual remuneration package, which is in line with the Company's Remuneration Policy is as follows:

› Base salary: $480,000 p.a.

› AIP opportunity of up to 120% of base salary. 25% of any bonus paid will be deferred into shares for a period of two years under the Deferred Bonus Plan.

› LTIP award opportunity: 400% of base salary or 1,500,000 shares.

› Shareholding requirement of 400% of base salary or 1,500,000 shares.

› Ryan Preblick's employer pension contribution is in line with the pension contribution available to the wider US workforce, which includes a profit-sharing contribution of 4% and 75% Company matching on elected employee contributions up to 6%, subject to plan/IRS limits.

### Payments for loss of office (audited)

Shaun Thaxter stepped down as Chief Executive Officer on June 27, 2020 and ceased to be an Executive Director and employee on the same date. His remuneration arrangements on leaving were in line with the approved Remuneration Policy.

| Policy | Treatment |
|---|---|
| **Base salary, benefits and pension benefits** | Shaun Thaxter received $846,300 in lieu of salary plus $244,804 in lieu of benefits as a payment in lieu of notice in respect of his contractual 12-month notice entitlement. These sums were paid in a single payment following the termination of employment. |
| **AIP** | There was no bonus payment in respect of 2020. |
| **DBP** | In accordance with the rules of the Deferred Bonus Plan, the conditional award over 488,656 shares granted under the Deferred Bonus Plan on March 13, 2020 will continue and vest on the normal vesting date (March 13, 2022). |
| **LTIP** | Shaun Thaxter's outstanding 2018, 2019 and 2020 awards granted under the LTIP were treated in accordance with the rules of the LTIP, as follows:<br>a. The 2018 award over 729,617 shares will lapse in full on March 9, 2021.<br>b. The 2019 award over 1,905,294 shares will continue to vest in the ordinary course and will vest on March 5, 2022, subject to the satisfaction of the applicable performance conditions and a pro-rata reduction to reflect the period of employment during the applicable performance period. Following vesting, any shares received will be subject to a two-year holding period and will be released on March 5, 2024.<br>c. The 2020 award over 3,046,085 shares will continue to vest in the ordinary course and will vest on March 9, 2023, subject to the satisfaction of the applicable performance conditions and a pro-rata reduction to reflect the period of employment during the applicable performance period. Following vesting, any shares received will be subject to a two-year holding period and will be released on March 9, 2025.<br>Shaun Thaxter's vested but unexercised market-value option over 921,461 shares at an option price of 111.0p per share will remain exercisable until 26 June 2021, being 12 months following the termination of employment. |
| **Other** | › Legal fees of $66,484 incurred in connection with advice in respect of Shaun Thaxter's departure.<br>› $42,314 for 13 days of accrued but unused holiday entitlement.<br>› $100 in consideration for entering into ongoing obligations.<br>› Up to 12 months of continued health cover, for which $22,577 was paid in 2020. |

### Payments to past Directors (audited)

There were no payments made to past Directors.

### External appointments

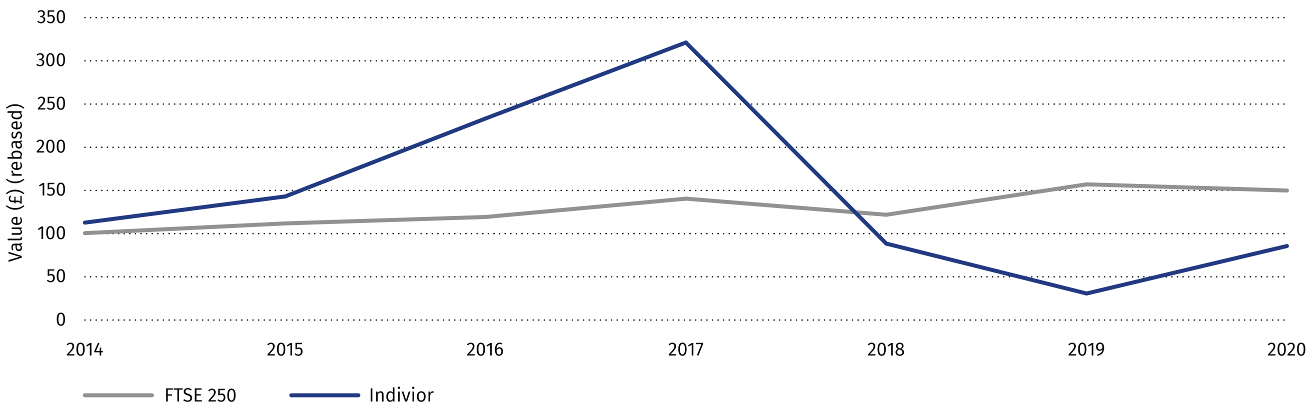
Subject to the prior approval of the Board, Executive Directors are able to accept an external appointment to a corporate board outside the Company. The Executive Directors do not hold any external appointments.

### Review of past performance

#### Historical TSR performance

The graph below shows the TSR of the Company and the UK FTSE 250 Index over the period from admission on December 23, 2014, to December 31, 2020. The Index was selected on the basis that the Company was a member of the FTSE 250 Index in the UK for the majority of the period.

Value of a hypothetical holding of £100 invested from admission to December 31, 2020.




### Historical Chief Executive Officer pay

The historical total remuneration for the role of the Chief Executive Officer for the period from January 1, 2014, to December 31, 2020, is set out in the table below.

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 Shaun Thaxter[1] | 2020 Mark Crossley[1] |
|---|---|---|---|---|---|---|---|---|
| Single figure of total remuneration ($'000) | 1,968.1 | 4,317.9 | 5,024.8 | 9,215.7 | 1,009.6 | 2,138.7 | **557.3** | **760.5** |
| AIP (outturn as a % of maximum) | 100%[2] | 94.5% | 94.5% | 78.5% | 0.0% | 65.5% | **0.0%** | **0.0%** |
| LTIP (outturn as a % of maximum) | n/a | 93.3% | 100% | 73.5% | 0.0% | 0.0% | **0.0%** | **0.0%** |

1. Mark Crossley was appointed Chief Executive Officer on June 29, 2020. Shaun Thaxter was Chief Executive Officer from the date of listing until June 27, 2020.
2. Indivior was a division of Reckitt Benckiser Group plc ("RB") for the majority of 2014 and Shaun Thaxter participated in the RB annual bonus plan in that year. The maximum bonus payable to Shaun Thaxter under that plan was 214% of base salary; he was paid the maximum bonus in 2014.
3. Historical data is not provided prior to 2014 when the Group was a division of Reckitt Benckiser Group plc.

## Percentage change in remuneration of Directors and employees

The following table sets out the change in remuneration paid to the Directors who served on the Board from 2019 to 2020, compared with the average percentage change for the rest of the US employee population; the majority of the Group's employees are based in the US.

| | Base salary/fees (% change) | Taxable benefits (% change) | Annual bonus (AIP) |
|---|---|---|---|
| **Executive Directors** | | | |
| Mark Crossley[1] | 27.7% | 32.7% | (100)% |
| Ryan Preblick[2] | n/a | n/a | n/a |
| **Non-Executive Directors** | | | |
| Graham Hetherington[3] | 754.4% | - | - |
| Peter Bains[4] | 172.0% | - | - |
| A. Thomas McLellan | (10.7)% | 1.0% | - |
| Lorna Parker | 0% | - | - |
| Daniel J. Phelan | 0% | (1.1)% | - |
| Daniel Tassé | 77.55% | 1.3% | - |
| Other employees (US based)[5] | 4.8% | 13% | (38)% |
| **Former Executive Director** | | | |
| Shaun Thaxter[6] | (49.3)% | (39.2)% | (100)% |
| **Former Non-Executive Directors** | | | |
| Tatjana May[7] | (41.7)% | - | - |
| Howard Pien[8] | (31.8)% | 1.5% | - |

1. Mark Crossley was appointed Chief Executive Officer on June 29, 2020. Further details of his remuneration arrangements can be found on page 102.
2. Ryan Preblick was appointed Chief Financial Officer and Executive Director on November 19, 2020. Further details of his remuneration arrangements can be found on page 103.
3. Graham Hetherington was appointed as Non-Executive Director on November 1, 2019 and was appointed Chair of the Board on November 18, 2020. The large % change in his fee on the prior year is primarily driven by him being appointed to the Board during 2019.
4. Peter Bains was appointed as Non-Executive Director on August 1. 2019. The large % change in his fee on the prior year is primarily driven by him being appointed to the Board during 2019.
5. Indivior PLC is not an employing company and therefore the remuneration of US-based employees has been included as the comparator group as this is where the majority of the Group's employees are based.
6. Shaun Thaxter stepped down from the Board on June 27, 2020.
7. Tatjana May stepped down from the Board on July 31, 2020.
8. Howard Pien stepped down from the Board on September 4, 2020.

The Group has fewer than 250 employees in the UK and is therefore not required to publish Chief Executive Officer pay ratio information as set out by The Companies (Miscellaneous Reporting) Regulations 2018.

## Workforce remuneration and engagement

During the year, the Committee undertook a review of the remuneration arrangements and related policies for the wider workforce. This included a review of the Group's core compensation programs, including the base salary merit increase process, benefits, and short- and long-term incentive arrangements. Variable remuneration schemes are designed to drive performance and behaviors consistent with the Group's purpose, values and strategy. Performance measures under the AIP are designed to align to the key strategic drivers for the year ahead, and are developed alongside the Group's annual financial plans. Performance measures for awards granted to senior leaders under the LTIP are subject to relative TSR measures and are therefore directly aligned with the interests of shareholders.

The Committee did not consult with employees specifically on executive remuneration and its alignment with the wider Company pay policy in 2020, but will consider its approach in 2021 in light of the FRC's document entitled 'Improving the quality of 'comply or explain', reporting published in February 2021.

## Relative importance of spend on pay

The following table shows total employee pay compared with shareholder distributions and research and development expenses for 2020 and 2019. Research and development expenses have been selected as a comparator as this measure is considered to be an indicator of investment in the future performance of the business.

| | **2020 $m** | 2019 $m | % change |
|---|---|---|---|
| Total employee pay | **178** | 172 | 3.5% |
| Shareholder distributions[1] | **–** | – | n/a |
| Research and development expenses | **40** | 53 | (24.5)% |

1. In line with the Dividend Policy approved by the Board in 2016, the Company does not intend to pay dividends for the foreseeable future.

### Dilution limits

Indivior's share plans provide that awards can be satisfied by newly issued shares, the transfer of treasury shares, or existing shares (purchased in the market and held in an employee benefit trust). Indivior's share plans state that the aggregate number of shares that may be issued to satisfy awards made under these plans must not exceed 10% of the Company's issued share capital in any year period.

The Committee has reviewed the number of shares subject to award to ensure that these limits would not be breached by the granting of awards in 2021.

### Single total figure of remuneration for the Chair and Non-Executive Directors (audited)

The table below sets out the total remuneration received by the Chair and the Non-Executive Directors for the year ended December 31, 2020.

| | | **2020 '000** | | | 2019 '000 | | |
|---|---|---|---|---|---|---|---|
| | **Role as at December 31, 2020** | **Fees[1]** | **Benefits[2]** | **Total remuneration** | Fees[1] | Benefits[2] | Total remuneration |
| Graham Hetherington[3] | Chair A N R | **£106.8** | **-** | **£106.8** | £12.5 | - | £12.5 |
| Peter Bains[4] | A S | **£85.0** | **-** | **£85.0** | £31.3 | - | £31.3 |
| A. Thomas McLellan | N S | **$108.3** | **$2.1** | **$110.3** | $119.1 | $2.1 | $121.2 |
| Lorna Parker | N R | **£85.0** | **-** | **£85.0** | £85.0 | - | £85.0 |
| Daniel J. Phelan | R N | **$122.7** | **$2.1** | **$124.8** | $122.7 | $2.1 | $124.8 |
| Daniel Tassé[5] | Senior Independent Director A R | **$254.1** | **$2.1** | **$256.2** | $143.1 | $2.0 | $145.2 |
| **Former Directors** | | | | | | | |
| Tatjana May[6] | n/a | **£43.8** | **-** | **£43.8** | £75.0 | - | £75.0 |
| Howard Pien[7] | n/a | **$270.7** | **$2.3** | **$273.0** | $396.9 | $2.3 | $399.2 |

Note: Totals may not sum up due to rounding.

1. Fees paid to the Chair and the Non-Executive Directors are paid in their local currency. Since 2016, a fixed exchange rate (GB£1:US$1.4434) has been used to translate UK amounts into US dollars, effectively setting fees at that time, on both a UK and US basis.
2. Benefits comprise the grossed-up cost of providing professional support for the completion of UK tax returns for US tax residents; these costs have been translated to US$ using the average exchange rates for 2020 (GB£1:US$1:1.2833) and 2019 (GB£1:US$1.2767).
3. Graham Hetherington was appointed a Director of the Company on November 1, 2019; the fee shown for 2019 is from the date of appointment to December 31, 2019. He was appointed Chair of the Audit Committee on March 31, 2020 and stepped down as Chair of that Committee (but remained a member) when he was appointed Chair of the Board on November 19, 2020.
4. Peter Bains was appointed a Director of the Company on August 1, 2019; the fee shown for 2019 is from the date of appointment to December 31, 2019. He was appointed Chair of the Science & Policy Committee on January 1, 2020.
5. Daniel Tassé acted as Interim Chair from June 2020 to November 18, 2020 and was paid an additional fee during this period so that his aggregate fee was equivalent to the Chair's fee (on a pro-rated basis). He served as Chair of the Audit Committee between January 1, 2020 and March 31, 2020 and reassumed that role on November 19, 2020.
6. Tatjana May stepped down from the Board on July 31, 2020; the fee shown for 2020 is to the date of termination.
7. Howard Pien took a medical leave of absence with effect from June 4, 2020 and stepped down from the Board on September 4, 2020. The fee shown for 2020 is to the date of termination. Mr Pien's estate is in the process of being finalized and consequently his benefits during the period have not yet been finalized and the amount has been estimated.

### Chair and Non-Executive Directors' fees

The fees paid to the Chair fall within the remit of the Committee; the fees paid to the Non-Executive Directors are reserved to the Board. Since 2016, a fixed exchange rate (GB£1:US$1.4434) has been used to translate UK fee amounts into US dollars, effectively setting fees at that time, on both a UK and US basis. Fees are reviewed on a biennial basis.

The fees paid to the Chair were set at the time of listing and were last reviewed in November 2020 as part of the consideration of the appointment of the new Chair and by reference to the market. It was agreed that there would be no increase to the fees paid and these would remain at £275,000 per annum.

The fees paid to the Non-Executive Directors were set at the time of listing and were last reviewed in February 2021. It was agreed that there would be no increase to the fees paid to the Non-Executive Directors. Non-Executive Directors receive a basic fee of £55,000 per annum ($79,400), with additional fees of £20,000 p.a. ($29,900) for Chairing a Committee and for acting as Senior Independent Director and £10,000 p.a. ($14,400) for membership of a Committee. The Chair of the Board does not receive additional fees for being a member of the Committees.

There have been no increases to the fees paid to the Chair and Non-Executive Directors since the Company listed in December 2014. The Chair and the Non-Executive Directors are not eligible to participate in the Company's annual bonus, long-term incentive, or pension schemes.

### Chair and Non-Executive Directors' shareholding (audited)

The Chair and Non-Executive Directors are expected to acquire an interest in Indivior shares over the course of their appointment. The following table shows the shareholdings of each of the Chair and Non-Executive Directors (together with the interests of their connected persons) as at December 31, 2020 (or up to the date they stepped down from the Board) and as at the date of this report.

| | **Total number of shares held at March 18, 2021** | **Total number of shares held at December 31, 2020** | Total number of shares held at December 31, 2019 |
|---|---|---|---|
| Peter Bains | **54,000** | **54,000** | 54,000 |
| Graham Hetherington | **50,000** | **50,000** | - |
| A. Thomas McLellan | **7,546** | **7,546** | 7,546 |
| Lorna Parker | **25,890** | **25,890** | 25,890 |
| Daniel J. Phelan | **60,318** | **60,318** | 60,318 |
| Daniel Tassé | **12,996** | **12,996** | 12,996 |

| | Total number of shares held at date of stepping down from Board | Total number of shares held at December 31, 2019 |
|---|---|---|
| **Former Directors** | | |
| Tatjana May | 22,309 | 22,309 |
| Howard Pien | 146,219 | 146,219 |

### Executive Directors' service agreements

The Executive Directors have service agreements that set out the contract between them and the Group.

| | Date of appointment | Notice period from Group | Notice period from individual | Expiry of current term |
|---|---|---|---|---|
| Mark Crossley | June 29, 2020 | 12 months | 12 months | Rolling contract |
| Ryan Preblick | November 19, 2020 | 12 months | 12 months | Rolling contract |

### Chair and Non-Executive Directors' letters of appointment

The terms of service of the Chair and the Non-Executive Directors are contained in letters of appointment. In accordance with the 2018 Code, the Chair and Non-Executive Directors are appointed subject to re-appointment by shareholders at the Company's next AGM following their appointment and re-appointment at each subsequent AGM. The Chair and Non-Executive Directors are not entitled to receive compensation for loss of office.

The table below sets out the dates of appointment of the Chair and the Non-Executive Directors and the expiry of their current terms.

| | Date of appointment | Expiry of current term | Length of service at December 31, 2020 in years | Notice period |
|---|---|---|---|---|
| Peter Bains | August, 2019 | July, 2022 | 1 | 1 month |
| Graham Hetherington[1] | November, 2019 | November, 2023 | 1 | 1 month |
| A. Thomas McLellan | November, 2014 | November, 2023 | 6 | 1 month |
| Lorna Parker | November, 2014 | November, 2023 | 6 | 1 month |
| Daniel J. Phelan | November, 2014 | November, 2023 | 6 | 1 month |
| Daniel Tassé | November, 2014 | November, 2023 | 6 | 1 month |

1. Graham Hetherington was appointed a Non-Executive Director in November 2019. He was appointed Chair of the Board in November 2020.

**Summary of voting outcomes for the Remuneration Policy and 2019 Remuneration Report**

The 2019 Remuneration Report received a c.24% vote against at the 2020 Annual General Meeting and c.15% of shareholders also abstained from voting on this and a number of other resolutions. The Board acknowledges that some shareholders felt that executive remuneration with respect to the 2019 financial year was not fully aligned with the shareholder experience.

Throughout its decision making, the Committee remained focused on balancing the alignment of the shareholder experience with rewarding the operational performance of the business, advancement of the Group's long-term strategic objectives and the retention and motivation of management. As such, Long-Term Incentive Plan (LTIP) awards granted in March 2020 were reduced by 55% (from the amount permitted under the approved Remuneration Policy) and the Committee exercised negative discretion and reduced the outturn under the 2017-2019 LTIP to zero. This was the second consecutive year in which the Committee exercised negative discretion in relation to incentive outcomes, having reduced the 2018 bonus outturn to zero.

The Committee continues to strive to align executive remuneration with the shareholder experience. Therefore, as announced in May 2020, and as part of the response to the COVID-19 pandemic, the Executive Committee agreed to forgo any bonus payment for 2020 associated with the Group's Annual Incentive Plan (AIP) and did not receive a base salary merit increase in 2021 (aligned with the wider workforce). The Committee, supported by management, considered the formulaic outturn of the 2018-2020 LTIP in the context of the shareholder experience over the performance period and considered it appropriate to exercise its discretion to override the formulaic outturn and LTIP amounts for the Executive Directors to zero.

During the year, the Committee engaged with shareholders and shareholder representative bodies to seek their views regarding the 2019 remuneration outcomes and also in relation to the remuneration arrangements for Mark Crossley and in the development of the 2021 Remuneration Policy. In November 2020, the Board approved the publication of an Updated Statement, setting out the feedback received; the Update Statement is available on the Group's website.

The Committee is grateful for the engagement and feedback received. The views of shareholders and shareholder representative bodies has been carefully considered by the Committee in the development of our proposed Remuneration Policy and also in determining remuneration outcomes in respect of the 2020 financial year.

The Remuneration Policy was last put to shareholders for a vote at the 2018 AGM and 94.3% of shareholders voted in favor of the Remuneration Policy.

The votes cast by proxy and at the meeting in respect of the 2019 Directors' Remuneration Report and 2018 Remuneration Policy were as follows:

| Resolution | Votes for | Votes for (%) | Votes against | Votes against (%) | Votes withheld (abstentions) |
|---|---|---|---|---|---|
| Approve the 2019 Directors' Remuneration Report (2020 AGM) | 335,155,904 | 76.1% | 105,280,675 | 23.9% | 111,815,212 |
| Approve the Remuneration Policy (2018 AGM) | 563,892,577 | 94.3% | 34,156,066 | 5.7% | 113,809 |

# DIRECTORS' REPORT

## THE DIRECTORS PRESENT THEIR ANNUAL REPORT TOGETHER WITH THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020.

### Corporate Governance Statement

The Directors' Report on pages 109 to 112 which includes the Corporate Governance Statement on pages 48 to 108, together with the Strategic Report on pages 2 to 47, when taken together constitute the management report as required by DTR 4.1.8R.

The Statement of Directors' Responsibilities on pages 113 to 114 is incorporated into the Directors' Report by reference.

The following information fulfilling the further disclosure requirements contained in the Companies Act 2006, Schedule 7 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the FCA's Listing Rules and Disclosure Guidance and Transparency Rules (DTRs) has been included elsewhere within the Annual Report and is incorporated into the Directors' Report by reference:

| Disclosure | Location |
|---|---|
| Future business developments and R&D activities | Strategic Report (pages 14 to 16) |
| Principal Risks and Risk Management | Strategic Report (pages 37 to 47) |
| Greenhouse gas emissions | Strategic Report (page 23) |

Both the Directors' Report and the Strategic Report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law. The liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by such law.

### Results and dividends

The consolidated income statement is on page 129. The loss for the financial year attributable to equity shareholders amounted to $(148)m.

In line with the dividend policy approved by the Board, the Directors do not recommend payment of a dividend in respect of the financial year ended December 31, 2020. The Directors are of the view that the dividend policy remains appropriate for the Group considering its current financial position, strategy and prospects and the continuing uncertainties faced. These uncertainties include the ongoing legal matters and the risk that SUBLOCADE and PERSERIS might not meet revenue growth expectations due to the continued impact from the COVID-19 pandemic.

### Directors and their interests

The Directors of the Company who served during the financial year ended December 31, 2020 and up to the date of signing the financial statements appear on pages 50 and 51. Details of Directors' interests in the Company's ordinary shares, including any interest in share awards and long-term incentive plans, are set out in the Directors' Remuneration Report on pages 79 to 108.

No Director held a material interest at any time during the year in any derivative or financial instrument relating to the Company's shares.

### Powers of Directors

The Directors are responsible for managing the business of the Company and may exercise all the powers of the Company, subject to the provisions of Company's Articles of Association in respect of the liability incurred as a result of their office. Powers relating to the issuing of shares are also included in the Articles of Association and such authorities are renewed by shareholders at the AGM each year; see page 110.

### Appointment and replacement of Directors

The Company's Articles of Association give the Directors power to appoint and replace Directors. Under the Terms of Reference of the Nomination & Governance Committee, any appointment will be recommended by that Committee for approval by the Board of Directors.

The Articles of Association require Directors to retire and submit themselves for re-appointment at the first Annual General Meeting ("AGM") following appointment, and all Directors who have held office at the date of the two preceding AGMs.

Notwithstanding these provisions of the Articles of Association, in compliance with the UK Corporate Governance Code and in line with previous years, all Directors wishing to continue in office will offer themselves for re-appointment by the shareholders at the 2021 AGM. Daniel Tassé has notified the Company of his intention to stand down as a Non-Executive Director of the Company, and will not stand for re-appointment at the Company's 2021 AGM. Details of unexpired terms of Directors' service contracts are set out in the Directors' Remuneration Report on page 107.

**Director indemnities and insurance cover**

The Directors have the benefit of an indemnity provision contained in the Company's Articles of Association in respect of the liability incurred as a result of their office. Also, throughout the financial year, the Company purchased and maintained Directors' and Officers' liability insurance for its Directors and Officers which remained in force at the date of the approval of the Directors' Report. Neither the indemnity nor the insurance provides cover in the event that a Director is found to have acted dishonestly or fraudulently.

**Articles of Association**

The Articles of Association may be amended by special resolution of the shareholders.

**Stakeholder engagement**

How the Directors have had regard to the need to foster business relationships with suppliers, customers and others can be found on pages 17 to 21 of the Strategic Report. Further information regarding the Board's engagement with the workforce can be found on page 62.

**Shares**

Share capital

Details of the Company's share capital are set out in Note 25 on page 161.

The Company has one class of ordinary share which carries no rights to fixed income. Each share carries the right to one vote at general meetings of the Company. The ordinary shares are listed on the Official List and traded on the London Stock Exchange. As of December 31, 2020, the Company had 733,635,511 ordinary shares in issue. The Company does not hold any shares in Treasury.

There are no restrictions on the voting rights attaching to the Company's ordinary shares or the transfer of securities in the Company. No person holds securities in the Company which carry special voting rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

The Company has a Sponsored Level 1 American Depositary Receipt ("ADR") program in the US. The ADR program is currently closed to new issuances. For further information please go to www.adr.com.

Authority to allot shares

At the 2021 AGM, the Directors will ask shareholders to renew the authority last granted to them at the 2020 AGM to allot shares up to a maximum of an amount equivalent to two-thirds of the shares in issue (of which one-third must be offered by way of rights issue). The renewed authority will apply until the conclusion of the 2022 AGM.

Two special resolutions will be proposed at the 2021 AGM to authorize the Directors to allot equity shares in the Company for cash, without regard to the pre-emption provisions of the Companies Act 2006. These authorities are also renewable annually and are in line with institutional shareholder guidance.

Authority to purchase own shares

At the 2020 AGM, shareholders approved a resolution for the Company to make purchases of its own shares to a maximum number of ordinary shares, being approximately 10% of the issued share capital. As at December 31, 2020 the full extent of this authority remained in force and unutilized.

The authority is renewable annually and shareholders will be asked to approve an equivalent resolution at the 2021 AGM.

The Directors consider it desirable for these general authorizations to be available in order to maintain an efficient capital structure but will only purchase the Company's shares in the market if they believe it is in the best interests of shareholders generally.

Substantial shareholdings

As at December 31, 2020 and the date of this Report, the Company had been notified under Rule 5 of the Disclosure Guidance and Transparency Rules of the following major interests in the voting rights in the capital of the Company:

| | **At March 18 2021 (% of total voting rights)** | At December 31, 2020 (% of total voting rights) |
|---|---|---|
| Scopia Capital Management | **16.61%** | 15.51% |
| Standard Life Aberdeen | **9.99%** | 10.61% |
| Old Mutual Global Investors (UK) Limited | **8.02%** | 8.02% |
| Kairos Capital Management | **5.13%** | 5.13% |
| Newtyn Management | **3.94%** | 4.02% |

### Shares held in the Indivior PLC Employee Benefit Trust

The trustee of the Indivior PLC Employee Benefit Trust ("EBT") has agreed not to vote using any shares held by the EBT at any general meeting. If any offer is made to shareholders to acquire their shares the trustee will not be obliged to accept or reject the offer in respect of any shares which are at that time subject to subsisting awards, but will have regard to the interests of the award holders and will have power to consult them to obtain their views on the offer. Subject to the above, the trustee may take action with respect to the offer it thinks fair.

### Workforce

Our workforce includes employees, interns and contingent workers. During the year under review, the Group employed an average of 819 people worldwide (2019: 824). The Group's business priority is to safeguard the well-being, development and safety of its workforce. It also wants its workforce to have opportunities to grow and progress as part of an enjoyable career.

The Group is an inclusive and equal opportunity employer that relies on Human Resources specialists throughout its worldwide locations to ensure compliance with all applicable laws governing employment practices and to advise on all Human Resources policies and practices, including for example recruitment and selection, training and development, promotion and retirement.

Group policies seek to create a workplace that has an open atmosphere of trust, honesty and respect. Harassment or discrimination of any kind based on race, color, religion, gender, age, national origin, citizenship, mental or physical disabilities, sexual orientation, veteran status, or any other similarly protected status is not tolerated. This principle applies to all aspects of employment from recruitment and promotion, through to termination and all other terms and conditions of employment. It is Group policy not to discriminate on the basis of any unlawful criteria, and its practices include the prohibition on the use of child or forced labor. Employment policies are fair and equitable and consistent with the skills and abilities of the employee and the needs of the business.

The Group is committed to offering equal opportunities in recruitment, training, career development and promotion to all people, including those with disabilities, having regard to their individual aptitudes and abilities. As a matter of policy, full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled while employed by the Group an opportunity for retraining and for continuation in employment. It is Group policy that the training, career development and promotion of disabled persons should, as far as possible, be the same as that of other employees.

Employees and their representatives are briefed and consulted on all relevant matters on a regular basis in order to take their views into account with regard to decision-making and to achieve a common awareness of all the financial and economic factors affecting the performance of the Group. Information relevant to the employees is provided to them and, where appropriate, to employee trade union representatives.

The Group also supports the wider fundamental human rights of its employees worldwide, as well as those of its customers and suppliers.

Further information regarding our people can be found on page 24.

### Significant agreements – change of control

There are several agreements that take effect, alter or terminate upon a change of control of the Company following a takeover, such as commercial contracts, bank agreements, property lease arrangements and employee share plans. None of these is deemed to be significant in terms of their potential impact on the business of the Group as a whole.

There are no significant agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs due to a takeover, save that provisions of the Company's share plans may cause options and awards to vest on a takeover.

There is no information that the Company would be required to disclose about persons with whom it has contractual or other arrangements which are essential to the business of the Company.

The Directors acknowledge that there are other significant stakeholders, in addition to shareholders, who provide valuable feedback and help shape the Company's overall approach to governance.

### Political donations

There were no political donations, as defined in the Companies Act 2006, during 2020 (2019: nil). The Company's US subsidiaries do make 'political donations' as defined under UK law, but these donations are not subject to that law. Donations by US subsidiaries will not exceed US$500,000.

### Branches

The Group has branches in Finland, Norway and Sweden.

### Disclosure of information to External Auditor

Each of the persons who are Directors at the time when this Directors' Report is approved confirms that:

› so far as he/she is aware, there is no relevant audit information of which the Company's External Auditor is unaware; and

› each Director has taken all reasonable steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's External Auditor is aware of that information.

For these purposes, relevant audit information means information needed by the Company's External Auditor in connection with the preparation of their report on pages 115 and 128.

### External Auditor

PricewaterhouseCoopers LLP have agreed to be re-appointed as the External Auditor of the Company. Resolutions for their re-appointment, and to authorize the Audit Committee to determine their remuneration, will be proposed at the forthcoming AGM.

### Financial risk management

Details of the Group's use of financial instruments, together with information on the Company's risk objectives, policies and exposure to price, credit, liquidity, cash flow and interest rate risks, can be found in Note 17.

### Disclosures required under Listing Rule 9.8.4

There are no disclosures required to be made under UK Listing Rule 9.8.4. Details of long-term incentive plans can be found in the Directors' Remuneration Report on pages 79 to 108.

### Annual General Meeting ("AGM")

The AGM will be held at 3.00pm (UK time) on Thursday, May 6, 2021 at the offices of Indivior PLC, 234 Bath Road, Slough, Berkshire SL1 4EE. A full description of the business to be conducted at the meeting is set out in the Notice of AGM, available from the Company's website www.indivior.com.

Due to COVID-19 social distancing measures, shareholders are requested not to attend the meeting in person. Shareholders are encouraged to submit their votes ahead of the meeting either by submitting a form of proxy or by voting electronically (please see the Notice of Meeting for further details regarding voting at the AGM).

### Strategic Report

The Strategic Report set out on pages 2 to 47 was approved by the Board on March 18, 2021.

By Order of the Board

**Kathryn Hudson**
Company Secretary of Indivior PLC

234 Bath Road,
Slough, Berkshire, SL1 4EE

Company registration number: 09237894

March 18, 2021

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

## THE DIRECTORS ARE RESPONSIBLE FOR PREPARING THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS IN ACCORDANCE WITH APPLICABLE LAW AND REGULATION.

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 international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 *Reduced Disclosure Framework*, and applicable law, together "UK Accounting Standards"). 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 Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgments 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 Parent Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Parent 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 Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent 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 Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors' confirmations

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Annual Report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Parent Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and loss of the Parent Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

### Disclosure of information to auditors

A Directors' statement in relation to disclosure of relevant audit information can be found in the Directors' Report on pages 109 to 112.

### Going concern

The Group's business model, strategy, and viability assessment are set out in the Strategic Report on pages 2 to 47, along with the Group's risk management strategy and the principal risks that could threaten the Group's business model, future performance and solvency or liquidity. The Group's and Parent Company's financial position, cash flows, and liquidity position are discussed in the notes to the Group and Parent Company financial statements, along with the Group's and Parent Company's objectives, policies and processes for managing its financial risks, and the Group's and Parent Company's exposure to liquidity risk and capital risk.

The Directors have considered the Group's and Parent Company's financial plan, in particular with reference to the period through June 2022.

As disclosed in Notes 4, 21, 22 and 23 to the Group Financial Statements, the Group reached a resolution with the U.S. Department of Justice (DOJ), Federal Trade Commission (FTC) and the Department of Health and Human Services (HHS), which was approved in November 2020. The agreement reached with HHS (as described in Note 23) has eliminated the risk of potential exclusion from participating in US government health programs. Additionally, subsequent to the year-end, the Group resolved a claim raised by Reckitt Benckiser (RB) in November 2020. These settlements have resulted in liabilities totaling $536m as at December 31, 2020. While the uncertainty relating to these matters has been resolved, various other legal proceedings as discussed in Note 23 carry their own specific ongoing risk and uncertainty.

The Directors have assessed the Group's and Parent Company's ability to comply with the financial covenants in the Group's debt facility, maintain sufficient liquidity to fund its operations, fulfill obligations under the DOJ and RB agreements, and address the reasonably possible financial implications of the ongoing legal proceedings. The Directors have modeled the failure of SUBLOCADE to meet revenue growth expectations due to the continued impact from the COVID-19 pandemic (considering a 15% decline on forecasts) as part of the Group's and Parent Company's going concern assessment and downside scenario. The risk of a worse than expected outcome relating to the remaining ongoing legal matters has been considered for purposes of the viability period only as these cases are not expected to be concluded during the going concern period. Should the maximum reasonably possible risk occur (as disclosed in Note 23) in the going concern period, the Group and therefore also the Parent Company would still maintain adequate liquidity to comply with its financial covenants and obligations.

These risks were balanced against the Group's current and forecast working capital position, impact of the cost saving actions taken to date, and timing of the final balloon payment on the term loan in Q4 2022 which is outside the going concern assessment period and would also impact the Parent Company. As a result of the factors set out above, the Directors of the Group and Parent Company have a reasonable expectation that the Group and Parent Company have adequate resources to continue in operational existence for at least one year from the approval of these financial statements. Based on the above assessment, the previous material uncertainty relating to the Group's and Parent Company's ability to continue as a going concern has been removed.

The Directors have given the going concern assessment due consideration and have concluded that it is appropriate to adopt the going concern basis for accounting and preparing these financial statements. The viability statement is on pages 46 and 47.

By Order of the Board

**Kathryn Hudson**
Company Secretary of Indivior PLC

234 Bath Road
Slough, Berkshire, SL1 4EE

Company Registration number: 9237894

March 18, 2021

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDIVIOR PLC

## Report on the audit of the Financial Statements

### Opinion

In our opinion:

› Indivior 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 2020 and of the Group's loss and the Group's cash flows for the year then ended;
› the Group Financial Statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
› the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
› the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report, which comprise: the Consolidated and Parent Company balance sheets as at 31 December 2020; the Consolidated income statement, the Consolidated statement of comprehensive (loss)/income, the Consolidated cash flow statement and the Consolidated and Parent Company statements of changes in equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

### Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in Note 2 to the Group Financial Statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group Financial Statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group.

Other than those disclosed in Note 6 to the Financial Statements, we have provided no non-audit services to the Group in the period under audit.

## Our audit approach

### Context

The Group audit team has devised its audit approach by directing the audit efforts to areas where the Group and Parent Company Financial Statements are most susceptible to material misstatement.

Our audit report on the Group and Parent Company Financial Statements for the year ended 31 December 2019 included a material uncertainty related to going concern section and an emphasis of matter with respect to the outcome of litigation.

As explained in Notes 2, 4, 21 and 23 to the Group Financial Statements, in July 2020 the Group reached a resolution with the U.S. Department of Justice (DOJ), Federal Trade Commission (FTC) and the Department of Health and Human Services (HHS), which was approved by a United States federal court in the Western District of Virginia in November 2020. In addition, subsequent to the year-end, the Group resolved a claim raised by Reckitt Benckiser (RB) in November 2020. Both matters are discussed further in the 'Ongoing litigation and investigative matters and related provisions' key audit matter below. Although there are various other ongoing legal matters, the impact of the resolution of these specific matters has significantly reduced the uncertainty of the Group's ongoing legal risk which has resulted in the emphasis of matter with respect to the outcome of litigation included in our 2019 report no longer being necessary. In addition, due to the agreement reached with the HHS (as described in Note 23 to the Group Financial Statements), the risk of potential exclusion from participating in US government health programs has been eliminated.

As a result of the above factors and based on the cash flow forecasts prepared by the Directors to support their conclusion that the Group and Parent Company are able to maintain adequate liquidity to comply with their financial covenants and obligations, the Directors concluded that no material uncertainty relating to the Group's and Parent Company's ability to continue as a going concern now exists. Due to this current year activity, the Group audit team spent a significant amount of time assessing the risks which could still have an impact on the Group's and Parent Company's ability to continue as a going concern. As noted in the 'Conclusions related to going concern' section below, we have considered whether the impact of a worse than expected outcome relating to the remaining ongoing legal matters and failure of SUBLOCADE to meet revenue growth expectations due to the continued impact from the COVID-19 pandemic which in combination could have an impact on the Group's and Parent Company's ability to continue as a going concern. Although our report does not include a 'Material uncertainty related to going concern' section this year, we have included going concern considerations as a key audit matter for the year which explains the risks identified with details of the audit procedures we performed to address these risks and our conclusions in respect of going concern being detailed in the 'Conclusions related to going concern' section below.

In addition, management's way of working has been impacted by COVID-19 as a result of a large number of employees working remotely and using technology enabled working practices. For example, this has meant virtual review meetings, electronic review processes (in place of hardcopy reviews) and some inventory counts being performed using virtual technology tools. We have also adapted the oversight of our component teams, using video conferencing and remote workpaper reviews to satisfy ourselves as to the sufficiency of audit work performed at the significant and material components.

### Overview

#### Audit scope

- We conducted full scope audits at three components and specific Financial Statement line item audit procedures for one further component.
- The components where we performed audit work, taken together with our central corporate functions, accounted for 91% of the Group's net revenue and 87% of the Group's profit before tax adjusted for exceptional items.

#### Key audit matters

- Going concern considerations (Group and Parent)
- Ongoing litigation and investigative matters and related provisions (Group)
- Sales rebate adjustments recognized primarily in the US business (Group)
- Recoverability of assets (Group)
- Impact of COVID-19 (Group and Parent)
- Carrying value of investments in subsidiaries (Parent)

#### Materiality

- Overall Group materiality: US$6.5m (2019: US$7.8m) based on 1% of total net revenue.
- Overall Parent Company materiality: US$14.6m (2019: US$14.6m) based on 1% of total assets.
- Performance materiality: US$4.8m (Group) and US$11.0m (Parent company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

### Capability of the audit in 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 in the Auditors' responsibilities for the audit of the Financial Statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to pharmaceutical regulatory requirements (including, but not limited to, those of the Federal Trade Commission, US Food and Drug Administration, the European Medicines Agency and the UK Medicines & Healthcare products Regulatory Agency) in addition to US, UK and European tax legislation (refer to the Risk Management section of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the preparation of the Financial Statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate revenue or expenditure, and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with management, internal audit, compliance officer and the Group's general counsel and legal advisors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing key correspondence with regulatory authorities and discussion with external and internal legal counsel;
- Review of significant component's auditors' working papers;
- Reading of internal audit reports;
- Challenging assumptions and judgements made by management in its significant accounting estimates, in particular in relation to legal provisions, sales rebate adjustments, impairment of intangible assets and Parent Company investments in subsidiaries and recoverability of other non-current assets, deferred tax assets and inventories (see related key audit matters below);
- Evaluation of management's controls designed to prevent and detect irregularities, in particular its anti-bribery controls;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters; and.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, posted by senior management or posted at unusual times.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, 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.

**Key audit matters**

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Going concern considerations and Impact of COVID-19 are new key audit matters this year. As noted in the context section above, although our report for the year ended 31 December 2020 does not include a 'Material uncertainty related to going concern' section, we have included going concern considerations as a key audit matter for the year. Our procedures performed to address the key audit matter and our conclusions in respect of going concern are detailed within the 'Conclusions related to going concern' section below. Otherwise, the key audit matters below are consistent with last year.

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| *Going concern considerations (Group and Parent)*<br>***Refer to the Audit Committee report within the Corporate Governance section, Note 2 to the Group Financial Statements and Note 1 to the Parent Company Financial Statements***<br>As disclosed in Notes 21 and 23 to the Group Financial Statements, the Group has liabilities and provisions totaling $568m (2019: $438m) for DOJ and related matters in addition to the Reckitt Benckiser (RB) resolution. Although the Group has entered into settlement agreements with the DOJ and RB, various other legal proceedings (as discussed in Note 23 to the Group Financial Statements) are still ongoing and therefore create future financial risk and uncertainty.<br>We considered this a key audit matter as there could be a risk of a worse than expected outcome relating to ongoing legal matters and failure of SUBLOCADE to meet revenue growth expectations due to the continued impact from the COVID-19 pandemic. These risks in combination can have an impact on the Group's ability to continue as a going concern. These matters could also impact the Parent Company's ability to recover amounts owed by subsidiary undertakings and the value of the Parent Company's investments in shares in subsidiary undertakings. | The procedures we performed to address the risks of going concern and our findings are set out in the 'Conclusions relating to going concern' section below. |

### Key audit matter

***Ongoing litigation and investigative matters and related provisions (Group)***

***Refer to the Audit Committee report within the Corporate Governance section and Notes 2, 4, 21, 22 and 23 to the Group Financial Statements***

The pharmaceutical industry is a highly regulated industry. Compliance is required across the industry, however, with the US representing 70% of the Group's revenue, the US regulatory requirements, including those of the Federal Trade Commission and US Food and Drug Administration is considered a significant focus. The Group is engaged in a number of ongoing litigation and investigative matters, which may have a material impact on the Group Financial Statements.

As explained in Notes 4, 21 and 23 to the Group Financial Statements, on 24 July 2020, the Group reached an agreement with the DOJ and other litigants described in Note 23 to the Group Financial Statements under "DOJ and Resolution", which was approved by the court in November 2020. As at 31 December 2020, the Group has recorded other liabilities amounting to $536m which is to be paid over a period of seven years. On 29 June 2020, Shaun Thaxter stepped down as CEO and as a Director of the Company and subsequently entered into an agreement with the DOJ pleading guilty to one misdemeanor count under the Responsible Corporate Officer Doctrine which was finalized on 23 October 2020. Under this Doctrine, executives can be held liable for violations of the Federal Food, Drug and Cosmetic Act by others in the Company without personal wrongdoing or malfeasance by the executive. This agreement had the same underlying facts as those that the Company finalized in November 2020.

On January 25, 2021, the Group reached an agreement with RB to resolve claims which RB issued on 13 November 2020, seeking indemnity under the 2014 Demerger Agreement. RB has agreed to withdraw the $1.4bn claim and to release the Group from any claim for indemnity under the Demerger Agreement relating to the US DOJ and FTC settlements which RB entered into in July 2019, as well as other claims for indemnity arising from those matters. The Group has, in consideration of the above release, agreed to pay RB a total of $50m and has agreed to release RB from any claims to seek damages relating to its settlement with the DOJ and the FTC. As at 31 December 2020, the Group has recorded other liabilities amounting to $50m related to this settlement.

The Group is also involved in a number of other ongoing legal matters as explained in Notes 21 and 23 to the Group Financial Statements. The Group believes that it has strong defences and is actively litigating these matters.

We focused on this area because the outcome of claims is uncertain and the positions taken by the Directors are based on the application of material judgements and estimation. Accordingly, should the outcomes of the legal proceedings differ from those anticipated by the Directors, this could materially impact the Group's results and balance sheet position.

### How our audit addressed the key audit matter

We discussed actual or pending litigation and investigative matters with the Group's external and internal legal counsel to gain an understanding of the status of each matter.

Where the Group has reached a settlement in the year, we assessed that appropriate amounts have been recorded in the Financial Statements and are classified appropriately as per the agreed payment arrangements. We also assessed that these liabilities are appropriately discounted as at 31 December 2020. We read the agreements with respect to the former CEO's plea agreement and based on discussions with the Group's legal counsel, it was confirmed that his agreement does not indicate that he had any direct involvement in the matter and as such is not expected to have a negative impact on management's other ongoing legal matters. In addition, it was noted that in determining his leaving arrangements, the Remuneration Committee considered the operational performance of the business and his performance and conduct during his tenure in addition to being mindful of the circumstances in which he stepped down, noting that there has not been any findings of personal wrongdoing or malfeasance.

Where provisions have been recorded or contingent liabilities have been disclosed in the Group Financial Statements, we substantively tested the amounts provided and evaluated management's position of the likely outcome by:

- reading documentation such as correspondence from external legal counsel and Board and Committee minutes;
- evaluating independent confirmations that we received from the Group's external legal counsel;
- utilizing an auditor's subject matter expert to assess the information provided by management and the Group's external counsel in arriving at the judgements taken; and
- enquiring of (with support of an auditor's subject matter expert) external and internal legal counsel.

In addition, we considered the completeness of litigation and investigative matters through discussions with internal legal counsel and by reading Board and Committee minutes. We did not detect any other litigation and investigative matters that had not already been disclosed to us. Furthermore, we obtained representations from management that there have been no breaches of laws or regulations.

Finally, we reviewed the sufficiency and appropriateness of the legal proceedings disclosures in the Financial Statements based on our underlying work. We determined that appropriate disclosures are included in Notes 4, 21 and 23 to the Group Financial Statements. We also assessed the disclosures made regarding the former CEO's plea agreement and consider them to be fair and balanced.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Sales rebate adjustments recognised primarily in the US business (Group)*<br>***Refer to the Audit Committee report within the Corporate Governance section and Notes 2, 3 and 24 to the Group Financial Statements***<br>At 31 December 2020, payables in respect of sales returns and rebates totalled \$396m (2019: \$460m) of which 96% originated in the US in relation to Managed Care, Federal and Medicaid (2019: 96%). In the US, the Group sells products through distributors and the ultimate selling price is determined based on the contractual arrangements that the Group has with the patient's insurer or other payment programme (Medicaid, Medicare or equivalent scheme). The time between initial shipment to the distributor (when the revenue is recognised), the dispensing of a product to a patient and notification by the relevant insurer or payment programme may be several months. Accordingly, an estimate of the net selling price is necessary at the date of shipment when the revenue is recognised.<br>As a result, revenue recognised on sales to wholesale and retail distributors is subject to a final determination of the net sales price predominantly in the form of rebates. The process for determining the size of these estimates is complex and depends on contract terms and regulation, as well as estimates of sales volumes by channel.<br>We focused on this area as the process for calculating sales rebates involves the use of large volumes of data, being sales volumes from multiple sources, which, taken together, can be subjective and at risk of management manipulation or bias.<br>Given the large quantities of data and significant judgements involved in compiling these calculations, we considered there to be a risk of bias in the calculations and that this risk related to the understatement of these accruals. | We obtained the accruals calculation for sales rebates and tested the inputs into the calculations by comparing them with:<br>› rates included in sales contracts and agreements with third parties;<br>› rebate invoices received during the year, on a sample basis, in order to assess the accuracy of the estimate of volumes by channel; and<br>› recent changes in government pricing regulations.<br>We performed look back tests that compared accruals recognised in previous periods to actual rebates received in order to test the historical accuracy in calculating these accruals.<br>We deployed our US government pricing specialists in reviewing the reasonableness of the assumptions on average manufacturer price, unit rebate amount and best price for products, including advising on relevant changes in the US government pricing regulations.<br>We assessed the completeness and accuracy of the accruals by understanding and testing the process management used to record the year-end balances, by comparing such amounts to our own independently developed expectations of the year-end balances. Our independent expectations were developed based upon historical rebate invoices received, adjusted for current volumes, rebate rates and adjusted for industry experience in the face of competition. The accruals recognised in the Financial Statements were not materially different from our internally generated expectations.<br>In determining the appropriateness of the revenue recognition policy applied in calculating sales rebates under contractual and regulatory requirements, we note there is estimation taken regarding these items. From the evidence obtained we found the assumptions, methodology and policies used to be appropriate.<br>We evaluated whether management's revenue recognition policies applied were consistent with IFRSs as adopted by the European Union, noting no differences. |

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

*Recoverability of assets (Group)*

***Refer to the Audit Committee report within the Corporate Governance section and Notes 2, 11, 15 and 16 to the Group Financial Statements***

At 31 December 2020 the Group held intangible assets of $62m (2019: $72m) and long-term prepaid expenses within other assets of $22m (2019: $23m), both of which are accounted for at amortised cost less impairment and are assessed for impairment if impairment indicators exist. At 31 December 2020, the Group held inventories of $93m (2019: $73m) which are accounted for at the lower of cost or net realizable value.

The recoverability of certain assets, including intangible assets, long-term prepaid expenses and inventory may be impacted by the developments in the Group's business. This is mainly due to the impact that COVID-19 has had on SUBLOCADE and PERSERIS revenue projections resulting in slower than expected market uptake and potential risk to the future pipeline, in relation to the products in development.

The recoverable amounts of these assets are estimated in order to determine the extent of impairment loss or provision required, if any, both of which are recognised in the Consolidated income statement. No intangible assets or long-term prepaid expenses were deemed to be impaired at 31 December 2020. Inventory write-off and losses of $6m were recorded in 2020 based on expiration dates and sales forecast reductions in the year associated with SUBLOCADE and PERSERIS and in line with the Group policy.

</td><td>

Our procedures focused on management's estimates in relation to the recoverability and valuation of its intangibles, long-term prepaid expenses and inventory assets linked to management revised forecasts due to the impact that COVID-19 has had on SUBLOCADE and PERSERIS revenue projections resulting in slower than expected market uptake and the potential risk to future pipeline.

For intangible assets, we considered whether the SUBLOCADE and PERSERIS intangible assets were recoverable based on management's revised forecasts, which were used in its value in use impairment models to support the book value of the intangible assets maintained. We evaluated the mathematical accuracy of management's models, understood the basis for how the forecasts were developed and assessed the reasonableness of a number of key assumptions utilised within management's impairment models, including the impact that COVID-19 is expected to have on the business going forward.

The key assumptions within the models included the price, Length of Treatment (LoT), Buprenorphine Medically Assisted Treatment (BMAT) market growth, Long Acting Injectable (LAI) market share, working capital, costs, tax rates and the discount rate. We challenged management's key assumptions and obtained evidence to substantiate the assumptions within the models:

- We assessed the pricing assumptions that management has included within the value in use model based on the current marketed price for SUBLOCADE and PERSERIS and the forecasted market growth;
- We understood the basis for growth in patient numbers in the LAI area of the BMAT market and agreed the underlying patient figures to third party external data;
- We evaluated the LoT assumptions based on current average LoT;
- We assessed management's growth assumptions against external market data, noting the BMAT market has grown at a 10% rate for the past 12 years;
- We challenged management on its market share assumptions over the forecasted period using third party external data;
- We understood and evaluated the basis of the costing and working capital assumptions that management has included within their models based on current contractual commitments and forecasted spend; and
- We utilised our pharmaceutical industry valuation experts to support us in our assessment of the accuracy and appropriateness of the discount rate applied compared with third party information, past performance, the Group's cost of capital and relevant risk factors as disclosed in the Financial Statements.

Based on the work performed, the key assumptions used appear supportable. We also performed our own independent sensitivity analysis to understand the impact of reasonable changes in management's assumptions on the available headroom and considered whether the disclosures made in the Group Financial Statements by management, including the judgements and estimates disclosures, were appropriate.

For other intangible assets related to products in development, we considered the accuracy of forecasts used in the impairment assessments. We evaluated the key assumptions, including the probability of success, forecast sales, discount rate and any further potential delays due to COVID-19. Based on our testing, we consider management's conclusion that no impairment was required to be appropriate.

Utilising the work performed above on the forecasts and the required production plans, we assessed whether the inventory held at 31 December 2020 relating to SUBLOCADE, PERSERIS, SUBOXONE and SUBUTEX was recognised at the appropriate net realisable value by assessing the expiration dates and forecast sales, concluding that the forecasts support the net inventory balance held at 31 December 2020.

For all of the above matters, we verified that the cash flow forecasts and assumptions used were consistent with those used in the going concern assessment set out in the 'Conclusions relating to going concern' section detailed below. We have also assessed management's disclosures within the Group Financial Statements and consider them to be appropriate.

</td></tr>
</table>

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Impact of COVID-19 (Group and Parent)*<br><br>*Refer to the Audit Committee report within the Corporate Governance section, Note 2 to the Group Financial Statements and Note 1 to the Parent Company Financial Statements*<br><br>The COVID-19 pandemic has affected individuals and businesses across the world and there have been varying impacts on the countries where the Group operates.<br><br>Given the unprecedented nature of the pandemic, the impact of COVID-19 remains an uncertainty in both the short and longer term; the Directors have considered the Group's financial performance during the year and the potential impact on future cash flows.<br><br>The Directors performed a detailed going concern assessment for the Group, covering a period of at least twelve months from the date of approval of these Financial Statements, which includes a plausible but severe downside scenario. The Directors concluded based on these forecasts and sensitivities, that there was sufficient headroom in respect of covenants and liquidity beyond the severe but plausible downside scenario, to prepare the Financial Statements on a going concern basis.<br><br>The Directors have also considered the risk of impairment of non-current assets, increased credit risk on trade receivables and obsolescence of inventory across the Group. We have focussed on this risk due to the evolving nature of the pandemic, the uncertainties involved and the magnitude of any potential impact on the Financial Statements. | We reviewed management's assessment of the impact of the uncertainty presented by the COVID-19 pandemic and considered its completeness. In assessing management's consideration of the potential impact of COVID-19, we discussed with management and the Directors the critical estimates and judgements applied in preparing the 2020 Financial Statements in order to understand and challenge the rationale underlying the sensitivities applied as a result of COVID-19.<br><br>We also audited the disclosures included in the Annual Report in respect of the impact of COVID-19, including going concern, and impairment sensitivities and consider them reasonable.<br><br>Refer to the key audit matter on 'Going concern considerations' above for further details.<br><br>Refer to the key audit matters entitled 'Recoverability of assets' and 'Carrying value of investments in subsidiaries' above. |

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| ***Carrying value of investments in subsidiaries (Parent)***<br>***Refer to Notes 1 and 2 to the Parent Company Financial Statements***<br>Investments in subsidiaries of $1,437m (2019: $1,437m) are accounted for at cost less impairment in the Parent Company's balance sheet at 31 December 2020.<br>Investments are assessed for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the investments in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the Income Statement.<br>At 31 December 2020, as well as at the date of our audit opinion, the market capitalisation of the Group was less than the book value of the investment held on the Parent Company balance sheet. In addition, the net assets of the subsidiaries were also significantly below the carrying value. These are both impairment indicators.<br>Judgement and estimation are required in the area of impairment testing, particularly in assessing: a) whether an event has occurred that may indicate that the related asset values may not be recoverable; b) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal or value in use (VIU) basis where the net present value of future cash flows are estimated based on the continued use of the asset in the business; c) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate; and d) the appropriate sensitivity analyses to perform, wherein the extent of change in key assumptions as identified could result in a material impairment is appropriately disclosed. | We evaluated management's assessment of whether any indicators of impairment existed and as a result of the market capitalisation and net asset position being identified as impairment indicators, management prepared a VIU model to support the book value of the investment held.<br>We evaluated the mathematical accuracy of management's model, agreed to management's strategic forecasts, understood the basis for how the forecasts were developed and assessed the reasonableness of the key assumptions utilised within management's impairment model. We corroborated the long-term forecasts back to Board presentations and compared the underlying figures within management's model with these presentations. We utilised our work as set out in the 'Recoverability of assets' key audit matter above to support our assessment of the accuracy of the revenue key assumptions and forecasts, working capital, costs and the discount rate. We also held calls with and received confirmations from internal and external legal counsel in order to confirm that management's impairment model appropriately reflected the potential outcomes as noted from these communications.<br>We performed our own independent sensitivity analysis to understand the impact of reasonable changes in management's assumptions on the available headroom and considered whether the disclosures made in the Parent Company Financial Statements by the Directors, including the judgements and estimates disclosures, were appropriate.<br>As a result of our work, we considered that the carrying value of the investment held by the Parent Company is supportable in the context of the Parent Company Financial Statements taken as a whole and the Directors' disclosures within the Parent Company Financial Statements are considered to be appropriate. |

**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The Group operates a single business activity and therefore has one reportable segment. The Group Financial Statements are a consolidation of 44 components comprising the Group's operating businesses and centralised Group functions. The Group consolidation, Financial Statements disclosures and corporate functions were audited by the Group engagement team. This included our work over legal, intangible assets impairment, tax, borrowings, net finance expense, share-based payments and equity.

In addition to centralised Group audit procedures, we conducted our audit by concentrating our work on those parts of the Group that make up the most significant proportions of the Financial Statements. We identified one component in the US and one in each of the UK and Ireland that required a full scope audit due to their size. Audit procedures over specific financial statement line items were performed at a further component in the US to give sufficient audit coverage. The Parent Company is not in Group audit scope as it is a holding company and predominantly eliminated on consolidation which is tested centrally. With the largest components of the Group being the US, UK and Ireland we focused our audit work there. For the audit of the US component, we utilised our Richmond, Virginia based component audit team with knowledge and experience of the US pharmaceuticals industry and regulations. For the audit of the UK and Irish components, we utilised our Reading, UK based component audit team. These component teams were supplemented by procedures performed on certain Group related balances by PwC staff based in London, UK.

Although our Group engagement team could not carry out physical site visits to the components in the current year, there were no changes made to the extent of our oversight of each of our components, nor to the extent of the work performed by our components. We held numerous meetings with our component teams, including via video conference, and performed remote reviews of the key working papers associated with the component team's audit in the US and UK. We were also in attendance at our full scope components' audit closing meetings. This helped to ensure that the Group audit team was sufficiently involved in the component auditors' planned response to key audit matters, particularly regarding sales rebates in the US and certain asset recoverability considerations in the UK.

Taken together, the components and corporate functions where we conducted audit procedures accounted for 91% of the Group's net revenues and 87% of the Group's profit before tax adjusted for exceptional items. This provided the evidence we needed for our opinion on the Consolidated Financial Statements taken as a whole. This was before considering the disaggregated group level analytical review procedures, which covered certain of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

**Materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

| | **Financial Statements - Group** | **Financial Statements - Parent Company** |
|---|---|---|
| ***Overall materiality*** | US$6.5m (2019: US$7.8m). | US$14.6m (2019: US$14.6m). |
| ***How we determined it*** | 1% of total net revenue | 1% of total assets |
| ***Rationale for benchmark applied*** | As the market focus is on the Group's revenues rather than profitability, including the success of SUBLOCADE and PERSERIS, we have considered net revenue to be the most appropriate benchmark for materiality. | As explained in the scoping section and based on our professional judgement, the Parent Company is not in Group audit scope as it is a holding company which is predominantly eliminated on consolidation. We believe total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark for holding companies. |

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $2.0m to $6.1m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to US$4.8m for the Group Financial Statements and US$11.0m for the Parent Company Financial Statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $0.6m (Group audit) (2019: $0.8m) and $1.5m (Parent Company audit) (2019: $0.7m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

**Conclusions relating to going concern**

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

› agreed the underlying cash flow projections to Board approved forecasts, assessed how these forecasts are compiled including the impact due to COVID-19 and assessed the accuracy of these forecasts by reviewing third-party data for the SUBOXONE Film, SUBLOCADE and PERSERIS revenue streams;
› evaluated the key assumptions within management's forecasts as detailed further within the 'Recoverability of assets' key audit matter above;
› evaluated the assumptions regarding the impact of revenue decline of SUBOXONE Film by reference to the historical impact of other generic launches on the revenues of a branded product;
› considered the potential timing to resolve the remaining outstanding legal matters and noted that based on the Board's strategy to litigate, the resolution of these matters is not expected to occur in the going concern period;
› performed additional sensitivities to determine the breakeven scenarios over revenue reductions in addition to legal payments relating to the other ongoing litigation and investigation matters;
› assessed whether the downside model prepared by management appropriately considered the risks facing the business as identified in the Risk management section of the Annual Report; and
› checked the mathematical accuracy of the spreadsheet used to model future financial performance and determined whether the minimum cash balance requirements will be met.

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's and the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

In relation to the Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or, with the exception of the matter noted below, nothing else we wish to draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The Directors' explanation as to their assessment of the Group's and Parent Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

However, we draw attention to the disclosures made within the Viability Statement of the Annual Report regarding the possible scenarios that may occur where the uptake of both SUBLOCADE and PERSERIS falls significantly below expectations, and there is an unfavorable outcome of remaining legal proceedings at the high end of management's range as disclosed in Note 23 to the Group Financial Statements.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the Financial Statements and the audit

### Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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's and the 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.

### Auditors' 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 auditors' 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# Other required reporting

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

› we have not obtained all the information and explanations we require for our audit; or
› 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
› certain disclosures of Directors' remuneration specified by law are not made; 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.

We have no exceptions to report arising from this responsibility.

**Appointment**

Following the recommendation of the Audit Committee, we were appointed by the members on 23 December 2014 to audit the Financial Statements for the year ended 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement is seven years, covering the years ended 31 December 2014 to 31 December 2020.

Sarah Quinn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18 March 2021

| For the year ended December 31 | Notes | 2020 $m | 2019 $m |
|---|---|---|---|
| **Net revenues** | 3 | **647** | 785 |
| Cost of sales | | **(97)** | (140) |
| **Gross profit** | | **550** | 645 |
| Gross profit before exceptional items | 5 | **555** | 645 |
| Exceptional items | 4 | **(5)** | – |
| Selling, general and administrative expenses | 4 | **(666)** | (414) |
| Research and development expenses | 4 | **(40)** | (53) |
| **Operating (loss)/profit** | | **(156)** | 178 |
| Operating profit before exceptional items | 5 | **88** | 202 |
| Exceptional items | 4 | **(244)** | (24) |
| Finance income | 8 | **9** | 24 |
| Finance expense | 8 | **(26)** | (22) |
| Net finance (expense)/income | 8 | **(17)** | 2 |
| **(Loss)/profit before taxation** | | **(173)** | 180 |
| Income tax benefit/(expense) | 9 | **25** | (46) |
| Taxation before exceptional items | 9 | **(12)** | (28) |
| Exceptional items within taxation | 4 | **37** | (18) |
| **Net (loss)/income** | | **(148)** | 134 |
| | | | |
| **(Loss)/Earnings per ordinary share (cents)** | | | |
| Basic (loss)/earnings per share | 10 | **(20)** | 18 |
| Diluted (loss)/earnings per share | 10 | **(20)** | 18 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

| For the year ended December 31 | 2020 $m | 2019 $m |
|---|---|---|
| Net (loss)/income | **(148)** | 134 |
| **Other comprehensive income** | | |
| Items that may be reclassified to profit or loss in subsequent years: | | |
| Net exchange adjustments on foreign currency translation | **10** | 9 |
| Other comprehensive income | **10** | 9 |
| **Total comprehensive (loss)/income** | **(138)** | 143 |

| As at December 31 | Notes | 2020 $m | 2019 $m |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 11 | **62** | 72 |
| Property, plant and equipment | 12 | **60** | 60 |
| Right-of-use assets | 13 | **43** | 47 |
| Deferred tax assets | 14 | **75** | 40 |
| Other assets | 16 | **104** | 73 |
| | | **344** | 292 |
| **Current assets** | | | |
| Inventories | 15 | **93** | 73 |
| Trade receivables | 16 | **179** | 192 |
| Other assets | 16 | **50** | 35 |
| Current tax receivable | | **7** | – |
| Cash and cash equivalents | 18 | **858** | 1,060 |
| | | **1,187** | 1,360 |
| **Total assets** | | **1,531** | 1,652 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Borrowings | 19 | **(4)** | (4) |
| Provisions and other liabilities | 21 | **(48)** | (71) |
| Trade and other payables | 24 | **(524)** | (623) |
| Lease liabilities | 13 | **(8)** | (5) |
| Current tax liabilities | | **(15)** | (39) |
| | | **(599)** | (742) |
| **Non-current liabilities** | | | |
| Borrowings | 19 | **(230)** | (233) |
| Provisions and other liabilities | 21 | **(577)** | (417) |
| Lease liabilities | 13 | **(43)** | (51) |
| | | **(850)** | (701) |
| **Total liabilities** | | **(1,449)** | (1,443) |
| **Net assets** | | **82** | 209 |
| **Equity** | | | |
| **Capital and reserves** | | | |
| Share capital | 25 | **73** | 73 |
| Share premium | | **6** | 5 |
| Other reserves | 26 | **(1,295)** | (1,295) |
| Foreign currency translation reserve | 26 | **(13)** | (23) |
| Retained earnings | | **1,311** | 1,449 |
| **Total equity** | | **82** | 209 |

The financial statements on pages 129 to 172 were approved by the Board of Directors on March 18, 2021 and signed on its behalf by:

**Mark Crossley**
Director

**Ryan Preblick**
Director

| | Notes | Share capital $m | Share premium $m | Other reserves $m | Foreign currency translation reserve $m | Retained earnings $m | Total equity $m |
|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2019** | | 73 | 5 | (1,295) | (32) | 1,315 | 66 |
| **Comprehensive income** | | | | | | | |
| Net income | | – | – | – | – | 134 | 134 |
| Other comprehensive income | | – | – | – | 9 | – | 9 |
| **Total comprehensive income** | | – | – | – | 9 | 134 | 143 |
| **Transactions recognized directly in equity** | | | | | | | |
| IFRS 16 impact (adjustment to opening balance) | | – | – | – | – | (2) | (2) |
| Share-based payments | 27 | – | – | – | – | 3 | 3 |
| Deferred taxation on share-based payments and IFRS 16 | 14 | – | – | – | – | (1) | (1) |
| **Total transactions recognized directly in equity** | | – | – | – | – | – | – |
| **Balance at December 31, 2019** | | 73 | 5 | (1,295) | (23) | 1,449 | 209 |
| | | | | | | | |
| **Balance at January 1, 2020** | | 73 | 5 | (1,295) | (23) | 1,449 | 209 |
| **Comprehensive loss** | | | | | | | |
| Net loss | | **–** | **–** | **–** | **–** | **(148)** | **(148)** |
| Other comprehensive income | | **–** | **–** | **–** | **10** | **–** | **10** |
| **Total comprehensive loss** | | **–** | **–** | **–** | **10** | **(148)** | **(138)** |
| **Transactions recognized directly in equity** | | | | | | | |
| Shares issued | | **–** | **1** | **–** | **–** | **–** | **1** |
| Share-based payments | 27 | **–** | **–** | **–** | **–** | **8** | **8** |
| Deferred taxation on share-based payments | 14 | **–** | **–** | **–** | **–** | **2** | **2** |
| **Total transactions recognized directly in equity** | | **–** | **1** | **–** | **–** | **10** | **11** |
| **Balance at December 31, 2020** | | **73** | **6** | **(1,295)** | **(13)** | **1,311** | **82** |

| For the year ended December 31 | Notes | 2020 $m | 2019 $m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating (loss)/profit | | **(156)** | 178 |
| Depreciation and amortization | 11, 12 | **18** | 20 |
| Gain on disposal of intangible assets | | **–** | (4) |
| Gain on disposal of right-of-use assets | | **(2)** | – |
| Depreciation and impairment of right-of-use assets | | **8** | 8 |
| Share-based payments | 27 | **8** | 3 |
| Impact from foreign exchange movements | | **(5)** | 2 |
| Decrease in trade receivables | | **15** | 79 |
| Increase in other assets | | **(44)** | (56) |
| (Increase)/decrease in inventories | | **(16)** | 7 |
| Decrease in trade and other payables | | **(103)** | (101) |
| Increase/(decrease) in provisions and other liabilities[1] | | **129** | (8) |
| Cash (used in)/generated from operations | | **(148)** | 128 |
| Interest paid | | **(20)** | (17) |
| Interest received | | **9** | 22 |
| Tax (paid)/refunded | | **(34)** | 18 |
| **Net cash (outflow)/inflow from operating activities** | | **(193)** | 151 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 12 | **(4)** | (7) |
| Proceeds from lease incentives | | **–** | 1 |
| Proceeds from disposal of intangible assets | 11 | **–** | 4 |
| **Net cash outflow from investing activities** | | **(4)** | (2) |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | 19 | **(4)** | (4) |
| Payment of lease liabilities | | **(7)** | (9) |
| Proceeds from the issuance of ordinary shares | | **1** | – |
| **Net cash outflow from financing activities** | | **(10)** | (13) |
| Net (decrease)/increase in cash and cash equivalents | | **(207)** | 136 |
| Cash and cash equivalents at beginning of the year | 18 | **1,060** | 924 |
| Exchange difference | | **5** | – |
| **Cash and cash equivalents at end of the year** | 18 | **858** | 1,060 |

1. Changes in provisions and other liabilities line include $228m of exceptional charges relating to litigation matters offset by the $100m initial payment under the DOJ resolution in 2020. $3m of interest on the DOJ resolution has been recorded in the interest paid line item.

**1. General information**

Indivior PLC (the "Company") and its subsidiaries (together, "Indivior" or the "Group") are predominantly engaged in the development, manufacture and sale of buprenorphine-based prescription drugs for the treatment of opioid dependence, and co-occurring disorders (the "Indivior Business").

The Indivior Business was previously the pharmaceuticals business of the Reckitt Benckiser Group plc (RB), carried out by RBP Global Holdings Limited and its subsidiaries.

The Company is a public limited company incorporated and domiciled in the United Kingdom on September 26, 2014 and is the holding company for the Group. The address of the registered office and company number are stated on page 173.

The principal accounting policies adopted in the preparation of these financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all years presented.

**2. Basis of preparation and changes in accounting policy**

The consolidated financial statements have been prepared on a going concern basis in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (adopted IFRSs).

The financial statements are presented in US dollars ($) and are prepared on a historical cost basis except where otherwise stated. The 2019 consolidated balance sheet and consolidated cash flow statement have been expanded to present trade receivables and other assets (current) in separate line items to improve transparency and consistency. This had no impact on the net assets or net current assets of the Group.

The Directors have considered the Group's and Parent Company's financial plan, in particular with reference to the period through June 2022.

As disclosed in Notes 4, 21, 22 and 23 to the Group Financial Statements, the Group reached a resolution with the U.S. Department of Justice (DOJ), Federal Trade Commission (FTC) and the Department of Health and Human Services (HHS), which was approved in November 2020. The agreement reached with HHS (as described in Note 23) has eliminated the risk of potential exclusion from participating in US government health programs. Additionally, subsequent to the year-end, the Group resolved a claim raised by Reckitt Benckiser (RB) in November 2020. These settlements have resulted in liabilities totaling $536m as at December 31, 2020. While the uncertainty relating to these matters has been resolved, various other legal proceedings as discussed in Note 23 carry their own specific ongoing risk and uncertainty.

The Directors have assessed the Group's and Parent Company's ability to comply with the financial covenants in the Group's debt facility, maintain sufficient liquidity to fund its operations, fulfill obligations under the DOJ and RB agreements, and address the reasonably possible financial implications of the ongoing legal proceedings. The Directors have modeled the failure of SUBLOCADE to meet revenue growth expectations due to the continued impact from the COVID-19 pandemic (considering a 15% decline on forecasts) as part of the Group's and Parent Company's going concern assessment and downside scenario. The risk of a worse than expected outcome relating to the remaining ongoing legal matters has been considered for purposes of the viability period only as these cases are not expected to be concluded during the going concern period. Should the maximum reasonably possible risk occur (as disclosed in Note 23) in the going concern period, the Group and therefore also the Parent Company would still maintain adequate liquidity to comply with its financial covenants and obligations.

These risks were balanced against the Group's current and forecast working capital position, impact of the cost saving actions taken to date, and timing of the final balloon payment on the term loan in Q4 2022 which is outside the going concern assessment period and would also impact the Parent Company. As a result of the factors set out above, the Directors of the Group and Parent Company have a reasonable expectation that the Group and Parent Company have adequate resources to continue in operational existence for at least one year from the approval of these financial statements. Based on the above assessment, the previous material uncertainty relating to the Group's and Parent Company's ability to continue as a going concern has been removed.

The Directors have given the going concern assessment due consideration and have concluded that it is appropriate to adopt the going concern basis for accounting and preparing these financial statements. The viability statement is on page 46.

### Adoption of new and revised standards

The following new IFRS standard has been adopted by Indivior from January 1, 2020:

### IFRS 3 Business Combination amendments

The amendment to IFRS 3 Business Combinations revised the definition of a business, assisting entities with the evaluation of when an asset or group of assets acquired or disposed of should be considered a business. The amended standard also allows application of an optional concentration test, to evaluate whether substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, which is common in some pharmaceutical industry licensing and product acquisition arrangements. If this optional concentration test is met, the entity may choose to consider the transaction an acquisition of an asset or set of assets. The Group's adoption of this standard had no impact on the consolidated financial statements.

### Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 29 and IFRS 7)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) was issued in response to the ongoing reform of interest rate benchmarks around the world. These standards relate to the replacement of benchmark interest rates such as LIBOR, a priority of global regulators. The International Accounting Standards Board (IASB) identified two phases of the reform: Phase 1 amendments primarily deal with pre-LIBOR reform where uncertainty could arise in the lead up to transition and Phase 2 amendments relate to post-LIBOR reform, when uncertainty is removed, and new rates adopted. Phase 1 amendments provide relief from applying specific hedge accounting requirements. The Group's adoption of these amendments had no impact on the consolidated financial statements.

**2. Basis of preparation and changes in accounting policy** continued

Phase 2 amendments primarily address potential financial reporting issues that may arise when LIBOR is replaced. For contractual changes or changes to cash flows directly required by LIBOR reform, the effective interest rate (EIR) may be updated without adjusting the carrying amount of the financial asset/liability or the EIR may be used to recalculate the carrying amount, with any modification gain or loss recognized in profit or loss. Phase 2 amendments apply retrospectively from January 1, 2021 with earlier application permitted. As the Group's term loan matures after publication of LIBOR is expected to end, it has engaged with an administrative agent and expects to transition to a reasonable substitute base rate. The Group does not expect the adoption of this standard to have a significant impact on the future consolidated financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8)

The amendments to the definition of "materiality" clarify the term and ensure consistency across all IFRS standards. The new definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Group's adoption of this standard had no impact on the consolidated financial statements.

**New accounting standards issued but not yet effective**

The following standard has been issued but is not yet effective:

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts provides the first comprehensive guidance to accounting for insurance contracts under IFRS increasing transparency and to reducing diversity in practice in accounting for insurance contracts. The effective date of IFRS 17 has been deferred to annual reporting periods beginning on or after January 1, 2023. The adoption of this standard is not expected to impact the consolidated financial statements in future periods.

**Basis of consolidation**

The consolidated financial statements include the results of the Company and its subsidiaries, which are entities controlled by the Group. Control exists where the Group is exposed to or has the rights to variable returns from its involvement with the investee and can use its power over the investee to affect its returns. The Company has a 100% direct or indirect interest in all of its consolidated subsidiaries. Inter-company transactions, outstanding balances payable or receivable and unrealized income and expense on transactions between Group companies have been eliminated on consolidation. All subsidiaries have year-ends which are co-terminus with the Group's. For IFRS reporting, subsidiaries' accounting policies are consistent with the policies adopted by the Group.

**Foreign currency translation**

The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is frequently the local currency with the exception of treasury and holding companies where the functional currency is the US dollar. The Group's presentation currency is the US dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the remeasurement of monetary assets and liabilities denominated in foreign currencies are recognized within SG&A in the income statement.

The exchange rates used for the translation of currencies into US dollars that have the most significant impact on the Group results were:

| | **2020** | 2019 |
|---|---|---|
| GBP year-end exchange rate | **1.3651** | 1.3263 |
| GBP average exchange rate | **1.2833** | 1.2768 |
| EUR year-end exchange rate | **1.2226** | 1.1228 |
| EUR average exchange rate | **1.1403** | 1.1198 |

The financial statements of subsidiaries with different functional currencies are translated into US dollars on the following basis:

- Assets and liabilities at the year-end rate.
- Profit and loss account items at the weighted average exchange rate for the year.

Exchange differences arising from translation of the net investment in foreign entities are taken to equity and recognized in the statement of comprehensive income on consolidation.

**Accounting estimates and judgments**

The Directors make several estimates and assumptions regarding the future and significant judgments in applying the Group's accounting policies.

**Key estimates and assumptions**

Estimates and assumptions made may affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. These estimates are based on the Group's best knowledge of the amount, events or actions; however, actual results may ultimately differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. The Group reviewed the impact of COVID-19 on key business practices and further evaluated estimates used in judgmental accounting positions. The Group's review focused on inventory obsolescence, impact on cash flow (going concern), impairment of intangible assets, impairment of fixed assets and expected credit loss provisions for trade receivables. Revisions to estimates are recognized prospectively. The key estimates and assumptions used in the financial statements are set out below.

**2. Basis of preparation and changes in accounting policy** continued

### Provisions for returns, discounts, incentives and rebates

The Group offers various types of reductions from list prices on its products. Products sold in the United States are covered by various programs (such as Medicare and Medicaid) under which products are sold at a discount. Rebates are granted to healthcare authorities, and under contractual arrangements with certain customers. Some wholesalers are entitled to chargeback incentives based on the selling price to the end customer, under specific contractual arrangements. Cash discounts may also be granted for prompt payment.

The discounts, incentives and rebates described above are estimated based on specific contractual arrangements with customers or of specific terms of the relevant regulations and/or agreements applicable for transactions with healthcare authorities, and in some cases on assumptions about the attainment of sales targets. Several months may pass between the original estimate of rebates due and when the amount is confirmed, which may increase the estimation risk. Please refer to Note 3 for further details.

The Group also estimates the amount of product returns based on contractual sales terms and reliable historical data. The estimates are recognized in the period in which the underlying sales are recognized, as a reduction of sales revenue.

A 5% variation in our provision for rebates and product returns would impact net revenue by $20m. For more details of accruals for returns, discounts, incentives and rebates, see Note 24 to the consolidated financial statements.

## Critical judgments

The Directors have made the following critical judgments in the applying the Group's accounting policies, that have the most significant effect on the amounts recognized in the Group's financial statements:

### Provisions for litigation and IP related claims

The Group is involved in litigation, arbitration, and other legal proceedings. These proceedings typically are related to compliance and trade practices, commercial claims, product liability claims, intellectual property rights, and employment and wrongful discharge claims. For each claim or grouping of similar claims, the Directors make judgments regarding the relative merits and risks within the claims. These judgments inform the Group's defense strategies, whether a loss or settlement from the claims is probable and whether there is sufficient information to make a reliable estimate of the likely outcome of the claims. Provisions are recognized when the Group has a present legal or constructive obligation, an outflow of resource to settle the obligation is more likely than not, and the amount can be reliably estimated. For matters that cannot be reliably estimated or are not considered probable at the current time the Directors have assessed as contingent. For more details of all the outstanding legal proceedings including those that have been deemed contingent, see Note 23 to the consolidated financial statements.

Provisions, when made, are valued based on the Directors' best estimates considering all available information, external advice, and historical experience. The assessment of provisions can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions, including advice from counsel on the merits of the claim, the settlement or litigation strategy, amount and timing of potential payments, and discounting. The Group currently maintains a provision related to DOJ related matters for $32m (2019: $438m) and for IP related claims for $47m (2019: $45m). These provisions are valued based on the Directors' best estimates considering all available information, external advice, and historical experience. For more details of provisions for litigation and IP related claims, see Note 21 to the consolidated financial statements. Provisions for IP related claims are not expected to materially change in the next twelve months. Given the inherent uncertainties related to the DOJ related matters the actual outflows resulting from the realization of those risks could differ materially from the Group's estimates. Depending upon final settlement negotiations, it is reasonably possible a portion of this provision could be released in the next twelve months.

### 3. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO).

The Group is predominantly engaged in a single business activity, which is the development, manufacture, and sale of buprenorphine-based prescription drugs for treatment of opioid dependence and related disorders. The CEO reviews disaggregated net revenue on a geographical and product basis. Financial results are reviewed on a consolidated basis for evaluating financial performance and allocating resources. Accordingly, the Group operates in a single reportable segment.

#### Accounting policy

Revenues

Net revenues are generated from sales of pharmaceutical products, net of sales returns, customer incentives and discounts, and certain sales-based payments paid or payable to the healthcare authorities.

Net revenue is recognized when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over pharmaceutical products to the customer, substantially all of which is with receipt of the products by the customer. The amount of net revenue recognized is based on the consideration expected in exchange for pharmaceutical products. The consideration Indivior receives may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur. The Group has no material contracts with more than one performance obligation.

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment, the Group assesses the impact of any variable consideration in the contract due to returns, discounts, incentives and rebates. These are estimated and recognized in the period in which the underlying sales are recognized as a reduction of sales revenue.

These amounts are calculated as follows:

- accruals for rebates based on attainment of sales targets are estimated and recorded as each of the underlying sales transactions is recognized;
- accruals for price reductions under government and state programs, largely in the US, are estimated on the basis of the specific terms of the relevant regulations and agreements, and recorded as the underlying sales transactions are recognized;
- accruals for sales returns are calculated on the basis of management's best estimate of the amount of product that will ultimately be returned by customers. In countries where product returns are possible, the Group has implemented a returns policy that allows the customer to return products within a certain period either side of the expiry date (usually three to six months before and six to twelve months after the expiry date). The accrual is estimated on the basis of past experience of sales returns and expectations of future returns.

The Group also takes account of factors such as levels of inventory in its various distribution channels, product expiry dates, information about potential discontinuation of products and the entry of competing products into the market. In each case, the accruals are subject to continuous review and adjustment as appropriate, based on the most recent information available to management. The Group believes it has the ability to measure each of the above accruals reliably, using the following factors in developing its estimates:

- the nature and patient profile of the underlying product;
- the applicable regulations and/or the specific terms and conditions of contracts with governmental authorities, wholesalers and other customers;
- historical data relating to similar contracts, in the case of qualitative and quantitative rebates and chargeback incentives;
- past experience and sales growth trends;
- actual inventory levels in distribution channels, monitored by the Group using internal sales data and externally provided data;
- the shelf life of the Group's products; and
- market trends including competition, pricing and demand.

There may be adjustments to the accruals when the actual rebates are invoiced based on utilization information submitted to the Group (in the case of accruals for rebates related to sales targets or contractual rebates) and claims/invoices received (in the case of regulatory rebates and chargebacks). Management believes the estimates made are reasonable; however, such estimates involve judgments on distribution channel mix, distributors' sales performance and market competition.

### 3. Segment information continued

Revenues are attributed to countries based on the country where the sale originates. The following table represents net revenues from continuing operations and non-current assets, net of accumulated depreciation, amortization and impairment, by country. Non-current assets for this purpose consist of intangible assets, property, plant and equipment, right-of-use assets, and other receivables.

Net revenue*:

| For the year ended December 31 | 2020 $m | 2019 $m |
|---|---|---|
| United States | **456** | 589 |
| Rest of World | **182** | 189 |
| United Kingdom | **9** | 7 |
| **Total** | **647** | 785 |

Non-current assets*:

| For the year ended December 31 | 2020 $m | 2019 (restated) $m |
|---|---|---|
| United States | **141** | 118 |
| United Kingdom | **122** | 129 |
| Rest of World | **6** | 5 |
| **Total** | **269** | 252 |

* - The current and prior year presentation has been expanded to present the United Kingdom as a separate line item. This had no impact on the total net revenue or non-current asset balances. Additionally, the prior year (2019) non-current asset balance has been restated to reflect a $50m reclassification between ROW/UK and United States related to surety bonds. The impact of the change was an increase to United States non-current assets from $68m to $118m and a decrease in ROW/UK from $184m to $134m.

On a disaggregated basis, the Group's net revenue by major product line:

| For the year ended December 31 | 2020 $m | 2019 $m |
|---|---|---|
| SUBLOCADE | **130** | 72 |
| PERSERIS | **14** | 6 |
| Sublingual/Other | **503** | 707 |
| **Total** | **647** | 785 |

#### Significant customers

Revenues include amounts derived from significant customers that amount to 10% or more of the Group's revenues as follows (in percentages of total net revenue):

| Customer | 2020 % | 2019 % |
|---|---|---|
| Customer A | **19%** | 21% |
| Customer B | **17%** | 20% |
| Customer C | **21%** | 20% |

## 4. Operating costs and expenses

### Research and development

Research expenditure on internal activities is charged to the consolidated income statement in the year in which it is incurred.

Development expenditure is written off as incurred, unless the following criteria are met, in which case it is capitalized:

- it must be technically feasible to complete the development project (or intangible asset) so that the related product will be available for use or sale;
- there is an intention to complete the intangible asset or development project and use or sell it;
- the Group has the ability to use the intangible asset or to sell it;
- the way in which the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and
- expenditure attributable to the intangible asset during its development is able to be reliably measured.

Amounts capitalized are amortized over the useful life of the developed product.

The Group has determined that filing for regulatory approval is generally the earliest point at which internal development costs can be capitalized. However, judgment is exercised when assessing the point at which it is probable that the asset created will generate future economic benefits, which may not be until final regulatory approval for certain assets. All internal development expenditure incurred prior to filing for regulatory approval is therefore expensed as incurred. Internally generated intangibles recognized include software and technology and development costs in relation to PERSERIS.

### Expenses

Expenses are recognized in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Marketing and promotional expenses are charged to the income statement as incurred.

The table below sets out selected operating costs and expense information.

| | Notes | 2020 $m | 2019 $m |
|---|---|---|---|
| Research & development expenses | | **(40)** | (53) |
| Selling and general expenses | | **(202)** | (199) |
| Administrative expenses[1] | | **(447)** | (196) |
| Depreciation and amortization[2] | 11, 12, 13 | **(17)** | (19) |
| **Selling, general and administrative expenses** | | **(666)** | (414) |

1. Administrative expenses include exceptional costs in the current and prior year as outlined in the table below.
2. Additional depreciation and amortization of $9m (2019: $9m) for intangibles and ROU assets is included within cost of sales.

### Exceptional items

Where significant expenses or income that do not reflect the Group's ongoing operations are incurred during the year, these items are disclosed as exceptional items in the income statement. Examples of such items could include restructuring and related expenses for the reconfiguration of the Group's activities and/or capital structure, impairment of current and non-current assets, certain costs arising as a result of material and non-recurring regulatory and litigation matters, and certain tax related matters.

The COVID-19 pandemic has had an adverse impact on the Group in 2020 primarily driven by a decrease in patient enrollments during the onset of the initial outbreak. The Group announced cost saving actions to protect the financial and operational flexibility of the Group. Consistent with the Group's existing policies the restructuring charges due to COVID-19 were considered non-recurring and therefore classified as exceptional. Additionally, the Group revised estimates used in inventory provision calculations for SUBLOCADE and PERSERIS which led to an overall increase in inventory needing to be provided for. Provisions were based on expiration dating and sales forecast associated with SUBLOCADE and PERSERIS inventory in line with the Group policy. The change in inventory provision due to COVID-19 was considered a one-off transaction and therefore recorded as exceptional.

**4. Operating costs and expenses** continued

Exceptional items

| | 2020 $m | 2019 $m |
|---|---|---|
| Cost of sales[1] | **(5)** | – |
| Other operating income[2] | **–** | 4 |
| Restructuring costs[3] | **(11)** | (20) |
| Legal expenses/provision[4] | **(228)** | (8) |
| **Total exceptional items before taxes** | **(244)** | (24) |
| Tax on exceptional items[5] | **37** | 4 |
| Exceptional tax items[6] | **–** | (22) |
| Total exceptional items within taxation | **37** | (18) |
| **Total exceptional items** | **(207)** | (42) |

1. FY 2020 exceptional cost of sales relate to changes in inventory provision estimates due to the adverse impact of COVID-19 on the business.
2. Exceptional income in 2019 relates to the proceeds received from out-licensing of nasal naloxone opioid overdose patents which are included in SG&A.
3. Restructuring costs incurred in 2020 relate to the cost saving actions taken by the Group to protect the financial and operational flexibility in response to ongoing challenges posed by COVID-19. Restructuring costs incurred in 2020 consist of redundancy costs and early lease termination costs. Restructuring costs incurred in 2019 were a result of adverse US market developments, more specifically the launch of generic buprenorphine/naloxone film in the US. These consist primarily of supply chain restructuring, redundancy, and related costs. Each of these charges are a result of one-off factors and therefore non-recurring. These are included in SG&A.
4. Legal costs incurred in FY2020 relate to net settlement expenses with the DOJ Resolution/DOJ Related Matters ($178m) and RB ($50m). In Q1 2020, the Group increased its provision for DOJ and related matters to $621m (2019: $438m) to reflect the evolution of negotiations with DOJ. Settlement was reached preliminarily in July 2020 with confirmation from HHS that entities within the Group, other than Indivior Solutions Inc., would not be excluded from US Federal healthcare programs. The matter was subsequently finalized at this revised estimate in November 2020 upon Court acceptance of the settlement. Legal expenses incurred in 2019 relate to potential redress for intellectual property related litigation with Dr. Reddy's Laboratories, S.A., and Dr. Reddy's Laboratories Inc. (collectively, "DRL") and Alvogen Pharmaceuticals (Alvogen). These are included within SG&A. Refer to Note 23, Legal proceedings for further discussion.
5. Represents the tax benefit on exceptional items recorded during the period.
6. The tax expense of $22m in 2019 primarily consists of $34m of tax expense relating to a reversal of orphan drug designation development credits claimed and reported as exceptional in prior years, offset by a tax benefit of $11m due to regulation changes stemming from US tax reform.

**5. Adjusted results**

The Board, Directors and management team use adjusted results and measures to provide incremental insight to the financial results of the Group and the way it is managed. The tables below show the list of adjustments between the reported and adjusted results. Refer to Note 4 for more information on exceptional items.

Reconciliation of gross profit to adjusted gross profit:

| | Notes | 2020 $m | 2019 $m |
|---|---|---|---|
| Gross profit | | **550** | 645 |
| Exceptional cost of sales | 4 | **5** | – |
| Adjusted gross profit | | **555** | 645 |

Reconciliation of operating (loss)/profit to adjusted operating profit:

| | Notes | 2020 $m | 2019 $m |
|---|---|---|---|
| Operating (loss)/profit | | **(156)** | 178 |
| Exceptional cost of sales | 4 | **5** | – |
| Exceptional selling, general and administrative expenses | 4 | **239** | 24 |
| Adjusted operating profit | | **88** | 202 |

**5. Adjusted results** continued

Reconciliation of (loss)/profit before taxation to adjusted profit before taxation

| | Notes | 2020 $m | 2019 $m |
|---|---|---|---|
| (Loss)/profit before taxation | | **(173)** | 180 |
| Exceptional cost of sales | 4 | **5** | – |
| Exceptional selling, general and administrative expenses | 4 | **239** | 24 |
| Adjusted profit before taxation | | **71** | 204 |

Reconciliation of net (loss)/income to adjusted net income

| | Notes | 2020 $m | 2019 $m |
|---|---|---|---|
| Net (loss)/income | | **(148)** | 134 |
| Exceptional cost of sales | 4 | **5** | – |
| Exceptional selling, general and administrative expenses | 4 | **239** | 24 |
| Exceptional items within taxation | 4 | **(37)** | 18 |
| Adjusted net income | | **59** | 176 |

Reconciliation of (loss)/earnings per share to adjusted earnings per share:

| | Notes | 2020 cents | 2019 cents |
|---|---|---|---|
| (Loss)/earnings per share | 10 | **(20)** | 18 |
| Exceptional cost of sales | | **–** | – |
| Exceptional selling, general and administrative expenses | | **33** | 3 |
| Exceptional items within taxation | | **(5)** | 3 |
| Adjusted earnings per share | 10 | **8** | 24 |
| Weighted average number of shares (thousands) | 10 | **732,863** | 730,235 |

Reconciliation of net cash:

| | 2020 $m | 2019 $m |
|---|---|---|
| Net cash at beginning of year | **821** | 681 |
| Net (decrease)/increase in cash and cash equivalents | **(202)** | 136 |
| Net repayment of borrowings | **4** | 4 |
| **Net cash at end of year** | **623** | 821 |

Net cash is presented as it is relevant to our term loan maximum leverage ratio. In accordance with the Group's debt covenant calculations, net cash is not reduced for lease liabilities of $51m (2019: $56m).

**6. Auditors' remuneration**

| | 2020 $m | 2019 (restated) $m |
|---|---|---|
| Audit of Parent Company and consolidated financial statements: | | |
| Audit of the Group's Annual Report and financial statements | **2.3** | 1.7 |
| Audit of the Group's subsidiaries | **0.3** | 0.3 |
| **Audit services** | **2.6** | 2.0 |
| Audit-related assurance services | **0.5** | 0.4 |
| **Total auditors' remuneration** | **3.1** | 2.4 |

Audit-related assurance services were services pertained primarily to the performance of quarterly reviews. After the completion of the audit of the 2019 Consolidated Financial Statements and subsidiary statutory accounts, additional fees amounting to $0.3m were incurred, which have been included in the 2019 fee analysis above.

## 7. Employees

### Employee benefits

#### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, vacation and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for vacation and accumulating sick leave is recognized in the provision for employee benefits. All other short-term employee benefits are included within trade and other payables.

#### Post-retirement benefits other than pensions

Some companies within the Group provide post-retirement medical care to their retirees. The costs of providing these benefits are accrued over the period of employment and the liability recognized in the balance sheet is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related asset is deducted.

#### Pension commitments

Some companies within the Group operate defined contribution and (funded and unfunded) defined benefit pension schemes. The cost of providing pensions to employees who are members of defined contribution schemes is charged to the income statement as contributions are made. The Group has no further payment obligations in respect of such schemes once the contributions have been paid.

| **(a) Staff costs** | Note | **2020 $m** | 2019 $m |
|---|---|---|---|
| The total employment costs, including Directors, were: | | | |
| Wages and salaries | | **(139)** | (139) |
| Social security costs | | **(22)** | (22) |
| Pension costs* | | **(9)** | (8) |
| Share-based payments | 27 | **(8)** | (3) |
| **Total staff costs** | | **(178)** | (172) |

* Pension costs mostly reflect contributions made towards the Group's defined contribution plans.

Exceptional termination costs of $9m (2019: $8m) are not included above. See Note 4 for further details on exceptional costs.

Key management personnel is defined as the Executive Committee. Compensation awarded to key management was:

| | **2020 $m** | 2019 $m |
|---|---|---|
| Short-term employee benefits | **6** | 9 |
| Termination costs | **2** | 1 |
| Share based payments | **5** | 2 |
| Total compensation awarded to key management | **13** | 12 |

### (b) Staff numbers

The average monthly number of persons employed by the Group, including Directors, during the year was:

| | **2020** | 2019 |
|---|---|---|
| Operations | **567** | 562 |
| Management | **168** | 172 |
| Research and development | **84** | 90 |
| Average number of employees | **819** | 824 |

## 8. Net finance (expense)/income

Finance costs of borrowings are recognized in the income statement over the term of those borrowings. Finance income on cash and cash equivalents are recognized in the income statement in the period they are earned. Finance costs related to lease payments are recognized in the income statement over the lease period. Finance costs on legal matters predominantly relate to the Group's settlement with the DOJ and are recognized in the income statement over the settlement payment period. See Note 21 for further details.

| **Finance income** | **2020 $m** | 2019 $m |
|---|---|---|
| Interest income on cash and cash equivalents | **7** | 24 |
| Other finance income | **2** | – |
| Total finance income | **9** | 24 |
| **Finance expense** | | |
| Interest payable on borrowings | **(14)** | (17) |
| Interest expense on lease liabilities | **(3)** | (3) |
| Interest expense on legal matters | **(7)** | (2) |
| Other finance expense | **(2)** | – |
| Total finance expense | **(26)** | (22) |
| **Net finance (expense)/income** | **(17)** | 2 |

## 9. Income tax benefit/(expense)

Income tax for the year comprises current and deferred tax expense. Income tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years.

| | **2020 $m** | 2019 $m |
|---|---|---|
| Current tax | **(11)** | (30) |
| Adjustments for current tax of prior years | **3** | (8) |
| **Total current tax** | **(8)** | (38) |
| Origination and reversal of temporary differences | **37** | – |
| Adjustments for prior year deferred tax | **(4)** | (8) |
| **Total deferred tax** | **33** | (8) |
| **Total income tax benefit/(expense)** | **25** | (46) |

The standard rate of corporation tax in the UK is 19% for the year ended December 31, 2020. The Group's loss for the year ended December 31, 2020 are taxed at an effective rate of 14% (2019: 26%).

**9. Income tax expense** continued

The total tax benefit for the year can be reconciled to the accounting profit as follows:

| | 2020 $m | 2019 $m |
|---|---|---|
| (Loss)/Profit before taxation | **(173)** | 180 |
| Tax at the notional UK corporation tax rate of 19% (2019: 19%) | **(33)** | 34 |
| Effects of: | | |
| Tax at rates other than the UK corporation tax rate | **5** | 4 |
| Permanent differences | **7** | 2 |
| R&D tax credit | **(1)** | (1) |
| UK Patent Box | **–** | (11) |
| Adjustments in respect of prior years | **5** | (4) |
| Development tax credits claimed for prior years | **–** | 34 |
| Adjustments to amounts carried in respect of unresolved tax matters | **(6)** | (14) |
| Share awards | **(2)** | 2 |
| **Income tax (benefit)/expense** | **(25)** | 46 |

The reported effective tax rate of 14% (2019: 26%) was impacted by:

- Permanent difference tax expense of $7m (2019 $2m). Permanent differences arise due to differences between financial statement income and taxable income determination that will never reverse. Current year differences resulted from income not subject to tax, offset by business expenses not deductible.
- The prior year adjustments relate to tax accrual to return true up of $5m expense (2019: $4m benefit).
- Excluding the impact of exceptional items, the effective tax rate for the year ended December 31, 2020 was 17% (2019: 14%).

| | 2020 $m | 2019 $m |
|---|---|---|
| Income tax (benefit)/expense | **(25)** | 46 |
| Tax on exceptional pre-tax expense | **37** | 4 |
| Development tax credits (provided)/claimed for prior years | **–** | (34) |
| Adjustments to amounts carried in respect of unresolved tax matters | **–** | 12 |
| Income tax expense excluding exceptional items | **12** | 28 |

Details of the exceptional items can be found at the bottom of Note 4.

The Group believes it has made adequate provision for the liabilities likely to arise from periods that are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of agreements with relevant tax authorities or litigation where appropriate. In assessing these income tax uncertainties, management is required to make judgments in the determination of the unit of account, the evaluation of the circumstances, the facts and other relevant information in respect of the tax position taken together with estimates of amounts that may be required to be paid in ultimate settlement with the tax authorities. As Indivior operates in a multi-national tax environment, uncertain tax positions are often complex and subject to change. Original estimates are refined as additional information becomes known. Indivior has developed its probability assessment to review and measure uncertain tax positions using internal expertise, experience and judgment, together with assistance and opinions from professional advisors.

**9. Income tax expense** continued

### Factors affecting future tax charges

As a group with worldwide operations, Indivior is subject to several factors that may affect future tax charges, principally the levels and mix of profitability in different jurisdictions, transfer pricing regulations, tax rates imposed and tax regime reforms. The enacted United Kingdom ("UK") Statutory Corporation Tax rate is 19% for the year ended December 31, 2020. On March 3, 2021 the UK Chancellor announced an increase in the corporation tax rate from 19 to 25 percent with effect from April 1, 2023. The rate is not substantially enacted or enacted at the Balance Sheet date. The impact, of the proposed rate change, to the deferred tax balance is immaterial.

### Other tax matters

The European Commission issued a press release on April 2, 2019 announcing its conclusion that the United Kingdom ("UK") Finance Company Partial Exemption Rules are partly justified. The UK government has made an annulment application to the General Court against this decision. The UK government is now required to initiate recovery of the alleged State Aid irrespective of any appeal against the decision. The Group continues to monitor its position regarding the potential State Aid challenge and based upon our fact pattern has determined that no provision is required at this time. The Group has benefited from the UK controlled foreign company financing exemption and the tax thereon is approximately $25m including interest. The Group continues to maintain its assertion that unremitted earnings are permanently reinvested in the foreign jurisdictions. Other than the US leveraged dividend, in 2015, and Luxembourg entities and Irish entities, which had zero withholding tax, there have been no dividends declared and paid outside the UK since our formation as a stand-alone company in 2014. Our position has not changed.

The potential tax liability on unremitted earnings would be less than $1m. Given our permanent investment assertion and the immateriality of this balance, no provision has been made at this time.

## 10. (Loss)/earnings per share

| | **2020 cents** | 2019 cents |
|---|---|---|
| Basic (loss)/earnings per share | **(20)** | 18 |
| Diluted (loss)/earnings per share | **(20)** | 18 |
| Adjusted basic earnings per share | **8** | 24 |
| Adjusted diluted earnings per share | **8** | 23 |

### Basic

Basic (loss)/earnings per share is calculated by dividing net (loss)/income for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

### Diluted

Diluted (loss)/earnings per share is calculated similarly to the basic (loss)/earnings per share but adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares in the form of share awards and options. The weighted average number of shares is adjusted for the number of shares granted assuming the vesting of all awards and exercise of all stock options.

| Weighted average number of shares | **2020 thousands** | 2019 thousands |
|---|---|---|
| On a basic basis | **732,863** | 730,235 |
| Dilution for share awards and options | **37,132** | 25,123 |
| On a diluted basis | **769,995** | 755,358 |

### Adjusted earnings per share

The Directors believe that (loss)/earnings per share, adjusted for the impact of exceptional items after the appropriate tax amount, provides meaningful information on underlying trends to shareholders in respect of earnings per share. Reconciliations of net (loss)/income to adjusted net income and earnings per share to adjusted earnings per share are included in Note 5.

## 11. Intangible assets

Intangible assets are carried at cost less accumulated amortization and accumulated impairment.

Payments made in respect of acquired distribution rights are capitalized when it is probable that the expected future economic benefits attributable to the asset will flow to the Group. The useful life of the acquired distribution rights is determined based on legal, regulatory, contractual, competitive, economic or other relevant factors. Acquired rights with finite lives are subsequently amortized using the straight-line method over their defined useful economic lives. Amortization expense related to acquired distribution rights is included in selling, general and administrative expenses.

Payments related to the acquisition of rights to products in development or marketed products are capitalized if it is probable that future economic benefits from the asset will flow to the Group. Probability is assumed for all externally acquired products in development, including subsequent success-based milestone payments up to and including approval. Amortization of the asset starts when it becomes available for use, at which point the asset is amortized over its useful economic life, which is generally estimated as the patent life within the product's primary market. Prior to that date, the intangible asset is tested for impairment annually, irrespective of whether any indication of impairment exists. Amortization charges of marketed products are recognized within cost of sales.

Gains and losses on the disposal of intangible assets are determined by comparing the asset's carrying value with any sale proceeds, and are included in the income statement.

### Impairment of intangible assets

The carrying values of intangible assets are reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may be impaired depending on the intangible asset type. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal or its value in use. In assessing value in use, its estimated future cash flow is discounted to its present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

In carrying out impairment reviews of products in development, a number of significant assumptions have to be made. These include the probability of success in obtaining regulatory approvals, future rate of market growth, discount rates, the market demand for the products acquired, the future profitability of acquired businesses or products, and levels of reimbursement for pharmaceutical products. If actual results should differ, or changes in expectations arise, impairment charges may be required which would adversely impact reported results. Products in development of $10m are subject to potential impairment in line with the risk of success.

| | Acquired distribution rights $m | Products in development $m | Marketed products $m | Software $m | Total $m |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At January 1, 2020 | 228 | 36 | 56 | 39 | 359 |
| Exchange adjustments | 7 | 1 | 1 | – | 9 |
| **At December 31, 2020** | **235** | **37** | **57** | **39** | **368** |
| **Accumulated amortization and impairment** | | | | | |
| At January 1, 2020 | 228 | 26 | 9 | 24 | 287 |
| Amortization charge | – | – | 6 | 5 | 11 |
| Exchange adjustments | 7 | 1 | – | – | 8 |
| **At December 31, 2020** | 235 | 27 | 15 | 29 | 306 |
| **Net book amount at December 31, 2020** | **–** | **10** | **42** | **10** | **62** |

**11. Intangible assets** continued

| | Acquired distribution rights $m | Products in development $m | Marketed products $m | Software $m | Total $m |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At January 1, 2019 | 219 | 35 | 54 | 38 | 346 |
| Exchange adjustments | 9 | 1 | 2 | 1 | 13 |
| At December 31, 2019 | 228 | 36 | 56 | 39 | 359 |
| **Accumulated amortization and impairment** | | | | | |
| At January 1, 2019 | 219 | 25 | 2 | 16 | 262 |
| Amortization charge | – | – | 5 | 8 | 13 |
| Exchange adjustments | 9 | 1 | 2 | – | 12 |
| At December 31, 2019 | 228 | 26 | 9 | 24 | 287 |
| Net book amount at December 31, 2019 | – | 10 | 47 | 15 | 72 |

### Products in development

Products in development are products in different stages of research and development and have not received regulatory approval. These products are not amortized as they are not yet in use but are assessed for impairment at the end of each reporting period. Once approved in their primary market, products in development are transferred to marketed products. There were no new primary market product approvals in 2020.

In FY 2019 $4m of proceeds were received for the out-licensing of nasal naloxone opioid overdose patents to Adapt Pharmaceuticals (Emergent Biosolutions) and PERSERIS commercialization rights in Canada to HLS Therapeutics each of which had a nil carrying value.

### Marketed products

Marketed products include approved product rights for SUBLOCADE of $18m (2019: $20m) and PERSERIS of $24m (2019: $27m) which are amortized over the patent exclusivity period in the major market to which the approval relates. All products are assessed for impairment indicators at the end of each reporting period. The adverse impact COVID-19 has had on the business was identified as a triggering event and therefore the Group tested each asset for impairment. There were no impairments recognized in the year. Amortization expense of $6m (2019: $5m) was recognized in cost of sales.

### Software

Acquired computer software licenses and related implementation costs are capitalized at cost. These costs are typically amortized on a straight-line basis, generally over a period of up to five years. Acquired computer software primarily relates to SAP, the Group's ERP system. In 2020, the Group extended the useful life estimate for its SAP instance through December 2024. The change in estimate resulted in a $3m decrease in amortization expense related to this asset in 2020.

## 12. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, with the exception of freehold land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured.

Except for freehold land and assets under construction, the cost of property, plant and equipment is depreciated on a straight-line basis over the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

› freehold buildings: not more than 20 years;

› plant and equipment: not more than 10 years;

› motor vehicles and computer equipment: not more than 4 years; and

› leasehold improvements: up to the expected lease term.

Assets' residual values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date. Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be appropriate. Freehold land is reviewed for impairment on an annual basis.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any sale proceeds and are included in the income statement.

| | Land and buildings $m | Plant and equipment $m | Total $m |
|---|---|---|---|
| **Cost** | | | |
| At January 1, 2020 | 54 | 66 | 120 |
| Additions | – | 6 | 6 |
| Exchange adjustment | 1 | 1 | 2 |
| **At December 31, 2020** | **55** | **73** | **128** |
| **Accumulated depreciation and impairment** | | | |
| At January 1, 2020 | 14 | 46 | 60 |
| Charge for the year | 4 | 3 | 7 |
| Exchange adjustment | – | 1 | 1 |
| **At December 31, 2020** | 18 | 50 | 68 |
| **Net book amount at December 31, 2020** | **37** | **23** | **60** |

### 12. Property, plant and equipment continued

| | Land and buildings $m | Plant and equipment $m | Total $m |
|---|---|---|---|
| **Cost** | | | |
| At January 1, 2019 | 48 | 61 | 109 |
| Additions | 4 | 4 | 8 |
| Exchange adjustment | 2 | 1 | 3 |
| At December 31, 2019 | 54 | 66 | 120 |
| **Accumulated depreciation and impairment** | | | |
| At January 1, 2019 | 9 | 43 | 52 |
| Charge for the year | 4 | 3 | 7 |
| Exchange adjustment | 1 | – | 1 |
| At December 31, 2019 | 14 | 46 | 60 |
| Net book amount at December 31, 2019 | 40 | 20 | 60 |

Depreciation expense is included in cost of goods sold, selling, general and administrative expenses, and R&D expenses within the income statement.

Additions in the year relate primarily to PERSERIS syringe-filler equipment and other manufacturing equipment.

### 13. Leases and right-of-use assets

#### Leases and right-of-use assets

As lessee, the Group assesses whether a contract conveys the right to control the use of an identified asset for a period in exchange for consideration, in which case it is classified as a lease. The Group recognises a right-of-use asset (lease asset) and a corresponding liability at the lease commencement date. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease liability is initially measured at the present value of outstanding lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group recognizes a right-of-use asset and a corresponding lease liability for all arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low-value leases. For these short-term and low-value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The Group initially measures the right-of-use asset at cost, which generally consists of the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made to the lessor at or before the commencement date, less any lease incentives (e.g. rent abatements, tenant improvement allowances) received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are amortized on a straight-line basis from the commencement date of the lease over the shorter of the lease term or useful life of the right-of-use asset, unless another systematic basis better represents the pattern in which Indivior expects to consume the right-of-use asset's future economic benefits. Right-of-use assets are assessed for impairment whenever there is an indication the carrying amount may not be recoverable, generally using cash flow projections for the cash generating unit in which the right-of-use asset belongs.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term using the discount rate for the lease at lease commencement. If an interest rate is implicit in the lease, it will be used to measure the liability. If an interest rate is not implicit in the lease, the incremental borrowing rate at the date of commencement will be used, which ranged from 4.5% to 7.0% depending upon type of lease and country of origin.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease terms or expected payments under the lease change, or a modification occurs that is not accounted for as a separate lease. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The repayment of lease liabilities and corresponding interest payments are recognized in cash flows from financing activities.

**13. Leases and right-of-use assets** continued

The Group leases various properties and equipment (including vehicles). Rental contracts are typically made for fixed periods of 3 to 10 years but may have termination or extension options. The Group assesses whether it is reasonably certain to exercise the options at lease commencement and subsequently, if there is a chance in circumstances within its control. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Such assessment involves management judgment and estimate based on information at the time the assessments are made. Potential future cash outflows of $21m (2019: $28m) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The following tables summarize the movements of the right-of-use assets in 2020 and 2019:

| | Land and buildings $m | Plant and equipment $m | Total $m |
|---|---|---|---|
| **Net Book Value** | | | |
| **At January 1, 2020** | **17** | **30** | **47** |
| Additions | **2** | **3** | **5** |
| Depreciation | **(3)** | **(5)** | **(8)** |
| Impairment | **(2)** | **–** | **(2)** |
| Exchange adjustments | **–** | **1** | **1** |
| **At December 31, 2020** | **14** | **29** | **43** |

| | Land and buildings $m | Plant and equipment $m | Total $m |
|---|---|---|---|
| **Net Book Value** | | | |
| At January 1, 2019 | 15 | 12 | 27 |
| Additions | 6 | 23 | 29 |
| Depreciation | (3) | (5) | (8) |
| Lease incentives | (1) | – | (1) |
| **At December 31, 2019** | 17 | 30 | 47 |

Depreciation expense of $5m (2019: $5m) is included in SG&A and $3m (2019: $3m) in cost of sales within the income statement.

Additions in the year relate primarily to equipment, office space, and vehicle leases.

**13. Leases and right-of-use assets** continued

The lease liabilities at December 31, 2020 and 2019 by maturity were as follows:

| | 2020 $m | 2019 $m |
|---|---|---|
| Within one year | **10** | 9 |
| Later than one and less than five years | **31** | 31 |
| More than five years | **19** | 28 |
| Gross lease liabilities | **60** | 68 |
| Less: future interest on lease liabilities | **(9)** | (12) |
| Net lease liabilities | **51** | 56 |

The following table provides additional disclosures related to lease liabilities:

| | 2020 $m | 2019 $m |
|---|---|---|
| Interest expense on lease liabilities | **3** | 3 |
| Payments of lease liabilities | **7** | 6 |
| Total lease payments | **10** | 9 |

**14. Deferred tax**

Deferred tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recorded if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and apply when the deferred tax asset or liability is settled. They are revalued for changes in tax rates when new tax rates are substantively enacted. Deferred tax assets ("DTAs") are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax on unrealized profit in inventory arises due to elimination of inter-company sales that are taxed at different rates between jurisdictions.

The Group has not recorded any deferred tax on temporary differences arising from investments in subsidiaries as it is able to control the timing of temporary difference reversals and the temporary difference is not probable to reverse in the foreseeable future.

Deferred tax assets and liabilities within the same tax jurisdiction are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where there is an intention to settle these balances on a net basis.

| Deferred tax assets | Unrealized profit in inventory $m | Short-term temporary differences $m | Share-based payments $m | Long-term temporary differences $m | Other $m | Total $m |
|---|---|---|---|---|---|---|
| At January 1, 2019 | 14 | 19 | 5 | (2) | 8 | 44 |
| Charged to the income statement | (2) | – | (2) | 3 | (7) | (8) |
| (Charged)/Credit directly to equity | – | – | (1) | – | 5 | 4 |
| At December 31, 2019 | 12 | 19 | 2 | 1 | 6 | 40 |
| Charged to the income statement | **2** | **–** | **2** | **27** | **2** | **33** |
| Credit directly to equity | **–** | **–** | **2** | **–** | **–** | **2** |
| **At December 31, 2020** | **14** | **19** | **6** | **28** | **8** | **75** |

The Group has not recognized DTAs in relation to certain losses and interest expense in the UK entities, as the likelihood of future economic benefit is not sufficiently assured.

The unrecognized DTAs in respect of losses of earlier periods is $11m (2019: $9m) and the unrecognized DTA on interest expense is $6m (2019: $5m). Both the losses and interest expense have an unlimited carry-forward period. On March 3, 2021 the UK Chancellor announced an increase in the corporation tax rate from 19 to 25 percent with effect from April 1, 2023. The rate is not substantially enacted or enacted at the Balance Sheet date. The impact, of the proposed rate change, to the deferred tax balance is immaterial.

**14. Deferred tax** continued

To the extent that dividends remitted from overseas subsidiaries are expected to result in additional taxes, appropriate amounts have been provided for. A large proportion of Group profits outside of the UK are realized in the US and we expect that we can rely on UK-US treaty provisions to ensure that any future dividends paid will not be subject to withholding tax. Post Brexit, on the assumption the EU Parent Subsidiary exemption will cease to apply, the estimated potential tax liability on unremitted earnings from EMEA is less than $1m.

## 15. Inventories

Raw materials, stores and consumables, work in progress and finished goods are stated at the lower of cost or net realizable value. Cost comprises materials, direct labor and an appropriate portion of overhead expenses (based on normal operating capacity) required to get the inventory to its present location and condition. Inventory valuation is determined on a first in, first out basis. Selling expenses, product amortization, and certain other overhead expenses are excluded. Net realizable value is the estimated selling price less applicable selling expenses.

Write-down of inventory occurs in the general course of business. Impairments are recognized in cost of sales.

Total net inventory is comprised of:

| | **2020 $m** | 2019 $m |
|---|---|---|
| Raw materials, stores and consumables | **38** | 28 |
| Work in progress | **19** | 22 |
| Finished goods and goods held for resale | **36** | 23 |
| **Total inventories, net** | **93** | 73 |

The cost of inventories recognized as an expense and included as cost of sales amounted to $97m (2019: $140m). The decrease in cost of sales is primarily due to lower volume and improved revenue mix by product. Cost of sales includes inventory write-offs and losses of $6m (2019: $22m). The decrease of inventory write-offs is primarily driven by favorable inventory provision releases due to a change in PERSERIS product expiry dating and continued share retention of SUBOXONE Film, which were partially offset by additional write-offs of $5m (2019: nil) due to the adverse impact of COVID-19, which has been classified as exceptional during the year. Refer to Note 4 for more information on exceptional items. The inventory provision (reflected in the carrying amounts above) at December 31, 2020 was $12m (2019: $23m). The decrease in the provision was primarily due to the destruction of inventory that occurred throughout the year.

## 16. Trade receivables and other assets

Trade receivables are initially recognized at their invoiced amounts less any adjustments for estimated deductions such as cash discounts. Trade receivables consist of amounts due from customers, primarily wholesalers and distributors, for whom there is no significant history of default. The credit risk of customers is assessed, taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors. Provisions for expected credit losses are established using an expected credit loss model (ECL). The provisions are based on a forward-looking ECL, which includes possible default events on the trade receivables over the entire holding period. These provisions represent the difference between the carrying amount in the consolidated balance sheet and the estimated collectible amount. Charges for ECL are recognized in the consolidated income statement within SG&A expenses. The recognized amounts approximate fair value.

The Group is not aware of any deterioration in the credit quality of its customers and considers that the receivables are still recoverable.

| Trade receivables | **2020 $m** | 2019 $m |
|---|---|---|
| Trade receivables | **181** | 194 |
| Less: provision for ECL | **(2)** | (2) |
| **Trade receivables – net** | **179** | 192 |

**16. Trade receivables and other assets** continued

The aging of past due trade receivables as of December 31 is as follows:

| | 2020 $m | 2019 $m |
|---|---|---|
| Up to three months past due | **9** | 17 |
| Three to six months past due | **3** | 1 |
| Over six months past due | **2** | 1 |
| | **14** | 19 |
| Neither past due nor impaired | **167** | 175 |
| Provision for impairment of receivables | **(2)** | (2) |
| Trade receivables – net | **179** | 192 |

As at December 31, 2020, a provision of $2m (2019: $2m) was recorded against the trade receivables balance based on the Group's assessment of ECL in accordance with IFRS 9. The assessment factors are discussed earlier within this note.

The Group's trade receivables are denominated in the following currencies:

| | 2020 $m | 2019 $m |
|---|---|---|
| Sterling | **4** | 5 |
| Euro | **18** | 21 |
| US dollar | **146** | 151 |
| Other currencies | **13** | 17 |
| **Total trade receivables** | **181** | 194 |

**Current and non-current other assets**

| | 2020 $m | 2019 $m |
|---|---|---|
| Short-term prepaid expenses | **17** | 23 |
| Other current assets | **33** | 12 |
| **Total other current assets** | **50** | 35 |
| Long-term prepaid expenses | **22** | 23 |
| Other non-current assets | **82** | 50 |
| **Total other non-current assets** | **104** | 73 |
| **Total other assets** | **154** | 108 |

The decrease in short-term prepaid expenses was primarily driven by costs related to the US direct-to-customer advertising campaign, which were prepaid as of December 31, 2019. Long-term prepaid expenses relate primarily to payments for contract manufacturing capacity.

Other current and non-current assets relate primarily to surety bond funding (see Note 23). As at December 31, 2020 total funds provided to surety bond holders, inclusive of accrued interest, was $108m (2019: 50m). In January 2021, one of the bond holders returned $26m of collateral, which has been classified within other current assets as of December 31, 2020.

The maximum exposure to credit risk at the year-end is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

## 17. Financial instruments and risk management

The Group classifies its financial assets at amortized cost. At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a financial asset that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The Group's financial assets and liabilities include cash and cash equivalents, borrowings, trade receivables, other assets, trade and other payables as set out in Notes 18, 19, 16 and 24, respectively. Financial assets and liabilities are offset, and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset and there is intention to settle on a net basis or realise the asset and liability simultaneously. The carrying value less impairment provision of current borrowings, cash, trade receivables, other assets, trade accruals and trade payables is assumed to approximate fair value due to their short-term nature. The non-current borrowing, which is presented at amortized cost, was trading at approximately 98% (2019: 93%) of par value.

Financial risk management of the Group is mainly exercised and monitored at Group level. The Group's financing and financial risk management activities are centralized to achieve benefits of scale and control with the ultimate goal of maximizing the Group's liquidity and mitigating its operational and financial risks. Financial exposures of the Group are managed centrally in a manner consistent with underlying business risks. Only those risks and flows generated by the underlying commercial operations are managed; speculative transactions are not undertaken.

### Foreign exchange risk management

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations. The Group's policy is to align the foreign currency payables and receivables within its major subsidiaries in order to provide some protection against the remeasurement exposure on profits.

### Interest rate risk management

The Group has interest-bearing assets and liabilities. The Group monitors interest income and expense rate exposure on a regular basis with an objective of minimizing net interest cost. Main interest rate risk arises primarily from the Group's borrowings, which are discussed in Note 19, due to the floating interest rate. This exposure is partially offset by the interest income generated on the Group's cash and cash equivalents which are based on variable market interest rates.

### Liquidity risk management

Liquidity risk is the risk that the Group is not able to settle or meet its obligations on time or at a reasonable price. The Group's policy is to ensure there is sufficient funding and facilities in place to meet foreseeable liquidity requirements. The Group manages and monitors liquidity risk through regular reporting of current cash and borrowing balances and periodic review of short-, medium- and long-term cash forecasts, while considering the maturity of its borrowing facility. At December 31, 2020, Indivior had $4m (2019: $4m) of borrowings repayable within one year and $858m (2019: $1,060m) of cash and cash equivalents.

### Credit risk management

The Group's exposure to credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, trade receivables and other assets. Financial institution counterparties are subject to approval under the Group's counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. Concentration of credit risk with respect to trade receivables in the US is limited as the balances consist of amounts due from customers, primarily major wholesalers and distributors, for whom there is no significant history of default. Outside the US, no single customer accounts for a significant share of Group's trade receivables balance. In the US, in line with other pharmaceutical companies, the Group sells its products through a small number of wholesalers in addition to hospitals, pharmacies, physicians and other groups. Sales to the three largest wholesalers amounted to approximately 57% of the Group sales in 2020 (2019: 61%). At December 31, 2020, the Group had trade receivables due from these three wholesalers totaling $142m (2019: $127m). The Group is exposed to a concentration of credit risk in respect of these wholesalers such that, if one or more of them encounters financial difficulty, it could materially and adversely affect the Group's financial results. The Group's credit risk monitoring activities relating to these wholesalers include a review of their financial information and Standard & Poor's credit ratings, and establishment and periodic review of credit limits. However, the Group believes there is no further credit risk provision required in relation to these customers (see Note 16).

### Capital risk management

The Group considers capital to be net debt plus total equity. Net debt is calculated as total borrowings less cash and cash equivalents, short-term available-for-sale financial assets and financing derivative financial instruments. Total borrowings do not include lease liabilities of $51m (2019: $56m). Refer to Note 19 for further discussion on borrowings.

## 17. Financial instruments and risk management continued

Total equity includes share capital, reserves and retained earnings as shown in the consolidated balance sheet.

| | Note | 2020 $m | 2019 $m |
|---|---|---|---|
| Net cash | 19 | **623** | 821 |
| Total equity | | **82** | 209 |
| | | **705** | 1,030 |

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimize the cost of capital.

The Group monitors net debt, which at year-end amounted to net cash of $623m (2019: $821m) to maintain an appropriate level of financial flexibility.

## 18. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions, and highly liquid investments with original maturities of less than three months.

| | 2020 $m | 2019 $m |
|---|---|---|
| Cash and cash equivalents | **858** | 1,060 |

There were no bank overdrafts in the current or prior year.

## 19. Financial liabilities – borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost, with any difference between cost and redemption value being recognized within finance expense in the income statement over the year of the borrowings on an effective interest basis.

Borrowings are classified as a current liability unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

| **Current** | 2020 $m | 2019 $m |
|---|---|---|
| Term loan | **(4)** | (4) |

| **Non-current** | 2020 $m | 2019 $m |
|---|---|---|
| Term loan | **(230)** | (233) |

| **Analysis of net cash** | 2020 $m | 2019 $m |
|---|---|---|
| Cash and cash equivalents | **858** | 1,060 |
| Borrowings[1] | **(235)** | (239) |
| | **623** | 821 |

1. Borrowings reflect the outstanding principal amount drawn before debt issuance cost of $1m (2019: $2m). These do not include lease liabilities of $51m (2019: $56m).

| **Reconciliation of net cash** | 2020 $m | 2019 $m |
|---|---|---|
| Net cash at beginning of year | **821** | 681 |
| Net (decrease)/increase in cash and cash equivalents | **(202)** | 136 |
| Net repayment of borrowings | **4** | 4 |
| **Net cash at end of year** | **623** | 821 |

Net cash is presented as it is relevant to our term loan maximum leverage ratio. In accordance with the Group's debt covenant calculation net cash does not include lease liabilities of $51m (2019: $56m).

The term loan was trading at approximately 98% of par value at December 31, 2020 (2019: 93%).

## 19. Financial liabilities – borrowings continued

The terms of the loan in effect at December 31, 2020 are as follows:

| | Currency | Carrying value $m | Nominal interest margin | Maturity | Annual amortization | Maximum leverage ratio |
|---|---|---|---|---|---|---|
| Term loan facility | USD | 235 | LIBOR[1](1%) +4.5% | 2022 | $4m | 3.0 |

1. The term loan matures after publication of LIBOR is expected to end. We have engaged with the administrative agent and expect to work with other market participants in the transition to a reasonable substitute base rate. No financial impact is expected.

Also included within the terms of the loan were:

› nominal interest margin is calculated over three-month LIBOR subject to the LIBOR floor;

› the maximum leverage ratio (adjusted aggregated net debt divided by adjusted EBITDA) is a financial covenant to maintain net secured leverage below 3.0x; and

› a $50m revolving credit facility is available to the Group, which remained undrawn at the balance sheet date.

| Maturity of gross borrowings (including expected interest) | **2020 $m** | 2019 $m |
|---|---|---|
| Within one year or on demand | **17** | 20 |
| Bank loans payable due: | | |
| Later than one and less than five years | **243** | 265 |
| More than five years | **–** | – |
| Gross borrowings (including interest) | **260** | 285 |

### Analysis of changes in liabilities from financing activities

| | At January 1, 2020 $m | Cash flows $m | Profit and loss $m | Additions $m | Reclassifications $m | Exchange adj. $m | At December 31, 2020 $m |
|---|---|---|---|---|---|---|---|
| Current borrowings | (4) | 4 | – | – | (4) | – | (4) |
| Non-current borrowings | (233) | (1) | – | – | 4 | – | (230) |
| Lease liabilities | (56) | 7 | 4 | (5) | – | (1) | (51) |
| Interest payable | (3) | 14 | (13) | – | – | – | (2) |
| Total liabilities from financing activities | (296) | 24 | (9) | (5) | – | (1) | (287) |

## 20. Commitments

The Group has various purchase commitments for services and materials in the ordinary course of business. These commitments are generally entered into at current market prices and reflect normal business operations.

As of December 31, 2020, the Group had no material PP&E or intangible asset commitments for future periods. See Note 13 for commitments arising from lease obligations.

## 21. Provisions and other liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, an outflow of resources to settle that obligation is more likely than not, and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reviewed regularly, and amounts updated where necessary to reflect the latest assumptions. The assessment of provisions can involve complex judgments about future events and can rely heavily on estimates and assumptions. Given the inherent uncertainties related to these estimates and assumptions, the actual outflows resulting from the realization of those risks could differ from the Group's estimates.

Other liabilities represent contractual obligations to third parties where the amount and timing of payments is fixed. Where other liabilities are not interest-bearing and the impact of discounting is significant, other liabilities are recorded at their present value, generally using a discount rate appropriate to the liability or approximating the risk-free rate at the time the Group entered into the obligation.

| | Provisions | | | | Other liabilities | |
|---|---|---|---|---|---|---|
| Provisions and other liabilities | DOJ related matters $m | IP related matters $m | Restructuring costs $m | Retirement benefit costs $m | DOJ/RB resolution $m | Total provisions & other liabilities $m |
| At January 1, 2019 | 438 | 44 | 8 | 3 | – | 493 |
| Charged to the income statement | – | 9 | 8 | – | – | 17 |
| Utilized during the year/payments | – | (8) | (14) | – | – | (22) |
| Exchange adjustments | – | – | – | – | – | – |
| At December 31, 2019 | 438 | 45 | 2 | 3 | – | 488 |
| Charged to income statement | 178 | – | 9 | 1 | 50 | 238 |
| Transfer to other liabilities | (586) | – | – | – | 586 | – |
| Interest and discounting | 2 | 2 | – | – | 3 | 7 |
| Utilized during the year/payments | – | – | (5) | – | (103) | (108) |
| **At December 31, 2020** | **32** | **47** | **6** | **4** | **536** | **625** |
| Provisions and other liabilities | | | | | | |
| Current | 32 | – | 6 | – | 10 | 48 |
| Non-current | – | 47 | – | 4 | 526 | 577 |
| **At December 31, 2020** | **32** | **47** | **6** | **4** | **536** | **625** |
| Current | 69 | – | 2 | – | – | 71 |
| Non-current | 369 | 45 | – | 3 | – | 417 |
| At December 31, 2019 | 438 | 45 | 2 | 3 | – | 488 |

The Group is involved in legal and intellectual property disputes as described in Note 23, Legal proceedings.

### Provisions

#### DOJ related matters

The Group carries a provision of $32m (2019: $438m) pertaining to all of the DOJ related matters as discussed in Note 23. The opening balance of $438m was increased by net exceptional charges of $178m and non-exceptional interest of $2m. $586m was reclassified to other liabilities with the DOJ resolution. The remaining DOJ related matters of $32m are based upon settlement discussions in progress or analogues of comparable settlements and are expected to be settled within the year.

#### IP related matters: ANDA litigation

The Group carries provisions totaling $47m (2019: $45m) for intellectual property related matters, all of which relate to potential redress for intellectual property litigation with DRL and Alvogen should the Group not be successful with those cases outlined in Note 23, Intellectual property related matters: ANDA litigation. The provision represents the Group's estimate of potential damages for lost profits owed to DRL and Alvogen for the period between FDA approval and lifting of the preliminary injunction based on industry analogues for generic market share capture. Finance costs are recognized in the income statement at an interest rate of 5.25%. The Group recorded finance expense totaling $2m (2019: $2m).

## 21. Provisions and other liabilities continued

### Restructuring costs

The restructuring provision relates to cost-saving initiatives announced and implemented in 2019 and 2020 to offset the financial impact of recent adverse US market developments and to protect the financial and operational flexibility in response to ongoing challenges posed by COVID-19. Each restructuring initiative has been evaluated in accordance with IAS 37 and, at initial recognition, the Group concluded that each initiative met the definition of a constructive obligation. Restructuring costs consist primarily of redundancy and related costs, the majority of which are expected to be utilized within one year.

### Other liabilities

#### DOJ resolution

In July 2020, the Group reached an agreement with the DOJ and other litigants described in Note 23 under "DOJ and related matters" to resolve the investigation of alleged charges of healthcare fraud, wire fraud, mail fraud, and conspiracy, in connection with the marketing and promotion practices, pediatric safety claims, and overprescribing of SUBOXONE Film and/or SUBOXONE Tablet by certain physicians. In November 2020, the Group made a payment of $103m (including interest) when resolution was approved by a judge. Subsequently, six annual installments of $50m will be due every January from 2022 to 2027. A final installment of $200m will be due in December 2027. Interest accrues on certain portions of the resolution which will be paid together with the annual installments. For non-interest-bearing portions, the liability has been recorded at the net present value based on timing of the estimated payments. The discount rate and interest rate are 1.25%. In FY 2020, the Group recorded finance expense totaling $3m (2019: nil). As of December 31, 2020, the Group carries other liabilities of $486m (2019: nil) related to the settlement agreement with the DOJ.

#### RB resolution

In January 2021, the Group announced it had reached an agreement with Reckitt Benckiser (RB) to resolve claims which RB issued in the Commercial Court in London in November 2020, seeking indemnity under the 2014 Demerger Agreement. Pursuant to the settlement, RB has agreed to withdraw the US $1.4b claim and to release Indivior from any claim for indemnity under the Demerger Agreement relating to the DOJ and FTC settlements which RB entered into in July 2019, as well as other claims for indemnity arising from those matters. Indivior has agreed to pay RB a total of $50m and has agreed to release RB from any claims to seek damages relating to its settlement with the DOJ and the FTC. The Group made a $10m payment, in February 2021 following the settlement. Subsequently, annual installment payments of $8m will be due every January from 2022 to 2026. The effect of discounting was not material. The Group carries a liability totaling $50m (2019: $0m) related to this settlement.

## 22. Contingent liabilities

The Directors have assessed certain legal and other matters to be not probable based upon current facts and circumstances, including any potential impact the DOJ resolution could have on these matters. These represent contingent liabilities. Except for those matters in Note 23 described under "DOJ related matters" and "Intellectual property related matters", for which provisions have been recognized, Note 23 sets out the contingent liabilities for legal and other disputes for which the Directors have assessed as contingent liabilities. The Directors have also assessed the State Aid matter discussed in Note 9 to be a contingent liability.

## 23. Legal proceedings

### DOJ resolution

#### Agreement to resolve criminal charges and civil complaints related to SUBOXONE Film

The Group settled with the United States Department of Justice (Justice Department or DOJ), the U.S. Federal Trade Commission (FTC), and U.S. state attorneys general the criminal and civil liability in connection with a multi-count indictment brought in April 2019 by a grand jury in the Western District of Virginia, a civil lawsuit joined by the Justice Department in 2018, and an FTC investigation. Under the terms of the agreement, Indivior Solutions Inc. ("Solutions Inc."), a wholly owned subsidiary of Indivior PLC, has pleaded guilty to a single count of making a false statement relating to healthcare matters in 2012 in violation of 18 U.S.C. Section 1035. Indivior will make payments to federal and state authorities totaling $600 million (plus applicable interest of 1.25% on a portion of that total amount), has agreed to a stipulated injunction with the FTC, and entered into a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services (HHS). In November 2020, the Court approved the settlement and dismissed all charges returned by the grand jury in April 2019.

Under the terms of a related agreement with the HHS, Solutions Inc. will be excluded from participating in government health programs. This exclusion will not apply to any other entities within the Group. The Group does not anticipate the exclusion of Solutions Inc. will have any material impact on the Group's ability to continue to participate in government health programs.

Under the terms of the five-year Corporate Integrity Agreement with the HHS Office of the Inspector General (HHS-OIG), the Group will continue its commitment to promote compliance with laws and regulations and its ongoing evolution of an effective compliance program, including written standards, training, reporting, and monitoring procedures. The Group will be subject to reporting and monitoring requirements, including annual reports and compliance certifications from key management and the Board Nomination & Governance Committee submitted to HHS-OIG. In addition, the Group will be subject to monitoring by an Independent Review Organization, who will submit audit findings to HHS-OIG, and review by a Board Compliance Expert, who will prepare two compliance assessment reports in the first and third reporting periods of the Corporate Integrity Agreement. See Risk factors update section on page 37 for further discussion.

**23. Legal proceedings** continued

Under the terms of the Resolution Agreement with the Justice Department, the Group has agreed to compliance terms regarding its sales and marketing practices. Compliance with these terms is subject to annual Board and CEO certifications submitted to the U.S. Attorney's Office.

In November 2020, the Group made a payment of $103m (including interest) when the resolution was approved by a judge. Subsequently, six annual installments of $50 million will be due every January 15 from 2022 through 2027. The final installment of $200 million will be due in December 2027. The Group carries a liability totaling $486 million (2019: nil) pertaining to the DOJ resolution.

**DOJ related matters**

**Federal FCA qui tam suits**

In August 2018, the United States unsealed three qui tam suits pending in the Western District of Virginia that made a variety of allegations under state and federal False Claims Act statutes regarding marketing and promotion practices related to SUBOXONE, and in some instances claiming unlawful retaliation. The suits also seek reasonable attorney's fees and costs. Many of the civil claims concern the same conduct at issue in the Superseding Indictment filed by the Justice Department. Indivior is aware of additional claims regarding similar allegations about marketing and promotion practices which were resolved along with the three Western District of Virginia qui tam suits in the federal civil settlement agreement with the Justice Department; and resolved in principle with the state Attorney Generals and are being formalized in civil settlement agreements with the fifty states. The Group is in discussions with certain relators aimed toward resolving the retaliation claims and claims for attorney's fees and costs.

**State and local matters**

In October 2016, Indivior was served with a subpoena for records from the State of Connecticut Office of the Attorney General under its Connecticut civil false claims act authority. The subpoena requests documents related to the Group's marketing and promotion of SUBOXONE products and its interactions with a non-profit third-party organization. The Group has fully cooperated in this civil investigation.

In November 2016, Indivior was served with a subpoena for records from the State of California Department of Insurance under its civil California insurance code authority. The subpoena requests documents related to SUBOXONE Film, SUBOXONE Tablet, and SUBUTEX Tablet. The State of California served additional deposition subpoenas on Indivior in 2017 and served a subpoena in 2018 requesting documents relating to the bioavailability / bioequivalency of SUBOXONE Film, manufacturing records for the product and its components, and the potential to develop dependency on SUBOXONE Film. The Group has fully cooperated in this civil investigation and is in discussions aimed toward resolving the matter. Certain of the qui tam suits filed in the Western District of Virginia and the District of New Jersey assert claims under the civil California insurance code. The Group is in discussions toward resolving these claims and claims for associated attorney's fees and costs.

In June 2019, the Group learned that the State of Illinois Insurance Department is investigating potential violations of its civil Insurance Claims Fraud Prevention Act with respect to its sales and marketing activity. Certain of the qui tam suits filed in the Western District of Virginia and the District of New Jersey assert claims under this statute, including claims for associated attorney's fees and costs. The Group is in discussions aimed toward resolving this matter.

In addition to the federal and state health program claims, claims have been asserted under the city false claims acts of Chicago and New York City regarding the promotion of SUBOXONE Film. The Group has resolved the matter with the City of Chicago.

**FTC investigation**

Indivior Inc. and the FTC have resolved the FTC's pending investigation. In July 2020, the government simultaneously filed a complaint alleging a violation of 15 U.S.C. §45(a), and a joint motion seeking entry of a stipulated order. The US District Court for the Western District of Virginia entered this stipulated order in November 2020 and dismissed the case with prejudice. Pursuant to the stipulated order, the FTC received $10m. Furthermore, as detailed in the text of the stipulated order, for a ten-year period Indivior Inc. is required to make specified disclosures to the FTC and is prohibited from certain conduct.

**False Claims Act allegations**

In August 2018, the United States District Court for the Western District of Virginia unsealed a declined qui tam complaint alleging causes of action under the Federal and state False Claims Acts against certain entities within the Group predicated on best price issues and claims of retaliation (United States ex rel. Miller v. Reckitt Benckiser Group PLC et al., Case No. 1:15-cv-00017 (W.D. Va.)). The suit also seeks reasonable attorneys' fees and costs. We understand that all government plaintiffs have declined to intervene. The Group was served with the complaint in January 2021. We are in discussions regarding this matter with the plaintiff-relator.

In May 2018, Indivior Inc. received an informal request from the Office of the United States Attorney for the Southern District of New York, seeking records relating to the SUBOXONE Film manufacturing process. We are in discussions with the government regarding the matter.

## 23. Legal proceedings continued

### Securities class action litigation

In April 2019, Michael Van Dorp filed a putative class action lawsuit in the United States District Court for the District of New Jersey on behalf of holders of publicly traded Indivior securities alleging violations of U.S. federal securities laws under the Securities Exchange Act of 1934. The complaint names Indivior PLC, Shaun Thaxter, Mark Crossley and Cary J. Claiborne as defendants. In February 2021, the parties reached a settlement agreement. A Motion for Entry of Order Preliminarily Approving Settlement is pending with the court.

### Intellectual property related matters

#### ANDA litigation

Litigation against DRL is currently pending in the District of New Jersey regarding U.S. Patent No. 9,687,454 and 9,931,305 ("the '454 and '305 Patents"). DRL received final FDA approval for all four strengths of its generic buprenorphine/naloxone film product in June 2018, and immediately launched its generic buprenorphine/naloxone film product "at-risk." In July 2018, the District Court issued a ruling granting Indivior a Preliminary Injunction (PI) pending the outcome of a trial on the merits of the '305 Patent. Indivior was required to post a surety bond for $72 million in connection with the PI. In November 2018, the CAFC issued a decision vacating the PI against DRL. DRL launched its product at-risk in February 2019. In June 2019, DRL filed a motion for leave to file their first amended Answer, Affirmative Defenses, and Counterclaims to add various antitrust counterclaims resulting from the injunction that was issued against DRL. The motion was granted in November 2019. In January 2020, Indivior and DRL entered into a joint stipulation that DRL did not infringe the '305 Patent based on the District Court's claim construction ruling, but that Indivior retained its right to appeal the issue of infringement of the '305 Patent. Indivior maintains its infringement claims on the '454 patent, and DRL maintains its counterclaims. No trial date has been set for either the patent claims or the antitrust counterclaims.

In November 2018, DRL filed two separate petitions for inter partes review ("IPR") of the '454 Patent with the USPTO. The USPTO denied institution of one of the IPR petitions but granted institution for the second IPR petition. The Patent Trial and Appeal Board (USPTO) issued a decision in June 2020, holding that claims 1-5, 7, and 9-14 were unpatentable, but that DRL had not shown that claim 8 is unpatentable. Claim 6 was not challenged and therefore was not addressed in the PTAB decision. Indivior appealed to the Court of Appeals for the Federal Circuit in July 2020. No court date has been set yet.

Litigation against Alvogen is pending in the United States District Court for the District of New Jersey regarding the '454 and '305 Patents. On January 22, 2019, Indivior filed a motion for a temporary restraining order ("TRO") and preliminary injunction in the District of New Jersey, requesting that the Court restrain the launch of Alvogen's generic buprenorphine/naloxone film product until a trial on the merits of the '305 Patent. Alvogen received approval for its generic product on January 24, 2019. The same day, the District of New Jersey granted a TRO until February 7, 2019. On January 31, 2019, Indivior and Alvogen entered in to an agreement whereby Alvogen was enjoined from the use, offer to sell, or sale within the United States, or importation into the United States, of its generic buprenorphine and naloxone sublingual film product unless and until the CAFC issued a mandate vacating the PI against DRL. The mandate vacating the DRL PI issued on February 19, 2019, and Alvogen launched its generic product. Any sales in the US are on an "at-risk" basis, subject to the ongoing litigation against Alvogen in the District of New Jersey. In August 2019, Alvogen filed a motion for leave to file an amended Answer to Complaint and Separate Defenses and Counterclaims to add various antitrust counterclaims. The motion was granted in November 2019. In January 2020, Indivior and Alvogen entered into a joint stipulation that Alvogen did not infringe the '305 Patent based on the District Court's claim construction ruling, but that Indivior retained its right to appeal the issue of infringement of the '305 Patent. Indivior maintains its infringement claims on the '454 patent, and Alvogen maintains its counterclaims. No trial date has been set for either the patent claims or the antitrust counterclaims.

#### Teva opposition to SUBLOCADE European patent

In October 2018, Teva Pharmaceutical Industries Ltd. ("Teva") filed a Notice of Opposition with the European Patent Office seeking to revoke European Patent No. EP 2579874 ("EP 874"), which relates to the formulation for SUBLOCADE. Oral proceedings are scheduled to take place on September 27, 2021.

### Antitrust litigation and consumer protection

#### Antitrust class and state claims

Civil antitrust claims have been filed by (a) a class of direct purchasers, (b) a class of end payor plaintiffs, and (c) a group of states, now numbering 41, and the District of Columbia. Each set of plaintiffs filed generally similar claims alleging, among other things, that Indivior violated U.S. federal and/or state antitrust and consumer protection laws in attempting to delay generic entry of alternatives to SUBOXONE Tablets. Plaintiffs further allege that Indivior unlawfully acted to lower the market share of these products. These antitrust cases are pending in federal court in the Eastern District of Pennsylvania. The court has not set a trial date.

In 2013, Reckitt Benckiser Pharmaceuticals, Inc. (now known as Indivior Inc.) received notice that it and other companies were defendants in a lawsuit initiated by writ in the Philadelphia County (Pennsylvania) Court of Common Pleas. See Carefirst of Maryland, Inc. et al. v. Reckitt Benckiser Inc., et al., Case. No. 2875, December Term 2013. The plaintiffs include approximately 79 entities, most of which appear to be insurance companies or other providers of health benefits plans. The Carefirst Plaintiffs have not served a complaint, but they have indicated that their claims are related to those asserted by the plaintiffs in re Suboxone, MDL No. 2445 (E.D. Pa.). The Carefirst case remains pending.

### 23. Legal proceedings continued

The Group has evaluated the antitrust class and state claims in light of the DOJ settlement under which a Group subsidiary plead guilty to one count of making a false statement relating to healthcare matters in one state in 2012. The Group continues to believe in its defenses and continues to vigorously defend itself. Select plaintiffs in these matters have previously made settlement demands (which were not accepted and most of which are not current offers), totaling approximately $290m, which was used for contingency planning only to model possible downside financial effects. The final aggregate cost of these matters, whether resolved by litigation or by settlement, may be materially different. If the Group were to entertain further settlement discussions, we make no representations as to what amounts, if any, it may agree to pay, nor regarding what amounts the plaintiffs will demand.

#### Other antitrust and consumer protection claims

In July 2019, the Indiana Attorney General issued a Civil Investigative Demand investigating potential violations of Indiana's Civil Deceptive Consumer Sales Act with respect to sales and marketing activity by the Company. The Group is cooperating fully in this civil investigation.

In 2020 Group was served with lawsuits from a number of insurance companies, some of whom are proceeding both on their own claims and through the assignment of claims from affiliated companies. Cases filed by (1) Humana Inc. and (2) Centene Corporation, Wellcare Healthcare Plans, Inc., New York Quality Healthcare Corp. (d/b/a Fidelis Care), and Health Net, LLC are pending in the Eastern District of Pennsylvania. Cases filed by (1) Blue Cross and Blue Shield of Massachusetts, Inc., Blue Cross and Blue Shield of Massachusetts HMO Blue, Inc., (2) Health Care Service Corp., (3) Blue Cross and Blue Shield of Florida, Inc., Health Options, Inc., (4) BCBSM, Inc. (d/b/a Blue Cross and Blue Shield of Minnesota) and HMO Minnesota (d/b/a Blue Plus), and (5) Molina Healthcare, Inc. are pending in the Circuit Court for the County of Roanoke, Virginia. The allegations in these cases include many allegations made in other litigations, including prior antitrust complaints, indictments, and qui tam complaints. These plaintiffs have asserted claims under federal and state RICO statutes, state antitrust statutes, state statutes prohibiting unfair and deceptive practices, state statutes prohibiting insurance fraud, and common law fraud, negligent misrepresentation, and unjust enrichment. Each of these cases is in its initial stages.

The Group has begun its preliminary evaluation of the claims, believes in its defenses, and intends to vigorously defend itself. Currently, engagement with the claimants has been minimal and the Group's evaluation of the various claims is in preliminary stages. Accordingly, no estimate of the range of potential loss can be made at this time.

#### Civil opioid litigation

As of February 16, 2021, Indivior has been named as a defendant in fewer than 400 civil lawsuits brought by state and local governments, public health agencies, and individuals against manufacturers, distributors and retailers of opioids alleging that they engaged in a longstanding practice to market opioids as safe and effective for the treatment of long-term chronic pain in order to increase the market for opioids and their own market share. The vast majority of these cases have been consolidated and are pending in a federal multi-district litigation (MDL) in U.S. District Court for the Northern District of Ohio. At the present time, litigation against Indivior in the MDL is stayed. There remain three (3) cases against Indivior pending in state courts located in Arizona, Pennsylvania and Virginia, which are similarly stayed at the current time.

Given the status and preliminary stage of litigation in both the MDL and state courts, no estimate of possible loss in the opioid litigation can be made at this time.

### 24. Trade and other payables

| | **2020 $m** | 2019 $m |
|---|---|---|
| Sales returns and rebates | **(396)** | (460) |
| Trade payables | **(20)** | (39) |
| Accruals and other payables | **(97)** | (110) |
| Other tax and social security payable | **(9)** | (11) |
| Interest payable | **(2)** | (3) |
| **Trade and other payables** | **(524)** | (623) |

## 24. Trade and other payables continued

Sales return and rebate accruals, primarily in the US, are provided for by the Group at the point of sale in respect of the estimated rebates, discounts or allowances payable to direct and indirect customers. Trade and other payables are recognized initially at fair value and, where applicable, subsequently measured at amortized cost using the effective interest method. Accruals are made at the time of sale, while the amounts eventually paid are based on claims made some time after the initial recognition of the sale. As the amounts are estimated, they may not fully reflect the final outcome and are subject to change dependent upon, amongst other things, the channel (e.g. Medicaid, Medicare, Managed Care) and product mix. The level of accrual is reviewed and adjusted in light of historical experience of actual rebates, discounts or allowances given and returns made, and any changes in arrangements or rules. Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group.

The carrying amounts of total trade and other payables are denominated in the following currencies:

| | **2020 $m** | 2019 $m |
|---|---|---|
| Sterling | **25** | 31 |
| Euros | **14** | 26 |
| US dollar | **473** | 555 |
| Other currencies | **12** | 11 |
| | **524** | 623 |

## 25. Share capital

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity.

| Issued and fully paid | **Equity ordinary shares** | **Nominal value paid per share $** | **Nominal value $m** |
|---|---|---|---|
| **At January 1, 2020** | 730,787,719 | 0.10 | 73 |
| Allotments | 2,847,792 | 0.10 | – |
| **At December 31, 2020** | **733,635,511** | | **73** |

| Issued and fully paid | Equity ordinary shares | Nominal value Paid per share $ | Nominal value $m |
|---|---|---|---|
| At January 1, 2019 | 728,441,653 | 0.10 | 73 |
| Allotments | 2,346,066 | 0.10 | – |
| At December 31, 2019 | 730,787,719 | | 73 |

### Allotment of ordinary shares

During the year, 2,847,792 ordinary shares (2019: 2,346,066) were allotted to satisfy vesting/exercises under the Group's Long-Term Incentive Plan and the US Employee Stock Purchase Plan.

## 26. Other equity

### Nature and purpose of reserves

#### Foreign currency translation

The foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the financial statements of the Group's foreign operations arising when the Group's entities are consolidated.

#### Other reserves

The other reserves balance relates to the Group formation in 2014. It represents the difference between the nominal value of the shares issued by the Company and the net investment in the Group by the former owner.

## 27. Share-based payments

The Group operates three equity-settled executive and employee share plans. For all grants of share options and awards, the fair value at the grant date is calculated using appropriate pricing models. The grant date fair value is recognized over the vesting period as an expense, with a corresponding increase in retained earnings.

### Employee plans

Indivior Long-Term Incentive Plan (LTIP)

In 2015, a share-based incentive plan was introduced for employees (including Executive Directors) of the Group. An award under the LTIP can take the form of a nil cost option, a market value option, or a conditional award.

The Remuneration Committee may determine the vesting of awards is conditional upon the satisfaction of one or more performance conditions. Awards with performance conditions granted under the LTIP will normally have a performance period of at least three years. Awards granted to Executive Directors are subject to a further two-year post-vesting period.

Upon Indivior demerging from RB and listing on the UK Main Market, awards under the Reckitt Benckiser 2007 Long-Term Incentive Plan granted in 2012 were exchanged on a value-neutral basis for new awards over Indivior ordinary shares under the Indivior LTIP for a number of executives. The Remuneration Committee concluded that 93.33% of the award would vest in May 2016. The LTIP is reviewed annually with reference to market data and the associated cost to the Company, calculated using an expected-value methodology. The performance conditions are reviewed before each award cycle to ensure they remain appropriately stretching.

The fair values of awards granted under the Long-Term Incentive Plans are calculated using a Monte Carlo simulation model. The key assumptions in the simulation model are share price of the Company, expected volatilities of the Company, risk-free rate, and dividend yield.

### Other employee plans

The Group operates an HMRC-approved SAYE plan for UK employees and US Employee Stock Purchase Plan (“ESPP”) for US employees. The amounts recognized for these plans are not material for disclosure.

For all plans, the inputs to the option pricing models are reassessed for each grant. The following assumptions were used in calculating the fair value of options granted.

| Award | Grant date | Performance period | Share price on grant date £ | Volatility % | Dividend yield % | Expected life in years | Risk-free interest rate[1] % | Weighted average fair value £ |
|---|---|---|---|---|---|---|---|---|
| 2015 | February 26, 2015 | 2015–17 | 1.70 | 39 | 0.0 | 3 | 0.73 | 1.67 |
| 2015 | March 11, 2015 | 2015–17 | 1.75 | 38 | 0.0 | 3 | 0.78 | 1.28 |
| 2016 | February 19, 2016 | 2016–18 | 1.55 | 38 | 0.0 | 3 | 0.40 | 1.10 |
| 2016 | August 2, 2016 | 2016–18 | 2.92 | 46 | 0.0 | 3 | 0.15 | 2.59 |
| 2017 | February 24, 2017 | 2017–19 | 3.43 | 43 | 0.0 | 3 | 0.12 | 2.76 |
| 2018 | March 9, 2018 | 2018–20 | 4.02 | 48 | 0.0 | 3 | 0.85 | 3.39 |
| 2018 | March 9, 2018 | 2018–20 | 4.02 | 48 | 0.0 | 3 | 0.85 | 2.90 |
| 2018 | November 28, 2018 | 2018–20 | 0.99 | n/a | 0.0 | 3 | n/a | 0.99 |
| 2019 | March 5, 2019 | 2019–21 | 1.08 | 73 | 0.0 | 3 | 0.82 | 0.77 |
| 2019 | March 5, 2019 | 2019–21 | 1.08 | 73 | 0.0 | 3 | 0.82 | 0.50 |
| 2019 | August 8, 2019 | 2019–21 | 0.58 | 73 | 0.0 | 3 | 0.82 | 0.50 |
| 2020 | March 9, 2020 | 2020–22 | 0.45 | 110 | 0.0 | 3 | 0.10 | 0.41 |
| 2020 | March 9, 2020 | 2020–22 | 0.45 | 110 | 0.0 | 3 | 0.10 | 0.42 |
| 2020 | November 6, 2020 | 2020–23 | 1.17 | 110 | 0.0 | 3 | 0.10 | 1.10 |

1. The risk-free interest rate reflects the continuous risk-free yield based on the UK government interest rates as of the valuation date, based upon a maturity commensurate with the performance period.

## 27. Share-based payments (continued)

At the end of the year, the maximum number of shares that could vest under the Group's LTIP was:

| | Total LTIP millions |
|---|---|
| Outstanding at January 1, 2019 | 23 |
| Awarded | 13 |
| Vested/Exercised | (1) |
| Forfeited | (10) |
| Outstanding at December 31, 2019 | 25 |
| Awarded | 22 |
| Vested/Exercised | (1) |
| Forfeited | (12) |
| **Outstanding at December 31, 2020** | **34** |

### Charged to income statement

The expense charged to the income statement for share-based payments is as follows:

| | **2020 $m** | 2019 $m |
|---|---|---|
| Granted in current year | **3** | 3 |
| Granted in prior years | **10** | 12 |
| Unvested awards due to unmet performance conditions | **(5)** | (12) |
| **Total share-based expense for the year** | **8** | 3 |

The Group does not expect income statement benefits for unvested awards due to unmet performance conditions in the coming years as performance conditions for outstanding awards are market based.

## 28. Related party transactions

Key management compensation is disclosed in Note 7.

The subsidiaries included in the consolidated financial statements at December 31, 2020 are disclosed in Note 2 to the Parent Company financial statements.

## 29. Post balance sheet events

As discussed in Note 21, the Group entered into a settlement agreement with Reckitt Benckiser on January 25, 2021 to pay $50m.

| Income statement | **2020[2] $m** | 2019[2] $m | 2018 $m | 2017 $m | 2016 $m |
|---|---|---|---|---|---|
| **Revenue from continuing operations** | **647** | 785 | 1,005 | 1,093 | 1,058 |
| Operating (loss)/profit | **(156)** | 178 | 292 | 193 | 149 |
| Net finance (expense)/income | **(17)** | 2 | (14) | (56) | (51) |
| **(Loss)/profit on ordinary activities before tax** | **(173)** | 180 | 278 | 137 | 98 |
| Tax benefit/(expense) on profit on ordinary activities | **25** | (46) | (3) | (79) | (63) |
| **Net (loss)/income** | **(148)** | 134 | 275 | 58 | 35 |
| **Balance sheet** | | | | | |
| Net assets/(liabilities) | **82** | 209 | 66 | (203) | (295) |
| Net working capital[1] | **(202)** | (323) | (356) | (335) | (390) |
| **Statistics** | | | | | |
| **Reported basis** | | | | | |
| Operating margin | **-24.1%** | 22.7% | 29.1% | 17.7% | 14.1% |
| Tax rate | **14.4%** | 25.6% | 1.1% | 57.7% | 64.3% |
| Diluted (loss)/ earnings per share (cents) | **(20)** | 18 | 37 | 8 | 5 |

1. Net working capital includes inventories, trade receivables and other current assets less trade and other payables.

2. The 2020 and 2019 balances reflect the adoption of IFRS 16. The 2018, 2017 and 2016 balances have not been restated.

| As at December 31 | Note | 2020 $m | 2019 $m |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments in subsidiaries | 2 | **1,437** | 1,437 |
| Deferred tax | 3 | **5** | 2 |
| **Current assets** | | | |
| Debtors due within one year | 4, 5 | **6** | 26 |
| Cash and cash equivalents | | **19** | – |
| Creditors due within one year | 6 | **(11)** | – |
| **Net current assets** | | **14** | 26 |
| Creditors due after one year | 6 | **(40)** | – |
| **Net assets** | | **1,416** | 1,465 |
| **Equity** | | | |
| Share capital | 7 | **73** | 73 |
| Share premium | | **6** | 5 |
| Retained earnings | | **1,337** | 1,387 |
| **Total equity** | | **1,416** | 1,465 |

The net loss of the Parent Company for the financial year was $60m (2019: $6m). The financial statements on pages 165 to 172 were approved by the Board of Directors on March 18, 2021 and signed on its behalf by:

**Mark Crossley**
Director

**Ryan Preblick**
Director

| | Notes | Share capital $m | Share premium $m | Retained earnings $m | Total equity $m |
|---|---|---|---|---|---|
| **Balance at January 1, 2019** | | **73** | **5** | **1,391** | **1,469** |
| **Comprehensive loss** | | | | | |
| Net loss for the financial year | | – | – | (6) | (6) |
| Other comprehensive income | | – | – | – | – |
| **Total comprehensive loss** | | – | – | (6) | (6) |
| **Transactions with owners** | | | | | |
| Share-based payments | | – | – | 3 | 3 |
| Deferred taxation on share-based payments | | – | – | (1) | (1) |
| **Total transactions recognized directly in equity** | | – | – | 2 | 2 |
| **Balance at December 31, 2019** | | 73 | 5 | 1,387 | 1,465 |
| **Balance at January 1, 2020** | | **73** | **5** | **1,387** | **1,465** |
| **Comprehensive loss** | | | | | |
| Net loss for the financial year | | **–** | **–** | **(60)** | **(60)** |
| Other comprehensive income | | **–** | **–** | **–** | **–** |
| **Total comprehensive loss** | | **–** | **–** | **(60)** | **(60)** |
| **Transactions with owners** | | | | | |
| Shares issued | | **–** | **1** | **–** | **1** |
| Share-based payments | | **–** | **–** | **8** | **8** |
| Deferred taxation on share-based payments | | **–** | **–** | **2** | **2** |
| **Total transactions recognized directly in equity** | | **–** | **1** | **10** | **11** |
| **Balance at December 31, 2020** | | **73** | **6** | **1,337** | **1,416** |

The Parent Company financial statements of Indivior PLC (the "Company") for the year ended December 31, 2020 were authorized for issue by the Board of Directors on March 18, 2021 and the balance sheet was signed on the Board's behalf by Mark Crossley and Ryan Preblick. Indivior PLC is an investment holding company and is a public limited company incorporated and domiciled in the United Kingdom. The address of the registered office and company number are given on page 173.

These financial statements were prepared in accordance with Financial Reporting Standard 101. 'Reduced Disclosure Framework' (FRS 101). The financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

As permitted by s408 (4) of the Companies Act 2006, no profit and loss account is presented for Indivior PLC. The results of the Company are included in the consolidated financial statements of Indivior PLC.

The accounting policies which follow apply to preparation of the financial statements for the year ended December 31, 2020. They have all been applied consistently throughout the year and the preceding year. The financial statements are prepared in US dollars and are rounded to the nearest million.

The exchange rates used for the translation of currencies into US dollars that have the most significant impact on the Company results were:

| | 2020 | 2019 |
|---|---|---|
| GBP year-end exchange rate | **1.3651** | 1.3263 |
| GBP average exchange rate | **1.2833** | 1.2768 |

## 1. Accounting policies

### Basis of preparation

Indivior PLC (the "Company") is the Parent Company of the Indivior Group. Indivior PLC is a public limited company incorporated and domiciled in England and Wales.

The Company and its subsidiaries (together, "the Group") are predominantly engaged in the development, manufacture and sale of buprenorphine-based prescription drugs for the treatment of opioid dependence, and co-occurring disorders.

The Parent Company financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the "Act") for all periods presented.

The Company is included in the Group financial statements of Indivior PLC, which are publicly available on the Company's website.

The Directors have considered the Group's and Parent Company's financial plan, in particular with reference to the period through June 2022.

As disclosed in Notes 4, 21, 22 and 23 to the Group Financial Statements, the Group reached a resolution with the U.S. Department of Justice (DOJ), Federal Trade Commission (FTC) and the Department of Health and Human Services (HHS), which was approved in November 2020. The agreement reached with HHS (as described in Note 23) has eliminated the risk of potential exclusion from participating in US government health programs. Additionally, subsequent to the year-end, the Group resolved a claim raised by Reckitt Benckiser (RB) in November 2020. These settlements have resulted in liabilities totaling $536m as at December 31, 2020. While the uncertainty relating to these matters has been resolved, various other legal proceedings as discussed in Note 23 carry their own specific ongoing risk and uncertainty.

The Directors have assessed the Group's and Parent Company's ability to comply with the financial covenants in the Group's debt facility, maintain sufficient liquidity to fund its operations, fulfill obligations under the DOJ and RB agreements, and address the reasonably possible financial implications of the ongoing legal proceedings. The Directors have modeled the failure of SUBLOCADE to meet revenue growth expectations due to the continued impact from the COVID-19 pandemic (considering a 15% decline on forecasts) as part of the Group's and Parent Company's going concern assessment and downside scenario. The risk of a worse than expected outcome relating to the remaining ongoing legal matters has been considered for purposes of the viability period only as these cases are not expected to be concluded during the going concern period. Should the maximum reasonably possible risk occur (as disclosed in Note 23) in the going concern period, the Group and therefore also the Parent Company would still maintain adequate liquidity to comply with its financial covenants and obligations.

These risks were balanced against the Group's current and forecast working capital position, impact of the cost saving actions taken to date, and timing of the final balloon payment on the term loan in Q4 2022 which is outside the going concern assessment period and would also impact the Parent Company. As a result of the factors set out above, the Directors of the Group and Parent Company have a reasonable expectation that the Group and Parent Company have adequate resources to continue in operational existence for at least one year from the approval of these financial statements. Based on the above assessment, the previous material uncertainty relating to the Group's and Parent Company's ability to continue as a going concern has been removed.

The Directors have given the going concern assessment due consideration and have concluded that it is appropriate to adopt the going concern basis for accounting and preparing these financial statements. The viability statement is on page 46.

**1. Accounting policies (continued)**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a. The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-Based Payments for an ultimate parent: the share-based payment arrangement must concern its own equity instruments and its separate financial statements must be consolidated financial statements of the Group; and in both cases, this exemption requires that equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.

b. The requirements of paragraphs 17 and 18 of IAS 24 Related-Party Disclosures to disclose information about key management personnel compensation and related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

c. The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to provide information about the impact of IFRSs that have been issued but are not yet effective.

d. The requirements of IAS 7 Statement of Cash Flow to prepare a cash flow statement for any qualifying entity.

e. The requirements of paragraphs 10(d), 10(f), 16, 38, 38A-D, 40A-D, 111, 134-6 of IAS 1 Presentation of Financial Statements to present:

- a cash flow statement;
- a statement of financial position and related notes at the beginning of the earliest comparative period whenever an entity applies an accounting policy retrospectively, makes a retrospective restatement, or when it reclassifies items in its financial statements;
- an explicit statement of compliance with IFRS. Indeed, FRS 101 prohibits such a statement of compliance and an FRS 101 statement of compliance is required instead; and
- information about capital and how it is managed.

**New standards, amendments and IFRIC interpretations**

IFRS 3 Business Combinations (Amendments to IFRS 3), Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 29 and IFRS 7) and Definition of Material (Amendments to IAS 1 and IAS 8) are new accounting standards that are effective from January 1, 2020 and have had no impact on the Parent Company.

**Foreign currency translation**

Transactions denominated in foreign currencies are translated using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

**Taxation**

The tax charge/credit is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognized to the extent that they are considered recoverable.

A deferred tax asset is considered recoverable if it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried-forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

**Cash and cash equivalents**

Cash at bank and in hand includes cash held in bank accounts.

**Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of basic financial assets and liabilities, including receivables and payables and loans to and from related parties. These transactions are initially recorded at transaction price and subsequently recognized at amortized cost. See Note 17 for more information on the Group's policies on financial instruments.

**Accounting estimates and judgments**

In the application of the Company's accounting policies, the Directors are required to make some estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. See Note 2 of the Parent Company financial statements for key judgments and assumptions used in assessing the carrying value of the Company's investments.

### 2. Investments in subsidiaries

Investments in subsidiaries are stated at the lower of cost and their recoverable amount, which is determined as the higher of fair value less cost to sell and value in use.

#### Impairment of investments in subsidiaries

A review of the potential impairment of an investment is carried out by the Directors if events or changes in circumstances indicate that the carrying value of the investment could exceed their recoverable values based on the higher of value in use or fair value less costs to sell. Such impairment reviews are performed in accordance with IAS 36 Impairment of Assets.

| | **2020 $m** | 2019 $m |
|---|---|---|
| At January 1 | **1,437** | 1,437 |
| **At December 31** | **1,437** | 1,437 |

As at December 31, 2020, Indivior PLC's market capitalization of $1,090m was below the Company's investments in subsidiaries value of $1,437m (2019: $1,437m) indicating a potential impairment. Additionally, during the year, the Group experienced a slower uptake of SUBLOCADE and PERSERIS which led to lower than expected revenues primarily driven by the COVID-19 pandemic. As these events could impact the Company's ability to recover amounts owed by subsidiary undertakings and the value of the Company's investments, they are considered to be indicators of impairment.

Management has made certain key judgements and assumptions in its assessment of the following:

› whether the carrying value of the investments in the Group undertakings could exceed their recoverable values based on their value in use or fair value less costs to sell; and

› the key measures considered in its cash flow projections, such as market growth rates and discount rates.

Value in use is calculated by discounting future expected cash flows. These calculations use cash flow projections based on Board-approved budgets and projections which reflect management's current experience and future expectations of the markets in which the subsidiary undertaking operates. Risk adjusted pre-tax discount rates used by the Company in its impairment tests were calculated using measurable inputs such as debt at fair value, equity value (market capitalization), and beta. The cash flow projections consist of Board-approved forecasts for the following year, together with Board reviewed forecasts for an additional eight years and a constant nominal long-term growth rate beyond these periods through the end of the patent period. The market growth rates used in the analysis are based on management's view of the Group's market position, pricing, and the maturity of the relevant market.

An impairment analysis of the investment balance was performed at the end of the year and no impairment was required as a result of the impairment analysis.

The Directors believe that the carrying value of the investments is supported by their underlying net assets. The cost of investments has been determined with reference to the nominal value of shares issued as permitted by s615 of the Act.

## 2. Investments in subsidiaries (continued)

### Subsidiaries

The subsidiaries as at December 31, 2020, all of which are included in the consolidated financial statements, are shown below, in accordance with s410 of the Act.

| Name | Country of incorporation or registration and operation | Registered office | Principal activity | Effective % of share capital held by the Group |
|---|---|---|---|---|
| Bio-Found Limited | England & Wales | 234 Bath Road, Slough, Berkshire, SL1 4EE, United Kingdom | Dormant company | Ordinary shares 100 |
| Indivior Austria GmbH | Austria | Kärntner Ring 12, 3. Stock, 1010 Wien, Austria | Operating company | Ordinary shares 100 |
| Indivior (Beijing) Pharmaceuticals Information Consulting Co. Ltd | China | Unit 102,21 Nei 21st Floor, Fortune Financial Centre, No. 5, 3rd Middle East Ring Road, Beijing, 100020, China | In liquidation | Ordinary shares 100 |
| Indivior Belgium SRL | Belgium | De Kleetlaan 12A, 1831 Machelen, Belgium | Operating company | Ordinary shares 100 |
| Indivior Canada Ltd | Canada | 333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2T6, Canada | Operating company | Common shares 100 |
| Indivior Česko s.r.o | Czech Republic | Na Prikope 988/31, Prague 1, Czech Republic | Operating company | Ordinary shares 100 |
| Indivior Deutschland GmbH | Germany | Hermsheimer Straße 3, 68163 Mannheim, Germany | Operating company | Ordinary shares 100 |
| Indivior España S.L.U. | Spain | Camino Cerro de los Gamos, n° 1, Edificio Negocenter, Pozuelo de Alarćon, 28224, Madrid, Spain | Operating company | Ordinary shares 100 |
| Indivior EU Limited | England and Wales | The Chapleo Building, Henry Boot Way, Priory Park, Hull, HU4 7DY, United Kingdom | Operating company | Ordinary shares 100 |
| Indivior Europe Limited | Ireland | 27 Windsor Place, Dublin 2, Ireland | Operating company | Ordinary shares 100 |
| Indivior Finance LLC | US* | 234 Bath Road, Slough, Berkshire, SL1 4EE, United Kingdom | Finance company | Common stock 100 |
| Indivior Finance (2014) LLC | US | 10710 Midlothian Turnpike, Suite 430, North Chesterfield VA 23235, United States | Holding and finance company | US $1 shares 100 |
| Indivior Finance S.àr.l | Luxembourg | 21 Fort Elizabeth, L-1463 Luxembourg | Finance company | US $100 shares 100 |
| Indivior Finance (2015) S.àr.l | Luxembourg | 1, rue de la Poudrerie, Leudelange, L – 3364, Luxembourg | In liquidation | US $100 shares 100 |
| Indivior France SAS | France | 7 Avenue de la Cristallerie, 92310 Sèvres, France | Operating company | Ordinary shares 100 |
| Indivior Global Holdings Limited | England and Wales | 234 Bath Road, Slough, Berkshire.SL1 4EE, United Kingdom | Holding and operating company | Ordinary shares 100 |
| Indivior Hrvatska d.o.o. | Croatia | Ozaljska 136, 10 000 Zagreb, Croatia | Operating company | Ordinary shares 100 |
| Indivior Inc. | US | 10710 Midlothian Turnpike, Suite 125, North Chesterfield, VA 23235, United States | Operating company | Common stock 100 |
| Indivior Ireland (Investments) Limited | Ireland | 29 Earlsfort Terrace, Dublin 2, Ireland | In liquidation | Ordinary shares 100 |
| Indivior Israel Ltd | Israel | 13 Hamiktsoot St., Modiin, 7178094, Israel | Operating company | Ordinary shares 100 |
| Indivior Italia S.r.l | Italy | Corso di Porta Romana 68, 20122 Milano, Italy | Operating company | Ordinary shares 100 |
| Indivior Jersey Limited | Jersey | 28 Esplanade, St Helier, Jersey, JE2 3QA, Jersey | Holding and finance Company | Ordinary shares 100 |
| Indivior Jersey Finance LLC | US** | 251 Little Falls Drive, Wilmington, Delaware, 19808, United States | Finance company | Membership interests |
| Indivior Middle East FZ-LLC | Dubai Healthcare City Free Zone (UAE) | Unit ED03, Second Floor, Building No.27, Dubai Healthcare City, Dubai, United Arab Emirates | Dormant company | Ordinary shares 100 |
| Indivior Nederland B.V. | Netherlands | Kabelweg 57, Unit 1.06.07, 1014BA, Amsterdam, Netherlands | Operating company | Ordinary shares 100 |
| Indivior Nordics ApS | Denmark | c/o Lundgrens Advokatpartnerselskab, Tuborg Boulevard 12, 4., 2900 Hellerup, Denmark | Operating company | Ordinary shares 100 |
| Indivior Portugal Unipessoal LDA | Portugal | Avenida Engenheiro Duarte Pacheco, Amorreiras, Torre 2, 15°. A, 1070 -102, Lisboa, Portugal | Operating company | Common stock 100 |
| Indivior Pty Ltd | Australia | Pod B.02, Level 3, 78 Waterloo Road, Macquarie Park, NSW 2113, Australia | Operating company | Ordinary shares 100 |
| Indivior Schweiz AG | Switzerland | Neuhofstrasse 5A, 6340, Baar, Switzerland | Operating company | Ordinary shares 100 |
| Indivior Solutions Inc. | US | 10710 Midlothian Turnpike, Suite 125, North Chesterfield, VA 23235, United States | Operating company | Common stock 100 |
| Indivior South Africa (Pty) Ltd | South Africa | Building 21 C, Woodlands Office Park, 20 Woodlands Drive, Woodmead, 2191, South Africa | Operating company | Common stock 100 |
| Indivior Treatment Services, Inc. | US | 215 Little Falls Drive, Wilmington, Delaware 19808, , United States | Operating company | Common stock 100 |
| Indivior UK Limited | England and Wales | The Chapleo Building, Henry Boot Way, Priory Park, Hull, HU4 7DY, United Kingdom | Holding and operating company | Ordinary shares 100 |
| Indivior UK Finance Limited | England and Wales | 234 Bath Road, Slough, Berkshire, SL1 4EE, United Kingdom | Finance company | Ordinary shares 100 |
| Indivior UK Finance Lending Limited | England and Wales | 234 Bath Road, Slough, Berkshire, SL1 4EE, United Kingdom | Finance company | Ordinary shares 100 |
| Indivior UK Finance No1 Limited | England and Wales | 234 Bath Road, Slough, Berkshire, SL1 4EE, United Kingdom | Finance company | Ordinary shares 100 |
| Indivior UK Finance No2 Limited | England and Wales | 234 Bath Road, Slough, Berkshire, SL1 4EE, United Kingdom | Finance company | Ordinary shares 100 |
| Indivior UK Finance No3 Limited | England and Wales | 234 Bath Road, Slough, Berkshire, SL1 4EE, United Kingdom | Finance company | Company limited by guarantee |
| Indivior US Holdings Inc. | US | 10710 Midlothian Turnpike, Suite 125, North Chesterfield VA 23235, United States | Holding company | Class A and Class B common stock 100 |
| RBP Global Holdings Limited | England & Wales | 234 Bath Road, Slough, Berkshire, SL1 4EE, United Kingdom | Holding and Finance company | Ordinary shares 100 |

* Indivior Finance LLC is registered in the US state of Delaware but also has a UK establishment.

** Indivior Jersey Finance LLC is registered in the US state of Delaware, but also has a principal place of business in Jersey.

With the exception of Indivior Global Holdings Limited, none of the above subsidiaries are held directly by Indivior PLC.

### 3. Deferred tax assets

| | 2020 $m | 2019 $m |
|---|---|---|
| Deferred tax assets | **5** | 2 |

Deferred tax assets relate to primarily to share awards of $5m (2019: $2m). Refer to Notes 14 and 27 of the Group financial statements for further details on deferred tax assets and share awards, respectively.

### 4. Debtors due within one year

Debtor balances due within one year have been assessed for recoverability in accordance with IFRS 9 and no impairment was identified and thus no provision was recorded. In 2020, there have been no credit losses (2019: nil).

| | 2020 $m | 2019 $m |
|---|---|---|
| Amounts owed by subsidiaries | **3** | 23 |
| Corporate tax receivable | **1** | 2 |
| Prepayments and other receivables | **2** | 1 |
| **Debtors due within one year** | **6** | 26 |

Amounts owed by Group undertakings are unsecured and repayable on demand.

### 5. Financial instruments

| | 2020 $m | 2019 $m |
|---|---|---|
| Financial assets: | | |
| Financial assets that are debt instruments measured at amortized cost | **3** | 23 |
| Financial liabilities: | | |
| Financial liabilities that are measured at amortized cost | **(51)** | – |

### 6. Creditors

| | 2020 $m | 2019 $m |
|---|---|---|
| Amounts falling due after one year: | | |
| Amounts owed to third parties | **(40)** | – |
| Amounts falling due within one year: | | |
| Amounts owed to subsidiaries | **(1)** | – |
| Amounts owed to third parties | **(10)** | – |
| **Creditors** | **(51)** | – |

Amounts owed to Group undertakings are payable within one year with a maturity date of December 2021. Amounts owed to third parties result from a settlement agreement between the Group and Reckitt Benckiser. Further information on the settlement can be found in Note 21 of the Notes to the Group financial statements.

### 7. Share capital & share premium

Further information on the share capital of the Company can be found in Note 25 of the Notes to the Group financial statements. Share premium represents additional paid in capital or paid in surplus (not distributable).

### 8. Share-based payments

The disclosure relating to the Company is detailed in Note 27 of the Notes to the Group financial statements.

### 9. Directors and employees

There were no employees of the Company during this or the previous financial year.

Details of the remuneration of key management personnel are given in Note 7 of the Notes to the Group financial statements.

### 10. Auditors' remuneration

The fee charged for the statutory audit of the Company was $0.04m (2019: $0.03m). Details for non-audit fees are given in Note 6 of the Notes to the Group financial statements.

### 11. Related party transactions

The Company has taken advantage of the exemption within IAS 24 Related Party Disclosures not to disclose related party transactions with wholly owned subsidiaries of the Group. There were no other related party transactions.

### 12. Post balance sheet events

As discussed in Note 21 of the Notes to the Group financial statements, the Group entered into a settlement agreement with Reckitt Benckiser on January 25, 2021 to pay $50m.

# INFORMATION FOR SHAREHOLDERS

## Useful contacts

### Registered address

Indivior PLC
234 Bath Road, Slough, Berks, SL1 4EE, UK

Registered in England and Wales
(company number: 09237894)

Website: www.indivior.com

### Company Secretary

Kathryn Hudson
Email: cosec@indivior.com

### Registrar

Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, UK

Website: www.investorcentre.co.uk
Telephone: +44 (0) 370 707 1820

## Key dates

| | |
|---|---|
| First quarter financial results announcement | April 29, 2021 |
| Annual General Meeting | May 6, 2021 |
| Half year financial results announcement | July 29, 2021 |
| Third quarter financial results announcement | October 28, 2021 |

Note: dates may be subject to change

## Annual General Meeting ('AGM')

The AGM will be held at 3.00pm on May 6, 2021 at the offices of Indivior PLC, 234 Bath Road, Slough, Berkshire SL1 4EE. The Notice of Meeting, together with information regarding the business to be conducted at the meeting and results of voting, will be available on the Company's website www.indivior.com.

Due to COVID-19 social distancing measures, shareholders are requested not to attend the meeting in person. Shareholders are encouraged to submit their votes ahead of the meeting either by submitting a form of proxy or by voting electronically (please see the Notice of Meeting for further details regarding voting at the AGM).

## Managing your shareholding

### Investor centre

Investor Centre is Computershare's easy to use self-service website (www.investorcentre.co.uk) through which shareholders can do the following:

› amend personal details;

› view payment and tax information;

› register for eComms; and

› view share balances.

### eComms

Our Registrar, Computershare Investor Services PLC, is responsible for sending shareholder communications and documents to you as well as handling any queries you may have.

We encourage you to join the growing number of our shareholders who receive shareholder communications and documents electronically, in place of receiving paper copies by mail. By registering for eComms you will receive information by email quickly and efficiently and help us to reduce both our environmental impact and our costs.

Visit www.investorcentre.co.uk/eComms to register for the eComms service, or alternatively contact Computershare by using one of the methods outlined on the 'Contact Us' page. By registering you will receive an email to let you know when and how to access shareholder documents online.

Shareholders who receive eComms are entitled to request hard copy shareholder documents at any time free of charge and can also revoke their consent to receive eComms at any time.

### Dividends

The Board have determined that it does not anticipate the payment of dividends for the foreseeable future. The Directors are of the view that the dividend policy remains appropriate for the Group considering its current financial position, strategy and prospects and the continuing uncertainties faced. These uncertainties include the ongoing legal matters and the risk that SUBLOCADE and PERSERIS might not meet revenue growth expectations due to the continued impact from the COVID-19 pandemic.

## Dealing in Indivior securities

### Ordinary shares

The Company has ordinary shares admitted to the Official List of the Financial Conduct Authority and traded on the London Stock Exchange, a regulated market. Live trading data for the Company's ordinary shares can be accessed through www.indivior.com/share-price-center, or via the London Stock Exchange's website www.londonstockexchange.com.

Shareholders have the opportunity to buy or sell Indivior PLC shares using a share dealing facility operated by our Registrar, Computershare. Internet and telephone dealing is available via the Investor Centre (www.investorcentre.co.uk):

› Internet Dealing – the fee for this service will be 1% of the value of each sale or purchase of shares (subject to a minimum of £30). Stamp duty of 0.5% is also payable on all purchases. Before you trade you will need to register for this service. This can be done by going online at www.computershare.trade.

› Telephone Dealing – the fee for this service will be 1% of the value of the transaction plus £50. Stamp duty of 0.5% is also payable on all purchases. To use the service please call +44 (0)370 703 0084 and have your Shareholder Reference Number to hand.

These services are available Monday to Friday from 8am to 4.30pm (UK) (except public holidays). Please note that, due to the regulations in the UK, Computershare is required to check that you have read and accepted the Terms & Conditions before being able to trade, which could delay your first telephone trade. If you wish to trade quickly, we suggest visiting the Registrar's website and registering online first at www.computershare.trade.

### Boiler room scams

Shareholders are advised to be wary of any offers of unsolicited investment advice or offers of free company or research reports. These are typically from overseas brokers, who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK securities.

If you receive any unsolicited investment advice you should firstly obtain the name of the person and organization and check that they are properly authorized by the FCA before getting involved, by visiting www.fca.org.uk/register.

Using an unauthorized firm to buy or sell shares or other securities will prohibit access to the Financial Ombudsman Service or Financial Services Compensation Scheme.

## Shareholder analysis

### Analysis of shareholder bands at December 31, 2020

| Range | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 1,000 | 8,896 | 77.09 | 2,814,869 | 0.38 |
| 1,001 - 5,000 | 1,975 | 17.11 | 3,993,784 | 0.55 |
| 5,001 - 10,000 | 190 | 1.65 | 1,352,464 | 0.19 |
| 10,001 - 100,000 | 260 | 2.25 | 8,320,816 | 1.13 |
| 100,001 - 999,999,999 | 219 | 1.90 | 717,153,578 | 97.75 |
| **Total** | **11,540** | **100%** | **733,635,511** | **100%** |

### Analysis of shareholder categories as at December 31, 2020

| | Holdings | % | No. of Shares | % |
|---|---|---|---|---|
| Individuals | 10,338 | 89.58 | 9,827,811 | 1.35 |
| Bank or nominees | 1,079 | 9.35 | 471,170,358 | 64.22 |
| Investment trust | 15 | 0.13 | 28,697 | 0.00 |
| Insurance company | 2 | 0.02 | 15,211 | 0.00 |
| Other company | 82 | 0.71 | 35,621,010 | 4.86 |
| Pension trust | 2 | 0.02 | 6,501 | 0.00 |
| Other corporate body | 22 | 0.19 | 216,965,923 | 29.57 |
| **Total** | **11,540** | **100%** | **733,635,511** | **100%** |

### American Depositary Receipts

In addition to having its securities listed on the London Stock Exchange, Indivior sponsors a Level 1 American Depositary Receipt (ADR) program in the US. The ADRs are publicly traded on a US over-the-counter market, under symbol INVVY; the value of one Indivior ADR corresponds to the value of five ordinary shares of the Company. Please note that with effect from Monday December 2, 2019 the ADR Program was closed to new issuances.

For questions related to Indivior's ADR Program, please contact Equiniti Shareowner Services (see details below) or visit the J.P. Morgan Depositary Receipts Services website at www.adr.com.

JPMorgan Chase Bank, N.A.
383 Madison Avenue, Floor 11
New York, NY 10179, US

ADR Holders can contact:
Equiniti Shareowner Services
P.O. Box 64504, St. Paul, MN 55164-0854, US

Delivery of ADR Certificates and overnight mail:
Equinti Shareowner Services 1110
Centre Point Curve, Suite 101
Mendota Heights, MN 55120, US

General enquiries:
In the US: +1 (800) 990 1135
Hearing impaired: +1 (866) 700 1652
Outside the US: +1 (651) 453 2128
www.shareowneronline.com

### ShareGift

We support ShareGift, a charity share donation scheme (registered charity number: 1052686).

Through ShareGift, shareholders with only a very small number of shares, which might be considered uneconomic to sell, are able to donate them to charity.

Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK registered charities.

Please contact ShareGift with any queries or for further information using the details below or visit the ShareGift website at www.sharegift.org.

Email: help@sharegift.org
Telephone: +44 (0)20 7930 3737
Address: PO Box 72253, London, SW1P 9LQ.

### Disclaimer

The purpose of this Annual Report and Accounts is to provide information to members of the Company. The Annual Report and Accounts have been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its Directors and employees, agents or advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

The Annual Report and Accounts contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty, since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and Accounts and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report and Accounts should be construed as a profit forecast.

*This page intentionally left blank.*

MIX
Paper from
responsible sources
FSC® C022913
FSC
www.fsc.org

This report is printed on paper certified in accordance with the FSC® (Forest Stewardship Council®) and is recyclable and acid-free.

Pureprint Ltd is FSC certified and ISO 14001 certified showing that it is committed to all round excellence and improving environmental performance is an important part of this strategy.

Pureprint Ltd aims to reduce at source the effect its operations have on the environment and is committed to continual improvement, prevention of pollution and compliance with any legislation or industry standards.

Pureprint Ltd is a Carbon / Neutral® Printing Company.

Designed and produced by Black Sun Plc
www.blacksunplc.com

INDIVIOR™
Focus on you.

## Our name is iconic

Our name is iconic of the individual patient's journey to reclaim life from the disease of addiction and our endeavor to address patients' unmet needs.

Our logo radiates our patient focused, holistic approach to expanding access to evidence-based treatment for addiction worldwide.