INDIVIOR

Inspiring patient transformation

Annual Report 2019

Contents

Inspiring patient transformation

Delivering on patient needs continues to inspire us at Indivior. We are encouraged that around the world opioid use disorder is being increasingly recognized as a treatable medical disease and not a moral failing. Ultimately, we believe that patients want, need and deserve reprieve from the cycle of addiction so that they can recover meaning and purpose to their life.

Nathalie's story p6

Ashlynn's story p8

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.

See our business model on pages 18 to 19

2019 Financial Highlights

$785m
Net revenue
(-22% vs. 2018: $1,005m)

$178m
Operating profit
(-39% vs 2018: $292m)

$134m
Net income
(-51% vs 2018: $275m)

$1,060m
Year-end cash balance
(+15% vs 2018: $924m)

$72m
Net revenue from SUBLOCADE (2018: $12m)

$202m
Adjusted operating profit*
(-39% vs 2018: $332m)

$176m
Adjusted net income*
(-35% vs 2018: $272m)

$821m
Year-end net cash balance
(+21% vs 2018: $681m^)

R&D highlights

* Excluding exceptional items (further details on pages 116 to 118).
^ Excludes $24 million of exceptional impairment related to the Arbaclofen Placarbil and ADDEX assets.

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Our dedication to advancing Indivior’s patient-focused strategy through this period of uncertainty was, however, rewarded in the good strategic process we saw throughout 2019.

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Dedicated to advancing our patient-focused strategy

Howard Pien
Chair

2019 was clearly a challenging year, marked by the U.S. government's action against Indivior. The Board has worked to address these allegations head on. It was also conscious of the impact they could have on the Group's workforce, shareholders and other key stakeholders. Indivior's transparent response, including my open letter supporting the Group's position and refuting the government's allegations, ensured that our stakeholders were supplied with all of the information that we were able to convey about this matter. We remain firm in our resolve towards realizing our patient-focused Vision.

As you would expect, the government's action, and the significantly more challenging competitive environment, placed a heavy burden on the Group. Our dedication to advancing Indivior's patient-focused strategy through this period of uncertainty was, however, rewarded in the good strategic progress we saw throughout 2019. As such, and despite the challenges we continue to face, I believe the Group today is better positioned for renewed and sustainable profitable growth in the long-term.

While it is clear that our strategic progress has yet to be recognized in the current value of Indivior, the Board continues to be encouraged by the unwavering focus on the Group's Vision by our workforce. We see evidence of their resilience in their contributions to Indivior that, taken together, have resulted in the solid growth foundation that we are now well placed to leverage moving forward. It is through their outstanding efforts that Indivior is now positioned to make meaningful progress against the long-term net revenue goals we have established for SUBLOCADE® (buprenorphine extended-release) injection CIII and PERSERIS® (risperidone).

Of course, we also recognize the Board's primary duty is to promote the success of the Group. It is for this reason that we continue to protect Indivior's strong balance sheet to help mitigate the known risks to the Group and also to provide for continued investment behind SUBLOCADE and PERSERIS. This balance and agility will become all-the-more important in 2020 when the revenue contribution from legacy US SUBOXONE® (buprenorphine and naloxone) sublingual film CIII is expected to further diminish towards observed analogues.[1]

To that end, I am confident in the Board's ability to help support the business through the transition period it is currently navigating.

Below you will find additional reports on key areas of concentration for the Board in 2019.

Further developments to Indivior's robust approach to Integrity and Compliance

The Board and the executive management team have worked diligently together to evolve Indivior's robust approach to Integrity and Compliance to meet current and future needs of the business. We view this area as critical to the Group's long-term sustainability. Key achievements during the year included the establishment of Centers of Excellence (COE) for Risk Management, Monitoring and Analytics. Including dedicated and expanded resources, this team continued to advance our Risk Assessment & Mitigation Planning process and execute our annual monitoring and reporting program. I am particularly pleased with the refreshed Code of Conduct with associated workforce training. More information is available in the Managing our Business Responsibly section on pages 26 to 29.

1. See following page for footnote

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The Board and the executive management team have worked diligently together to evolve Indivior's robust approach to Integrity and Compliance to meet current and future needs of the business.

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Ongoing commitment to transparency & shareholder engagement

Indivior has always had a strong commitment to transparency with its shareholders and other key stakeholders, and I am pleased to report that we continued to uphold this commitment during a difficult year. The Board was supported in this area by professional advisors and external counsel. Further information about the Board's engagement with shareholders can be found on page 60.

Federal Grand Jury Indictment

The current material legal matters which relate to the Group's activities are detailed on pages 35 to 38 of this report. On April 9, 2019, the U.S. government took action against Indivior alleging various charges of healthcare fraud, wire fraud, mail fraud, and conspiracy. We believe that Indivior has strong defenses against the Government's charges and we will vigorously defend against these allegations. It is not possible to predict with any certainty the potential impact of this litigation or to quantify the ultimate cost of a verdict or resolution, but it could have a material impact on the Group.

The Board recognizes the continuing uncertainty the U.S. government action creates for Indivior's stakeholders. While Indivior prepares diligently for trial in May 2020, our legal strategy remains unchanged and we remain firmly focused on building on our strategic accomplishments to further Indivior's Vision that all patients around the world will have access to evidence-based treatment for the chronic conditions and co-occurring disorders of addiction.

Changes to the Board

Yvonne Greenstreet, Chris Schade and Lizabeth Zlatkus left the Board in 2019 and I would like to thank them for the dedication and commitment to Indivior during their respective tenures. During the year, we welcomed Peter Bains and Graham Hetherington to the Board. Peter and Graham bring significant expertise, each having over three decades of experience in relevant capacities, including strategic, operational and financial leadership across the biotech and specialty pharma industry. Both Peter and Graham share in our patient-focused Vision and see the opportunities Indivior has to address addiction and its co-occuring disorders on a global scale.

As a result of these changes, the Board also reviewed the composition of the principal Committees. These changes are discussed in more detail in the Nomination and Governance Committee report on pages 70 to 73.

Looking to the future

We continue to manage the business challenges ahead and seek to create sustainable long-term value for shareholders and wider stakeholders through unwavering focus on our Mission, Vision and Purpose.

I would like to thank all my colleagues at Indivior for their significant efforts and steadfast commitment during a difficult year. I would also like to thank our shareholders for their ongoing and valued support of the Board and the senior management team.

Howard Pien
Chair

1. IMS Institute Report, January 2016, 'Price Declines after Branded Medicines Lose Exclusivity in the US'

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“Nathalie, 41 years old

Inspiring patients

“My recovery is always in jeopardy and it is a constant job to maintain my recovery – but the payoff is amazing.”

Nathalie
Patient, US

Nathalie struggled with her addiction for over 20 years before beginning her journey to recovery. Her story is one of rebuilding and giving back.

Nathalie realized that in order to truly embrace her patient journey to recovery, she would need to make drastic changes. She tried various treatment options and participated in a drug court program which, in her opinion, helped prepare her for the structure and discipline needed to be successful in her current treatment program. Sober since December 2016, we first shared Nathalie's story in our 2018 Annual Report.

Now, a year later, Nathalie shares her perspectives on long-term recovery and the progress she continues to make, including rebuilding her relationships with loved ones and working to create a life that brings her meaning and joy.

What aspects of your recovery are you most proud of?

It is a misconception that you only need to work on recovery for a certain amount of time and then you are better. Even after all this time, I still have to work at it.

I feel fortunate that I have been able to regain the trust and acceptance of my three kids while being a part of their lives again. It has been nice to help them deal with their struggles and help them avoid making the same mistakes that I have.

I feel that it is important that, as part of my long-term recovery, I give back to the community that I only used to take from. I am proud to provide peer support at the jail where I was an inmate. My past can be an asset now in *inspiring hope for recovery* amongst the very population I once was a part of.

How would you describe yourself from a year ago?

I am always growing and evolving. A year ago, I thought I was strong and stable. Now I know that I am even stronger.

* Nathalie received compensation from Indivior for sharing her story

“Ashlynn, 25 years old

Transforming lives

“I am proud of my recovery journey. My past has helped make me who I am today.”

Ashlynn
Patient, US

Ashlynn's recovery journey is one of empowerment, self-discovery, and overcoming the stigma associated with the disease of addiction and other mental health disorders.

Ashlynn's journey to recovery began with small steps supported by various treatment regimens. These included counseling programs to help maintain her treatment protocol and manage her depression and anxiety. Ashlynn struggled but stuck with the process. Each day was a small victory. In September 2019, she celebrated being sober for two years and first shared her story in our 2018 Annual Report.

Now, a year later, Ashlynn talks about the role of kindness and acceptance in her journey to recovery as she continues to focus on her family and advancing her career.

What would you like others to know about people on the journey to recovery?

I hope people will learn that we are not just a number. We can be working next to you. We can be anyone in your life. You never know what people have going on in their life. I believe that treating everyone with kindness and acceptance can help break down stigma which often prevents people from getting help and staying alive.

What aspects of your recovery are you most proud of?

I am most proud of being a good Mom. My daughter is my world. I am advancing my career in the human resources field and my relationship with my family is better than ever. My self-confidence is coming back.

How would you describe yourself from a year ago?

I absolutely love who I am today. I know with all my heart that I am a worthy and good person.

* Ashlynn received compensation from Indivior for sharing her story

Leveraging our patient-focused culture to achieve our Vision

Shaun Thaxter
Chief Executive Officer

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Our collective passion and continued unwavering focus on helping patients suffering from stigmatized and socially marginalized diseases will be a key strength to further meaningful progress towards our Vision.

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In reviewing 2019, we recognize that the allegations brought against Indivior by the U.S. government have dominated sentiment towards the Group in the financial markets. Despite the uncertainty this has created for Indivior's employees and stakeholders, our commitment to realize our Vision that all patients around the world have access to evidence-based treatment for the chronic conditions and co-occurring disorders of addiction is unchanged. Within strong teams and healthy cultures, adversity can be unifying. I am particularly proud of the resilience shown by the teams within our business which is evident in both the strategic and operational advances we made in 2019.

Our progress in 2019 was especially encouraging considering the significant change in US market conditions for our branded legacy SUBOXONE Film, the Group's largest product by net revenue. The launch of generic buprenorphine/naloxone sublingual film by competitors took place in February 2019 and led to a precipitous decline in market share of our branded treatment. This was the main factor behind the declines of 22% and 35% for net revenue and net income (before exceptional items), respectively, in 2019. A robust contingency plan had been developed which enabled us to partially offset the impact of the generic entrants, primarily through operating expense reduction actions and the introduction of an authorized generic buprenorphine/naloxone film product that was launched and marketed by Sandoz Inc. (since discontinued, see page 32 for details). The pace of share loss for SUBOXONE Film was, however, lower than industry analogues[1] had suggested, allowing us to raise our full-year financial forecast twice during the year. The overall result was net income of $134 million on a reported basis and $176 million on an adjusted basis (before exceptional items). This performance contributed to our strong year-end gross cash position of over $1 billion.

Indivior's solid operational performance gave us the ability to continue building for the Group's future. The strategic milestones we achieved in 2019, including growing SUBLOCADE net revenue to $72 million, both extended Indivior's solid position in opioid use disorder and began to deliver on our promise of diversification by launching PERSERIS, our first product in the behavioral health sector. It is the achievement of these milestones, along with our ongoing commitment to operational excellence and compliance, that form the strong foundation that we believe will help us deliver on our longer-term aspiration of renewed profitable growth.

Strategy for long-term value creation

Short-to-medium term focus	Longer-term aspiration	Expected benefits
‹ Resolve litigation matters	‹ Early stage assets	‹ Renewed profitable growth
‹ Depot technologies	‹ Diversification ex-US	‹ Better balance (product/geographic)
‹ US core market	‹ Other substance use disorders	‹ Scalable organization
‹ Grow/conserve cash	‹ M&A/Business Development	‹ Enhanced value creation

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The strategic milestones we achieved in 2019 both extended Indivior's solid position in opioid use disorder with SUBLOCADE and began to deliver on our promise of diversification by launching PERSERIS our first product in the behavioural health sector.

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Key achievements in 2019 included:

In Opioid Use Disorder (OUD) treatment:

- Establishing significant payor coverage for SUBLOCADE with reduced complexity (82% of US lives), thereby helping improve overall patient access to the product;
- Generating new scientific evidence and real-world treatment data to further inform treatment for appropriate patients (see R&D Overview on pages 24 and 25);
- Launching a new US national direct-to-consumer (DTC) campaign called 'Keep Moving Towards Recovery' to help people suffering from OUD know that counseling, along with medication, is available as an option to help treat their addiction while also increasing awareness of SUBLOCADE;
- Working towards expanding the number of available treatment options for appropriate patients by completing regulatory submissions for SUBLOCADE and SUBOXONE Film in key global markets outside the US; and
- Producing an authorized generic buprenorphine/naloxone sublingual film offering that achieved wide commercial acceptance due to our partner's (Sandoz Inc.) strong launch and marketing efforts (since discontinued, see page 32 for details).

In schizophrenia treatment:

- Establishing a dedicated commercial organization to educate treating physicians about how PERSERIS provides a once-monthly risperidone treatment option for the complex disease of schizophrenia in adults;
- Creating strong payor access for PERSERIS (80% parity with other long-acting injectables in the market); and
- Working towards expanding treatment options for adult schizophrenia patients outside the US through an agreement with Toronto-based HLS Therapeutics for PERSERIS in Canada.

In operational enhancements:

- Achieving operating expense (combined SG&A and R&D) savings of over $120 million[2] against our FY 2017 benchmark;
- Continuing to enhance our Integrity & Compliance program and strengthen Group-wide compliance measures by expanding the compliance team to augment our overall compliance capabilities; and
- Maintaining financial prudence and growing our gross cash balance to $1,060 million.

Looking forward:

As we look forward, we will seek to build on our 2019 strategic and operational accomplishments and leverage these to drive our business forward. Our priorities are:

- Accelerating the net revenue growth of our approved therapies (SUBLOCADE and PERSERIS) towards their respective peak annual targets of over $1 billion and $200-$300 million;
- Maintaining expense discipline, while appropriately investing to support the global growth and diversification aspirations we have for our treatments;
- Exercising sound financial stewardship to preserve a strong cash balance; and
- Continuing to ensure our compliance capabilities meet the needs of our current and future business.

Given the complexity of the past year, I thought it might be helpful to include a Question and Answer section in which I directly address the most pertinent topics for our shareholders and key stakeholders.

2019 Strategic highlights

Strategic Priorities	Progress
1 **Building the resilience of our franchise**	‹ Advanced the US market for SUBLOCADE; net revenue increased to $72 million ‹ Launched PERSERIS in the US, a once-monthly treatment for schizophrenia in adults, to diversify net revenue long-term (FY 2019 net revenue of $6 million) ‹ Developed and launched 'Keep Moving Towards Recovery'; the direct-to-consumer (DTC) campaign is designed to destigmatize opioid use disorder (OUD), heighten awareness of medication-assisted treatment (MAT) and SUBLOCADE for appropriate OUD patients ‹ Advocated for increased buprenorphine medication-assisted treatment (BMAT) capacity which expanded to approximately 79,000 waivered HCPs, including a record addition of physicians (11,000+) now able to prescribe BMAT ‹ Maintained competitive formulary access to SUBOXONE Film; average market share was 32% (2018: 53%). Exit share was 24%, ahead of suggested historical industry analogues[1]
2 **Developing our innovative pipeline**	‹ Published 13 peer-reviewed articles in scientific journals and presented data in 37 peer-to-peer conferences worldwide ‹ Published the RECOVER™ study (key longitudinal study for SUBLOCADE) design and conference abstracts ‹ On track with all SUBLOCADE studies: Post-Marketing Commitment (PMC), Post-Marketing Requirement (PMR), Long-term safety and Lifecycle Evidence Generation and Optimization (LEGO) studies ‹ Awarded a $10.2 million NIH HEAL grant for INDV-2000 (investigational selective orexin-1 receptor antagonist) being studied for non-opoid treatment of OUD ‹ Advanced INDV-1000 (investigational $GABA_B$ positive allosteric modulator): Lead candidate identification and optimization program in partnership with ADDEX Therapeutics ‹ Initiated IND-related activities and dossier preparation in partnership with Aptuit for IDV166001 (investigational selective dopamine D_3 receptor antagonist)
3 **Expanding global treatment**	‹ Obtained marketing approval for SUBLOCADE in Australia ‹ Submitted regulatory filings for SUBLOCADE in Europe, Israel and New Zealand ‹ Established a license agreement with HLS Therapeutics to register and market PERSERIS in Canada upon approval ‹ Submitted SUBOXONE Film regulatory filings in Europe, Canada, Israel and New Zealand (among others)
4 **Developing and fortifying the business**	‹ Structured Integrity & Compliance organization based on Centers of Excellence (COE) with targeted areas of expertise, including Risk Management, Monitoring and Analytics ‹ Reduced total underlying operating expenses (SG&A and R&D combined) by over $120 million[2] from the FY 2017 baseline measure of $586m through headcount reductions and R&D reprioritization initiatives ‹ Exited 2019 with $1,060 million in gross cash; maintaining sound financial stewardship to help buttress against known risks while also enabling strategic growth investments behind SUBLOCADE and PERSERIS

Chief Executive Officer's statement and Q&A

Q: It has been another challenging year in 2019 for Indivior – are more challenges expected in 2020?

As you have read in the Chair's Statement, the U.S. government's action against Indivior certainly was a material development that we have acknowledged and are managing in order to try to achieve the best possible outcome for the Group and its key stakeholders.

At the operational level, we faced significant challenges in 2019, chiefly from the changed market conditions in our core US market for SUBOXONE Film. We had fully prepared for a possible generic product entry to the US Film market and were able to quickly implement the contingency plan we designed for this eventuality. While there were many elements to the plan, the result was net revenue benefits from our introduction of an authorized generic buprenorphine/naloxone sublingual film product that was successfully launched and marketed by our partner, Sandoz Inc., as well as a new and leaner organization that maintained our capabilities and resources to support and grow SUBLOCADE and PERSERIS.

I would like to recognize our workforce for their unwavering passion for helping the underserved patients that we serve. Their team spirit and commitment to our Guiding Principles helped ensure that we delivered on our strategic priorities (page 12). It is truly a testament to the resilience of our organization that has placed us in a good position to continue to grow and expand the awareness of both SUBLOCADE and PERSERIS.

Looking forward to 2020 and beyond, we are fully focused on executing toward our peak net revenue targets of at least $1 billion for SUBLOCADE and $200 to $300 million for PERSERIS. Our 2020 net revenue forecasts of $150 million to $200 million and $15 million to $25 million for SUBLOCADE and PERSERIS, respectively, suggest that we expect to make meaningful progress toward our long-term goals this year.

One of the great characteristics of Indivior is that we always make the best of circumstances, however challenging, including those precipitated by events beyond our control. Our unique culture, commitment to patients, together with the decisive actions we have already taken, will help us to continue to make progress toward our Vision.

Q: Is your core addiction market in the US expected to continue to grow?

We believe the core US buprenorphine medication assisted treatment (BMAT) market will continue to grow for the foreseeable future. In 2019, the US BMAT market grew over 11% on a volume basis (milligrams).

The Executive Office of the President of the United States report titled, 'National Drug Control Strategy' released by the Office of the National Drug Control Policy (the 'Executive Strategy') in February 2020 described a significant treatment gap for substance use disorder (SUD). According to the report, in 2018, an estimated 21.2 million people aged 12 or older needed treatment for SUD, but only 3.7 million received any kind of treatment, and 2.4 million at a specialty facility.

There is a continued bi-partisan effort by the U.S. government and regulators to encourage people into treatment supported by substantial funding allocations. In addition to government efforts, patient advocacy groups and professional medical societies have worked tirelessly educating and advocating that OUD should be recognized as a treatable medical condition, and not a moral failing.

Despite the hard work of these stakeholders and the continued tragic loss of life from overdose, there remains substantial under-treatment of OUD arising from the many years of over-prescribing of opioid-based painkillers. The need for expanded treatment is immense, as 71% of rural counties in the US lack any publicly listed medication assisted treatment (MAT) provider. As such, OUD treatment remains underpenetrated compared to other chronic conditions in the US.

Our Guiding Principles

Focus on patient needs to drive decisions

Seek the wisdom of the team

Believe that people's actions are well intended

Care enough to coach

See it, own it, make it happen

Demonstrate honesty and integrity at all times

Thankfully, the loud chorus of support for MAT is beginning to be heard and funding is becoming available for expanding treatment capacity. It was heartening to see that over 11,000 physicians (a record) became waivered to deliver BMAT, helping to bring total treatment certifications to over 79,000 healthcare professionals (HCPs) (including nurse practitioners and physician assistants) so that even more patients have the opportunity to connect to treatment.

We are hopeful that our efforts, including our direct-to-consumer advertising campaign, will raise awareness of OUD as a chronic disease and help remove the stigma that often prevents those with moderate to severe OUD from seeking help. More broadly, we want people suffering from moderate to severe OUD to know that pharmacotherapy coupled with counseling is available as an option to help them treat their addiction.

Q: Is renewed growth in the markets outside the US expected in the future?

Unmet patient needs in addiction and behavioral health are indeed global. Indivior has a presence in over 40 countries because, tragically, addiction remains a global human health crisis. The United Nations World Drug Report 2019 found that 53.4 million people worldwide (in 2017) used opioids – 56% higher than previous estimates – and that opioids are responsible for two-thirds of the 585,000 deaths attributed to drug use disorders.

As we have described, our short-to medium-term focus is on our core US market because it represents the largest current market for BMAT. In the US, OUD is increasingly being 'destigmatized,' meaning that the medical community and government are recognizing it is as a treatable disease. In fact, the 'Executive Strategy' clearly states that, 'addiction is a disease that can be prevented and treated through sound public health intervention.' As such, funding and treatment capacity are growing, and MAT in the same report is recommended as the standard of care.

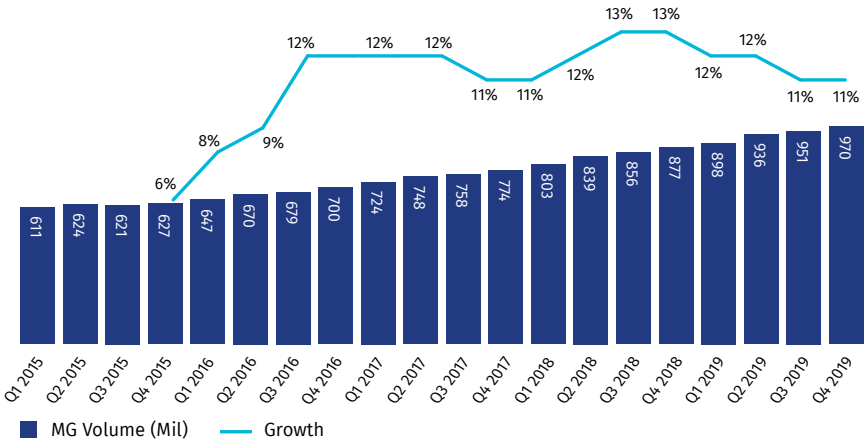
Our longer-term aspiration, however, does contemplate further expansion of our business outside the US – and towards that end we have gained approval to market SUBLOCADE in Canada and Australia. We have also submitted the SUBLOCADE dossier to Europe, Israel and New Zealand for approval and are diligently responding to comments. We anticipate receiving European approvals during 2020 and 2021, and at that time will determine the best path forward for commercialization. We are also seeking approvals for SUBOXONE Film in Europe, Canada, Israel and New Zealand to augment our SUBOXONE Tablet offering in these key markets.

While we continue to commercialize PERSERIS in the US for the treatment of schizophrenia in adults, we are seeking opportunities for this treatment outside the US. Towards that end, we are supporting Toronto-based HLS Therapeutics (HLS) as they seek approval to register and commercialize PERSERIS in Canada.

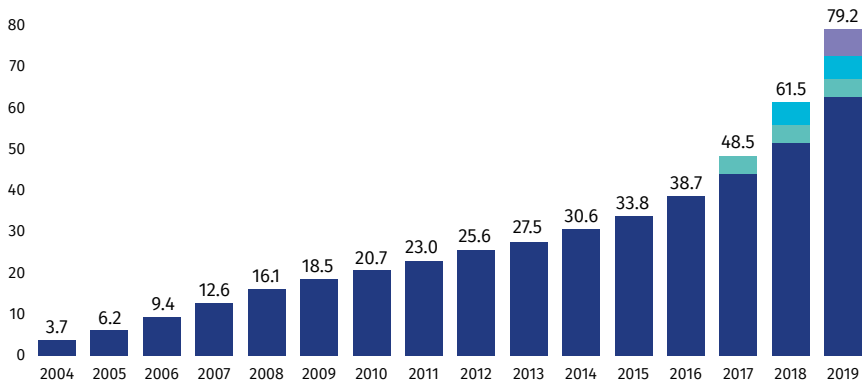
Q: How are you progressing the R&D pipeline?

As part of the contingency plan we undertook over 2018 and 2019, we refocused Indivior's R&D efforts and pipeline. As you would expect, the priorities of this crucial function are aligned with Indivior's most important immediate opportunities. More information can be found in the R&D report on pages 24 and 25.

Five year retail BMAT volume growth (in millions of milligrams)



No. of HCP certifications (cumulative certifications in thousands)



Source: NTIS DEA Certifications; Internal estimates
* 2017 includes 4,571 newly waivered NP/PAs
** 2018 includes 5,510 newly waivered NP/PAs
*** 2019 includes 6,598 newly waivered NP/PAs

NP/PA***
NP/PA**
NP/PA*
MDs

In the near-term, the Group's R&D efforts are primarily focused on advancing the body of scientific evidence relating to SUBLOCADE. This includes the further characterization of the long-term clinical safety and efficacy of SUBLOCADE treatment as well as its impact on health-related quality of life, healthcare resource utilization, and employment. R&D is also pioneering research to investigate potential health economics outcome benefits of treatment with SUBLOCADE. Our longitudinal RECOVER™ Study (REmission from Chronic Opioid use: studying enVironmental and socioEconomic factors on Recovery) is an example of our groundbreaking science in addiction medicine. The study aims to understand the process of recovery and identify factors that promote or hinder treatment success.

R&D is also pioneering the discovery and development of non-opioid treatment strategies for OUD, as well as exploring new therapies to potentially address the needs of people suffering from alcohol and stimulant use disorders. For example, Indivior entered into a partnership with C4X Discovery to develop C4X3256 (INDV-2000), an investigational selective orexin-1 receptor antagonist that is being studied for non-opioid treatment of OUD. We are progressing this novel compound in a Phase 1 clinical trial with the assistance of a National Institutes of Health (NIH) grant we were awarded for this asset. Additionally, R&D is pursuing the development of investigational $GABA_B$ positive allosteric modulators to be studied for the treatment of alcohol use disorder and investigational selective dopamine D_3 receptor antagonists to be studied for OUD and stimulant use disorder in partnership with Addex Therapeutics and Aptuit, respectively.

Moving forward our long-term goal is to capitalize on our scientific and commercial leadership in addiction to diversify into the treatment of other substance use disorders with at least one asset targeting each of the core addictions: opioid, alcohol, cannabis, and psychostimulants.

Q: Are you still confident in achieving your long-term net revenue goals for both SUBLOCADE (>$1 billion) and PERSERIS ($200-300 million)?

We believe these goals are achievable in the long-term and we expect to make good progress in the coming year, as our 2020 net revenue guidance for these products indicates.

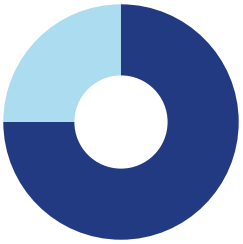
Focusing first on SUBLOCADE, in 2018 and 2019 our energy and resources were primarily dedicated to establishing and improving the new distribution model (prescription journey). This effort has been completed, and SUBLOCADE dispense yields are now consistently over 60% on the first attempt.

Our commercial operation is intensely focused on accelerating patient trial and adoption of SUBLOCADE and improving its net revenue trajectory towards our $1 billion goal. The main ingredients of this effort are:

- Enhanced patient and healthcare professional (HCP) engagement: we are advancing our scientific understanding by collecting additional clinical evidence that may potentially enable us to update our label with further data on patient benefits. We will also continue to invest in the US national DTC campaign ('Keep Moving Towards Recovery') to increase awareness of OUD treatment broadly and SUBLOCADE specifically.
- Channel development: we are working to expand access to treatment within Organized Health Systems (OHS) and the criminal justice system where we believe there is a significant underserved patient population.
- Advocating for addiction treatment: we are proactively engaging at all levels of government in the US to provide education on the importance of MAT, which is helping to advance public policy to increase funding, patient resources and expanded MAT treatment capacity.

2019 net revenue by geography

$785m



Through these efforts we project that SUBLOCADE will attain a growing share of appropriate OUD patients in a BMAT market that is expected to show sustained growth in the coming years as a result of the expansion of patient medication awareness, treatment capacity and available government funding.

PERSERIS is at a much earlier stage of launch compared with SUBLOCADE. However, it will benefit from the strong payer coverage and parity access we have already achieved, along with the already-established distribution infrastructure for long-acting injectables in the treatment of schizophrenia.

The early anecdotal feedback on the launch of PERSERIS is positive with HCPs and patients appreciating treatment initiation in which no supplemental or top-up dosing is recommended, as well as the established efficacy of risperidone in this condition and the monthly dosing interval. Early indicators that the product profile of PERSERIS is attractive is further informed by recent market research we conducted with an independent third-party that indicated that among HCPs aware of PERSERIS 34% indicated that it would either be their first or second treatment option for patients after establishing tolerability with oral risperidone.

Q: Can you talk about how Indivior's approach to integrity and compliance has strengthened in 2019?

We continually assess our Integrity & Compliance program to ensure that it is in keeping with the pace of the evolution of our business. This ongoing process is designed to not only meet the needs of our business today, but also to look ahead and anticipate what our future needs will be.

In 2019, we continued our strong commitment to and investment in benchmarking and evolving our Integrity & Compliance capabilities. Among the many steps taken, this has included:

- Continuing our expansion of the Integrity & Compliance team with credentials in compliance program management;
- Structuring the Integrity & Compliance function based on Centers of Excellence (COE) with specific expertise areas, e.g. Risk Management, Monitoring and Analytics;
- Instilling a learning organization by sharing insights from our monitoring, assessments and internal reviews, as well as relevant external sources to educate and drive continuous capabilities improvement;
- Leveraging independent compliance expertise to test and inform our continued commitment to build and evolve an effective compliance program; and
- Continuing positive reinforcement of a speak-up culture within an already strong culture of reporting.

Q: What is your vision and outlook as you move forward?

Looking forward, I am inspired by the opportunity we have to impact more patient lives in a meaningful way: our groundbreaking DTC campaign is helping more patients connect to potential treatment options and our recent publication of new clinical data helped further build a strong evidence base supporting SUBLOCADE.

Simply – we are aspiring to make progress towards renewed profitable growth with increasing contributions not only from our current products, but also from the potential of new assets that are in early stages (either developed or acquired) that target other substance use and behavioral health disorders.

In the longer-term, we also plan to better balance the business with net revenue from growth opportunities outside of the US that we have targeted for expansion. In addition, through business development and industry partnerships, we plan to undertake increased R&D activity to reestablish a robust and diverse pipeline. We believe that successful execution in these areas has the potential to generate increased levels of earnings and cash flow over the long-term.

Of course, our patient-focused culture will be instrumental to achieving our goals. Delivering on patient needs continues to inspire us at Indivior. Our collective passion and continued unwavering focus on helping patients suffering from stigmatized and socially marginalized diseases will be a key strength to further meaningful progress towards our Vision.

On behalf of all of us at Indivior, thank you to the patients who have shared their personal journey to recovery and to the many stakeholders who work tirelessly to positively impact the lives of those struggling with opioid use disorder and mental health disorders around the world.

I would also like to take this opportunity to thank all of my colleagues for the passion and dedication they demonstrate each day which is truly inspiring patient transformation.

Shaun Thaxter
Chief Executive Officer

1. IMS Institute Report, January 2016, 'Price Declines after Branded Medicines Lose Exclusivity in the US'
2. Actual operating expense savings was $143 million, but included one-off benefits from non-vesting of conditional share awards

“

Looking forward, I am inspired by the opportunity we have to impact more patient lives in a meaningful way: our groundbreaking DTC campaign is helping more patients connect to potential treatment options and our recent publication of new clinical data helped further build a strong evidence base supporting SUBLOCADE.

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Inspiring patient transformation

Our people, culture, expertise and insight, coupled with our innovative technology 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 who is a pioneer in developing innovative prescription treatments for addicted patients.

Our Commitment
We commit to maintaining a robust 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.

Our Guiding Principles

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

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

Financial capital
Indivior employs disciplined asset allocation with a focus on retaining a robust capital base to ensure flexibility in addressing legal matters, agility in managing unknown market impacts, and the ability to pursue identified growth opportunities.

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 is a well-aligned adjacency for our business.

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 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.

3 Manufacturing

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

4 Sales and marketing

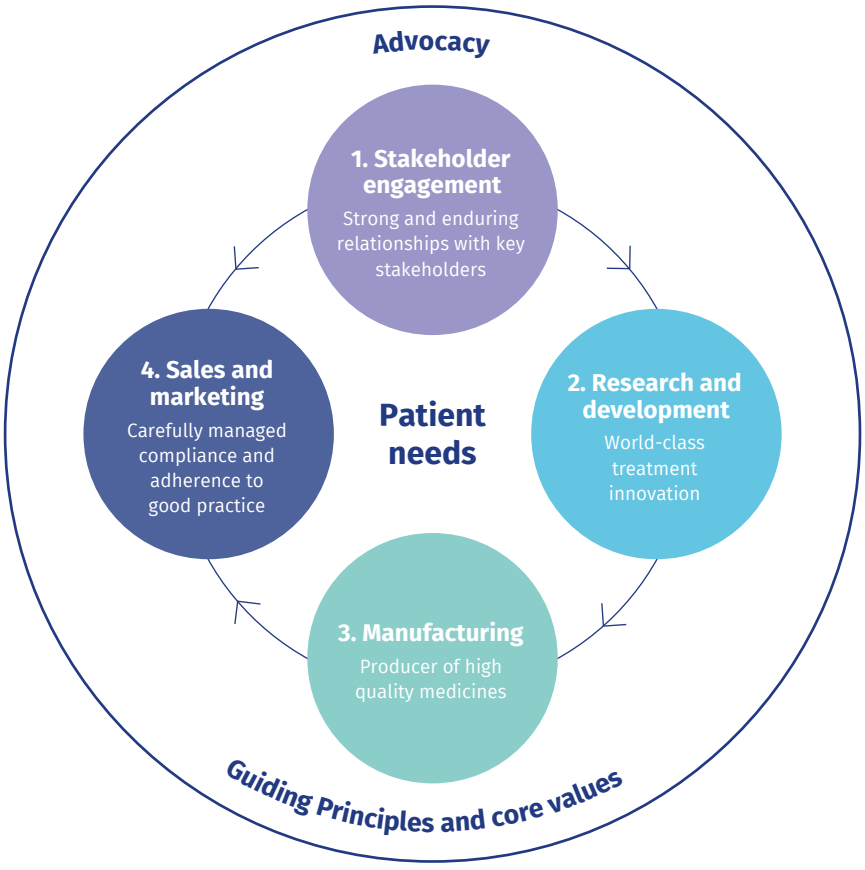
Our aim is to deliver high-quality products and accurate information, and maintain strong and credible relationships with customers and key stakeholders.

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.



Stakeholder engagement

At Indivior, we believe that regular engagement with our stakeholders is fundamental to developing and maintaining a sustainable business model. Understanding the views and focus areas of our stakeholders helps to inform our decision making process and to drive progress towards realizing the Group's Purpose, Vision and Mission.

The table opposite summarizes our key stakeholders and their areas of interest. It outlines how we engage with each group and includes key examples of our engagement activities during 2019. We regularly review our understanding of each stakeholder group, their focus areas, and our efforts to identify further opportunities to strengthen and learn from these relationships. We also deploy experienced and qualified employees to conduct our stakeholder engagement activities. These employees include members of our Board and senior management team, governance, investor relations, government and corporate affairs teams, supported by a number of external advisors.

Our stakeholders	Why they matter to us
Patients and Healthcare Providers (HCPs)	
Patient needs and the informational requirements of HCPs are fundamental to the success of the business	‹ Indivior's vision – all patients around the world will have access to evidence-based treatment for the chronic conditions and co-occurring disorders of addiction ‹ Indivior is committed to pioneering innovative and accessible treatments for addiction and its co-occurring disorders
Workforce	
Indivior has an experienced, passionate and dedicated workforce, who are committed to our Vision	‹ Indivior wishes to ensure that its workforce shares the common purpose of realizing Indivior's Vision and culture which is critical to its success ‹ Indivior believes that a diverse, inclusive workplace and engaged workforce enables innovation and continuous improvement of quality
Current and potential shareholders	
Current and potential shareholders have an interest in the performance and long-term prospects of the business	‹ The Board has fiduciary responsibilities to promote the long-term sustainable success of the Company ‹ Shareholders provide important feedback to the management team ‹ The investment community should fully understand Indivior's strategy, performance, earnings potential and capital allocation priorities
Debt holders	
Access to capital is essential to maintaining a robust capital base and financial flexibility	‹ Continued access to capital is vital to the long-term performance of the business, providing financial flexibility and liquidity ‹ The investment community should fully understand Indivior's strategy, performance, earnings potential and capital allocation priorities

How we engage	What matters to them	2019 examples
‹ Responsible and compliant sales and marketing activities ‹ 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 ‹ Regular dialogue with representative patient groups ‹ Regular advocacy activity	‹ Access to treatment ‹ Product safety, quality and efficacy ‹ Accurate and up-to-date information about the Group's products	‹ Publication of Indivior sponsored studies to advance the scientific understanding of addiction and the Group's products ‹ Commencement of US nationwide 'Keep Moving Towards Recovery' information campaign in November ‹ Publication in peer-reviewed publications (13) and conferences (37)
‹ Annual Culture Surveys ‹ Regular 'Town Hall' Events hosted by senior management ‹ Dedicated Culture Champions network ‹ Personal Development Reviews ‹ Engagement events with the Board	‹ A shared commitment to our vision and patients ‹ A workplace that supports and fosters diversity, inclusion, flexibility, responsible business practices and clear communication channels	‹ Employee engagement event between the designated Non-Executive Director (NED) and Culture Champions ‹ Lunch hosted by the Board at Richmond headquarters ‹ Town Hall events across Group locations ‹ Further information regarding workforce engagement can be found on page 60
‹ Dedicated senior-level investor relations function ‹ Corporate website, including a distinct investor section ‹ Results presentations and regular engagement with major shareholders ‹ Participation in Healthcare sector investor conferences ‹ Frequent analyst consultations	‹ Thorough understanding of value-enhancement strategy and business model ‹ Financial and share price performance ‹ Prudent cash management and effective risk management ‹ Governance, quality of leadership and transparency ‹ Corporate responsibility performance	‹ Regular dialogue between members of the Board, senior management and Company's major shareholders and analysts ‹ Quarterly public financial reporting and half yearly face-to-face results presentations with the investment community ‹ Regular attendance at Healthcare investor conferences
‹ Dedicated senior-level investor relations function ‹ Corporate website, including a distinct investor section ‹ Results presentations and regular engagement with major debt holders	‹ Financial stewardship and performance ‹ Risk management effectiveness ‹ Governance and oversight ‹ Compliance with debt agreement covenants	‹ Regular dialogue with senior management and the finance team in relation to the Group's banking arrangements and compliance with covenants ‹ Quarterly public financial reporting ‹ Maintenance of debt ratings

Stakeholder engagement continued

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, amongst 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 other material stakeholders;
- 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
- need to act fairly between members of the Company.

In discharging its section 172 duties the Board has 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, 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 business.

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 page 56

Our stakeholders	What matters to them
Suppliers	
Indivior's supply chain is critical to the effective and continuous conduct of the Group's day-to-day business activities	‹ Maintenance of product quality is essential ‹ Ensuring that Indivior's activities are supported by a reliable and effective supply chain
Communities	
By working with community groups, including charities and patient advocacy groups, we can amplify the need to address the addiction crisis and bring together patient support groups and networks	‹ Indivior supports groups and charities that offer assistance to patients and families affected by addiction ‹ Indivior's activities should not cause nuisance, pollution or disruption ‹ 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	
Indivior works with governing bodies, regulators and professional advisors to enable it to operate within the appropriate regulatory and legal requirements	‹ Maintaining the Group's overall licence to operate ‹ The Group understands its obligations under laws and regulations
Media	
Stakeholders require up-to-date, timely, complete and accurate information about the Group	‹ Key stakeholder relationships are managed through accurate and up-to-date news and information in the media

Why they matter to us	How we engage	2019 examples
‹ Uninterrupted supply of key materials, ingredients, and services ‹ Audits of product distributors	‹ Indivior's supply chain requirements and terms of business ‹ Contractual terms and payment timings ‹ Indivior's future development plans ‹ Tender process details ‹ 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
‹ Engagement with NGOs that address addiction related issues ‹ Response mechanism to queries concerning the Group's operations or products ‹ Local initiatives that support community and charitable organizations ‹ Sponsorship and Collaborative Agreement support	‹ Indivior's approach to the global addiction crisis ‹ Indivior's support for patient advocacy groups, medical societies, NGOs and charities that address people who are affected by addiction	‹ Sponsorships of patient advocacy organizations to provide education on OUD and treatment options ‹ Various workforce events to support charities in the field of addiction or mental health; ‹ Introduction of Indivior Volunteer Policy to enable employees to paid time off to take part in volunteer activities
‹ Regular reporting and communications about governance and regulatory matters ‹ Provision of engagement mechanisms with governments and regulators ‹ Dialogue with Environment Social Governance (ESG) focused research agencies ‹ Regular internal communications and training about compliance and regulatory matters	‹ The required quality of treatments delivered to patients is maintained ‹ Marketing and distribution activities are conducted responsibly and within the applicable laws and regulations ‹ Ensuring that Indivior's wider activities are conducted within the law and the applicable regulations	‹ Expansion of the Integrity & Compliance team ‹ Structured Integrity & Compliance Organizations based on Centers of Excellence with targeted areas of expertise, including Risk Management, Monitoring and Analytics ‹ Refreshment of Global Code of Conduct
‹ Provision of a dedicated Corporate Affairs and Communications team supported by professional advisors ‹ Regular and timely distribution of Group news and information via the intranet, the Group's website and news distribution services	‹ Accurate and timely news and information about Indivior's activities ‹ Dedicated points of contact for further information and clarification	‹ Timely and regular news releases from the Group concerning all material aspects of its activities during the year ‹ Commencement of US nationwide 'Keep Moving Towards Recovery' campaign in Q4 2019 to heighten awareness of treatment with SUBLOCADE

Focusing on patient needs to advance treatment innovation

Christian Heidbreder
Chief Scientific Officer

The magnitude and dynamic nature of the global addiction crisis requires significant investments in research and development (R&D).

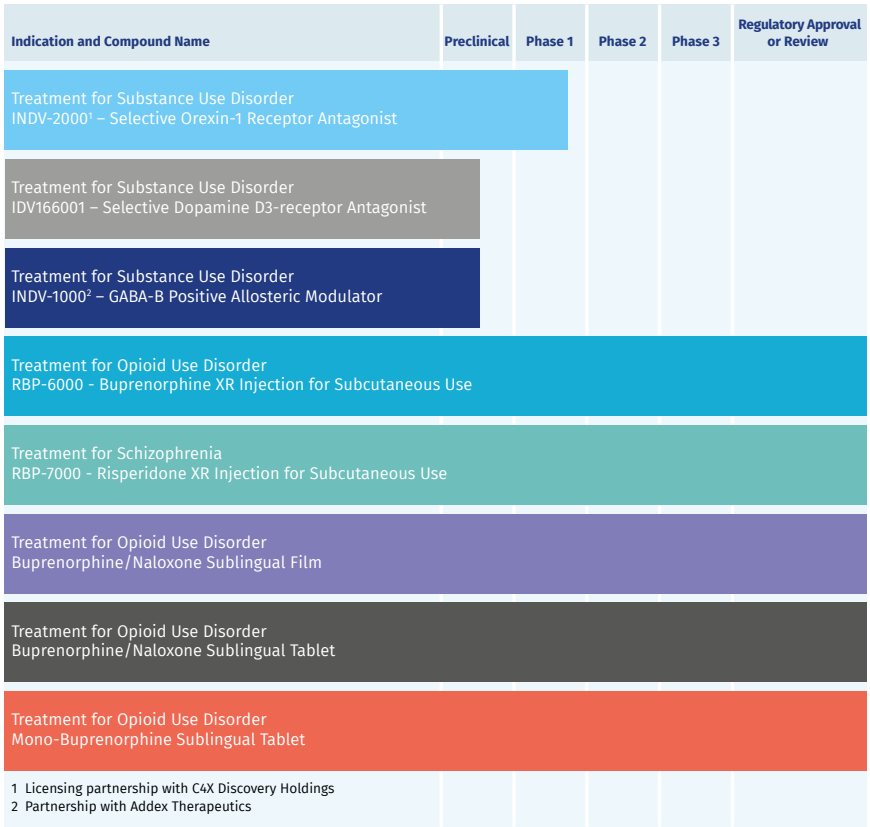
These investments enable us to demonstrate that comprehensive drug treatment strategies lead to better outcomes. In turn, improved clinical outcomes may ultimately offset medical costs associated with substance use disorders (SUDs), and the associated costs of incarceration, shelter and welfare when these burdensome conditions go untreated.

In 2019, Indivior's core guiding principle – a focus on patient needs to drive decisions – continued to drive R&D to advance treatment innovation. In particular, we focused on the importance of continuity of care, monitoring patient progress in the short, medium and long term, and understanding better the neurobiological underpinnings of SUDs.

To this end, during the year our R&D team released 13 peer-reviewed publications and delivered 37 conference presentations around the world.

Topics covered include: the clinical efficacy and safety of our once-monthly extended-release formulation of buprenorphine for the treatment of opioid use disorder (OUD) (SUBLOCADE);[1] the long-term safety of our once-monthly extended-release formulation of risperidone for the treatment of schizophrenia (PERSERIS);[2] the pharmacokinetics of sublingual buprenorphine tablets in Chinese subjects;[3] the possible root causes of buprenorphine diversion and misuse;[4] and testing the hypothesis that high plasma concentrations of buprenorphine may block the effects of respiratory depression produced by fentanyl.[5]

For the first time, we also released a series of scientific papers prospectively examining the effects of SUBLOCADE and PERSERIS treatment on patient-centered outcomes. These outcomes include health status, health-related quality of life, medication satisfaction and healthcare resource utilization, as well as employment and health insurance status. We also shared the design and baseline characteristics of our RECOVER™ Study (REmission from Chronic Opioid use: studying



enVironmental and socioEconomic factors on Recovery), along with up to 12 months of longitudinal data. This study looks at the demographics, drug use, drug treatment, family relationships, quality of life, mental and physical health, healthcare utilization, crime, housing, employment, and urine drug screening of subjects who had participated in our SUBLOCADE pivotal Phase III trial.

We firmly believe that the scope and duration of these assessments may lead to important new insights into models of recovery. This will allow researchers, clinicians and patients to more accurately characterize the process of recovery, identify factors that promote or hinder success, and potentially develop new and personalized treatment strategies. In order to strengthen this approach, in December 2019 we announced a new partnership with the Virginia Polytechnic Institute and State University.

Geographical expansion was another major focus of R&D in 2019, with the regulatory approval of SUBLOCADE in Australia, and regulatory filings and responses to queries regarding

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In 2019, we focused on the importance of continuity of care, monitoring patient progress in the short, medium and long term, and understanding better the neurobiological underpinnings of SUDs.

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SUBOXONE sublingual film (Israel, Europe, Canada and New Zealand) and SUBLOCADE (Israel, Europe and New Zealand). In addition, we announced an agreement to divest the rights to SUBOXONE sublingual tablets (Sai Bo Song) in China to Zhejiang Pukang Biotechnology Co., Ltd. We also executed a license agreement with HLS Therapeutics to obtain regulatory approval for, and ultimately commercialize, PERSERIS in Canada.

We are currently pioneering non-opioid treatment strategies for OUD as well as new therapies, if approved, to help address the needs of patients addicted to alcohol and psychostimulants. To this end, in 2019 we entered into a partnership with C4X Discovery to develop C4X3256, investigational selective orexin-1 receptor antagonist to be studied for the non-opioid treatment of OUD. In September, the National Institutes of Health (NIH) granted Indivior an award for its application entitled *Clinical Evaluation of C4X3256, a Non-Opioid, Highly-Selective Orexin-1 Receptor Antagonist for the Treatment of Opioid Use Disorder.* This was pursuant to Funding Opportunity Announcement RFA-DA-19-002, dedicated to the development of medications to prevent and treat OUD and overdose. Finally, our R&D team is pursuing the development of investigational $GABA_B$ positive allosteric modulators to be studied for the treatment of alcohol use disorder, and investigational selective dopamine D_3 receptor antagonists to be studied for OUD and stimulant use disorder in partnership with Addex Therapeutics and Aptuit, respectively.

For the first time, in 2019 we released a series of scientific papers prospectively examining the effects of SUBLOCADE treatment on patient-centered outcomes. These outcomes include health status, health-related quality of life, medication satisfaction and healthcare resource utilization, as well as employment and health insurance status.[6] We also shared the design and baseline characteristics of our RECOVER™ Study (REmission from Chronic Opioid use: studying enVironmental and socioEconomic factors on Recovery), along with up to 12 months of longitudinal data. This study looks at the demographics, drug use, drug treatment, family relationships, quality of life, mental and physical health, healthcare utilization, crime, housing, employment, and urine drug screening of subjects who had participated in our SUBLOCADE pivotal Phase III trial.[7]

We firmly believe that the scope and duration of these assessments may lead to important new insights into models of recovery. This will allow researchers, clinicians and patients to more accurately characterize the process of recovery, identify factors that promote or hinder success, and potentially develop new and personalized treatment strategies. In order to strengthen this approach, in December 2019 we announced a new partnership with the Virginia Polytechnic Institute and State University.

1. Haight BR et al. (2019) The Lancet, 393 (10173): 778–790. https://doi.org/10.1016/S0140-6736(18)32259-1; Schmith VD et al. (2019) Clin Pharmacol Ther, 106(3): 576–584. https://doi.org/10.1002/cpt.1406
2. Andorn A et al. (2019) J Clin Psychopharmacol, 39(5): 428–433. https://doi.org/10.1097/JCP.0000000000001076
3. Dong R et al. (2019) Drugs in R&D, 19(3): 225–265. https://doi.org/10.1007/s40268-019-0277-9
4. Chilcoat HD et al. (2019) J Subst Abuse Treat, 104: 148–157. https://doi.org/10.1016/j.jsat.2019.07.005
5. Wiest K et al. (2019) Annual Meeting of the American Society of Addiction Medicine (ASAM), April 4–7, Orlando, FL.
6. Ling W et al. (2019) J Addiction Med, 13(6): 442–449. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6844648/; Ling W et al. (2019) Subst Abuse Rehabil, 10: 13–21. https://doi.org/10.2147/SAR.S198361; Ling W et al. (2019) J Subst Abuse Treat, 110: 1–8. https://doi.org/10.1016/j.jsat.2019.11.004; Dhanda R et al. (2019) Patient Preference & Adherence, 2019(13): 1037–1050. https://doi.org/10.2147/PPA.S202173
7. Ling W et al. (2019) Contemp Clin Trials, 76: 93–103. https://doi.org/10.1016/j.cct.2018.11.015; Ling W et al. (2019) 50th Annual Meeting of the American Society of Addiction Medicine (ASAM), April 4–7, Orlando, FL.

Managing our business responsibly to achieve our Vision

Indivior's approach to responsible business is an intrinsic part of its business model. It drives the delivery of the Group's Purpose, Mission and Vision. To ensure ongoing progress in this area, Indivior's management team aims to continuously develop, monitor and discuss all relevant processes and initiatives.

This section provides an overview of Indivior's responsible business activities during the year and its overall approach. Further information can be found in the responsibility section of the Group's website (www.indivior.com).

Reporting, investor dialog and ratings

The Group conducts regular dialog with its investors and other interested stakeholders about responsible business. The scope of this dialog encompasses issues such as the environmental and climate change, employee health and safety, product quality and safety, community matters, business conduct and stakeholder relations. Indivior also participates in several investment community focused 'ESG' (environment, social, governance) research exercises.

Since becoming independent in 2014, the Group has been a member of the FTSE4Good index series and regularly receives satisfactory ratings from ESG agencies.

In 2019, Indivior sustained its long-term commitment to compliance by driving a culture of learning and integrity, and compliance program vision.

Highlights of its activities of Indivior's Integrity & Compliance department in 2019

- Indivior continued the strategic expansion of the Integrity & Compliance team with credentials in compliance program management;
- The Executive Committee (EC) assumed the role of the Indivior Compliance Committee to support the Chief Integrity & Compliance Officer in the administration of the Indivior Compliance Program. The EC has cast a strong leadership shadow and plays an active and integral role in the continued evolution of the program;
- The department was structured based on Centers of Excellence (COE) with targeted areas of expertise, including Risk Management, Monitoring and Analytics;
- Indivior's Global Code of Conduct was refreshed ('Doing the Right Things Right') applying a process that included cross-industry standards benchmarking and associated training for the workforce;
- The department inspired a *learning organization* by sharing insights from its assessments, monitoring and internal reviews, as well as relevant external news, to educate and drive continuous program evolution;
- The department leveraged its independent compliance expertise to test and inform Indivior's continued commitment to build and evolve an effective compliance program; and
- Within an already strong culture of reporting, management at all levels embraced continued reinforcement of a speak-up culture.

Environment, climate change and health and safety

Indivior's main impacts relate to activities at the fine chemical plant in Hull, UK, where buprenorphine is produced. This involves a carefully monitored and managed manufacturing process using potentially hazardous materials.

Indivior maintains a strong working relationship with the local regulatory agencies (for example, the UK Environment Agency) and closely monitors emissions to air and other environmental indicators, such as groundwater samples. The facility has an excellent environmental and health and safety track record and experienced no material incidents during 2019.

Patient safety and product quality

Patient safety and product quality have always been embedded in Indivior's culture and are key elements of the Group's patient-focused business model. The management team views this aspect of the business as fundamental to the integrity of its day-to-day activities. Additionally, Indivior's management promotes a culture of innovation and quality, which it believes is critical to maintaining patient trust. This culture enables workforce empowerment to foster and drive excellence.

Indivior has constructed and constantly evolves a robust pharmacovigilance management system. These processes monitor the safety of the Group's marketed and investigational products in a comprehensive and thorough manner. Indivior's work in this area includes deploying an FDA-required Risk Evaluation and Mitigation Strategies (REMS) program to mitigate the risk of accidental overdose misuse and abuse of SUBOXONE Film, and to inform prescribers, pharmacists, and patients of the serious risks associated with SUBOXONE. Similarly, Indivior has and maintains an FDA-required REMS program for SUBLOCADE in the US to mitigate the risk of serious harm or death that could result from intravenous self-administration. Globally, risk management plans are being enhanced to minimize these risks in other countries.

Communities

In 2019, Indivior introduced a Volunteer Time Off Program to support employee volunteer activities in the communities in which we live and work. The intention of this program is to create community engagement opportunities for employees that are meaningful, purposeful and helpful to those in need. At the same time, the Executive Committee recognizes that by contributing and participating in volunteering activities the lives of our employees will also be enriched and developed. 'Community' is not defined as just local community but may encompass a global perspective.

Patient Help Foundation

In 2019, the Indivior Patient Help Foundation provided SUBOXONE Film product valued at approximately $9.4m through its patient assistance program in the US.

Based on a review of patient needs, the Foundation discontinued its Suboxone Film Patient Assistance Program at the end of 2019.

Support for patients

Indivior provides resources that help patients and their families become educated about opioid addiction. Our websites have tools to provide patients with a list of DATA-waivered practitioners qualified to treat opioid dependence with medications approved by FDA for the treatment of OUD. With information about counseling, the treatment journey, and support navigating the insurance process, Indivior enables patients and their caregivers to take the next step on their path to recovery. For eligible patients with private insurance, our INSUPPORT program may be able to help with copay assistance/savings; terms and conditions apply.

Greenhouse gas emissions

Type	Tonnes of CO_2e
Scope 1	699
Scope 2 location-based	2190
Scope 2 market-based	2592
Scope 3	140
Total emissions location-based	**3029**
Total emissions market-based	**3431**
Per tonne of production location-based	1074
Per tonne of production market-based	1216

Business conduct

As outlined in the new Global Code of Conduct 'Doing The Right Things Right', Indivior has established policies and procedures to help ensure compliance with all applicable laws, regulations and industry codes of conduct in the countries where the Group operates. This approach applies to the entire Indivior workforce and contractors, in addition to processes relevant for engagement of third-parties.

Indivior maintains, regularly reviews and enhances its integrity & compliance program. This process is managed by our Integrity and Compliance department, which is led by a Chief Integrity & Compliance Officer. The department's wide-ranging remit covers matters such as compliance program strategy, governance, communications, workforce training and development, and ongoing risk awareness and mitigation. It helps assure that Indivior's operations are conducted in line with all applicable requirements, including Guidance from the Office of Inspector General for the U.S. Department of Health and Human Services. Other examples are the industry codes of ethics published by the Pharmaceutical Research and Manufacturers of America (PhRMA), the Association of the British Pharmaceutical Industry (ABPI), Innovative Medicines Canada (IMC), and Medicines Australia.

People

The Group has a variety of employment policies and practices that create a framework to ensure that Indivior is an employer of choice and that it provides a fair, equitable and conducive working environment that is free from discrimination and harassment. The Human Resource team is tasked with maintaining a comprehensive policy framework in line with good practice.

Indivior regards its employees as fundamental to its long-term success. The Group strives to provide a working culture and environment in line with this ambition. The Group conducts a variety of training, development and communication programs to achieve this aim and ensure that employees conduct their activities in line with its Guiding Principles (page 13). Examples include:

- The Culture Champions program;
- Regular culture surveys and performance reviews; and
- Town hall communication events, attended by members of the senior management team and consistent and transparent internal communication mechanisms, including a secure and confidential intranet.

At December 31, 2019, Indivior employed 796 people worldwide (2018: 915).

Culture Champions

The Group's Culture Champions are a network of nearly 50 employees from around the world who act as ambassadors and create opportunities for greater engagement and sharing of best practices. Champions are tasked with proposing ideas and implementing activities to drive a positive culture, in collaboration with Human Resources, managers and leaders.

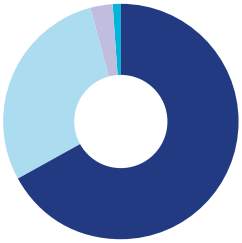
To reinforce its culture and Guiding Principles, in 2019 the Group implemented an on-line training program to supplement the live training. Employees are now expected to complete both modules to understand and quickly begin exemplifying our values and Guiding Principles.

Indivior employed

796 people

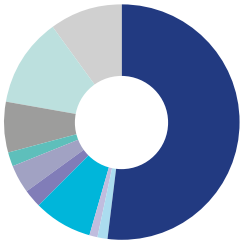
worldwide at December 31, 2019 (2018: 915)

Territories



- United States of America: 532
- Europe, Middle East, Africa and Canada: 234
- Australasia: 28
- China: 2

Employment function



- Commercial: 414
- Compliance: 12
- Corporate Affairs and Communications: 5
- Finance: 62
- Human Resources: 20
- Information Technology: 33
- Legal and Governance: 14
- Medical: 55
- Research and Development: 100
- Supply: 81

Gender diversity

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

As at December 31, 2019	Total	Women	%	Men	%
Directors of Indivior plc	10	2	20	8	80
Senior managers *	48	12	25	36	75
All employees	796	402	51	394	49

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

Advocacy and public policy

Indivior advocates on public policy issues relevant to the Group by engaging responsibly with public officials, policymakers and stakeholders at all levels of government.

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; and
- 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), including treatment with buprenorphine (BMAT), is a critical part of the solution to the nation's 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 new, evidence-based buprenorphine long-acting injectable medications are innovations in medication-assisted treatment for opioid use disorder and 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; and
- Supporting the enforcement of the US Parity Act: Indivior supports robust education, enforcement and awareness of US federal and state parity laws and advocates to strengthen where necessary, working together with key external stakeholders.

Supporting advocacy groups

Indivior continues to support advocacy groups for those affected by opioid use disorder. This includes organizations like Shatterproof.

Shatterproof is a national non-profit organization dedicated to reversing the addiction crisis in the United States. Indivior's support for Shatterproof enabled the organization to develop and promote specific advocacy programs.

Shatterproof helps individuals and families learn how to navigate insurance policies and rules, and what to look for in a qualified provider (National Treatment Quality Initiative).

Shatterproof developed 'The Real Cost of Substance Use to Employers' tool that provides business leaders with specific information about the cost of substance use in their specific Workplace. Perhaps their most important advocacy initiative targets stigma with 'Rise Up Against Addiction' 5K run/walks in several major cities.

Non-financial information statement

Indivior is committed to transparency concerning its corporate responsibility and non-financial impacts and opportunities, the disclosure of other non-financial information where it is relevant to shareholders and other key stakeholders and to complying 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 the Group's approach, policies and performance.

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

Business model

An explanation of Indivior's business model can be found on pages 18 to 19 of this annual report.

Description of principal risks, and impact on business activity

A description of the principal risks and their potentially adverse impacts on the business can be found on pages 39 to 44 of this annual report. Further detail is also provided below.

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 policy		p27	‹ Greenhouse gas emissions
Employees	‹ Occupational Health and Safety Policy Records ‹ Field-Based Medical Personnel Policy	‹ Business operations risk information	p27, 28	‹ Health and safety data ‹ Employee data
Human rights	‹ Diversity and inclusion policy ‹ UK Modern Slavery Statement		p28	‹ Employee gender diversity figures
Social matters	‹ Information Management Policy ‹ Data Protection Policy ‹ Healthcare professionals interaction policy	‹ Product pipeline, regulatory and safety risk information ‹ Commercialization risk information ‹ Economic and financial risk information ‹ Supply chain risk information ‹ Legal and intellectual property risk information ‹ Compliance risk information	p94	‹ Political donations
Anti-corruption and bribery	‹ Anti-bribery policy ‹ Whistleblowing policy			

A summary of the Group's policies in this area are available within the responsibility sections of the Group's website (www.indivior.com). There is also a link to the Group's UK Modern Slavery Act 2015 statement at the foot of the home page.

The Group also has a Global Code of Conduct called 'Doing the Right Things Rights' which was refreshed in 2019. This addresses many of the stated policy areas and is available for download from the corporate governance section of the Group's website.

Financial review

Period to December 31st (as reported)

	2019 $m	2018 $m	% Actual FX	% Constant FX
Net revenue	**785**	1005	-22	-21
Operating profit	**178**	292	-39	-36
Net income	**134**	275	-51	-47
EPS (cents per share)	**18**	38	-53	-46

2019 Operating Highlights

- US BMAT market growth continued at low double-digit levels; growth continues to be driven primarily by government channels.
- SUBOXONE Film market share averaged 32% (2018: 53%) and exited 2019 at 24% (2018: 53%). Share erosion since the 'at-risk' launch of generic buprenorphine/naloxone film products in February 2019 has been lower than suggested by historical industry analogues.
- Indivior notified partner Sandoz Inc. of its intention to cease its authorized generic buprenorphine/naloxone sublingual film program in response to the passage of H.R. 4378. Final shipments of Indivior-produced authorized generic buprenorphine/naloxone film were made in Q4 2019.
- SUBLOCADE key performance indicators (KPIs) continued to improve; dispense yield consistently over 60%, while healthcare professional (HCP) initiations and administrations also increased during the year.
- US DTC advertising campaign launched to increase patient and HCP awareness of BMAT and SUBLOCADE.
- PERSERIS (risperidone) extended-release injection net revenue was in-line with the Group's expectations.

Operating Review

US Market Update

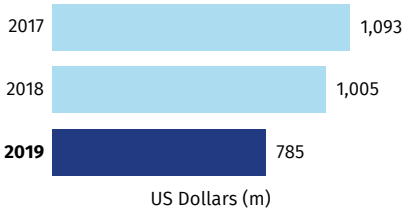
The market for BMAT products continued to grow at low double-digit rates in 2019 versus the comparable period in 2018. Market volume growth benefited both from increased overall public awareness of the opioid epidemic and approved treatments, and from regulatory and legislative changes that have expanded opioid use disorder (OUD) treatment funding and treatment capacity. States are also realizing that providing treatment brings substantial value to both patients and society, but BMAT remains underutilized.

In response, both the number of physicians who have received a waiver to administer medication-assisted treatment and those able to treat to the permitted level of 275 patients continued to grow in 2019. The number of nurse practitioners and physician assistants who have received a waiver also continued to grow in 2019. Indivior supports efforts to encourage more eligible healthcare practitioners to provide treatment, and the Group continues to invest in expanding its compliance program to meet the growing number of BMAT prescribers and patients.

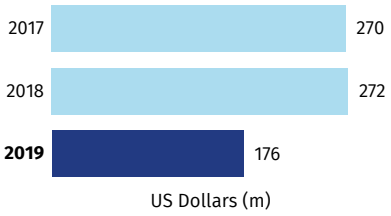
On February 19, 2019, the market for generic buprenorphine/naloxone film products began to form rapidly after the Court of Appeals for the Federal Circuit (CAFC) vacated the preliminary injunction (PI) granted to Indivior against Dr. Reddy's Laboratories (DRL) and Alvogen Pine Brook LLC (Alvogen).

As a result of the launch of generic buprenorphine/naloxone film products, branded SUBOXONE Film experienced significant market share loss in 2019, albeit at a lower rate than suggested by historical industry analogues. SUBOXONE Film market share exiting 2019 was 24% compared to 2018 exit share of 53%. Overall formulary access for SUBOXONE Film remains above expectations at this point in its lifecycle. However, Indivior prudently assumes the pace of market share loss will intensify for SUBOXONE Film, ultimately resulting in a branded market share position in-line with industry analogues. However, the timing for reaching this level is uncertain at this point.

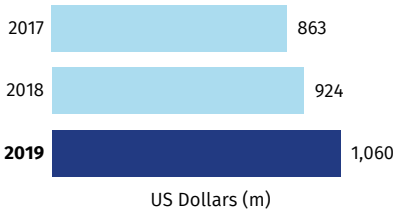
Net Revenue



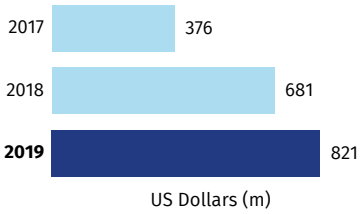
Adjusted Net Income*



Cash Balance



Net Cash



* excluding exceptional items (further details on page 34)

On October 15, 2019, Indivior notified partner Sandoz Inc. of its intention to cease its authorized generic buprenorphine/naloxone sublingual film program in response to the passage of H.R. 4378 – Continuing Appropriations Act, 2020, and Health Extenders Act of 2019 (the 'legislation'). The legislation, which came into effect on October 1, 2019, included changes to the methodology for calculating the average manufacturer price (AMP) for branded drugs that prohibit including the Group's authorized generic offering in its AMP calculation, but maintaining the Group's authorized generic offering as the 'best price' for calculating mandatory rebates.

As a consequence of this change, mandatory rebating in U.S. government channels increased. Based on the current business dynamics and material discounting already provided to U.S. government accounts and managed Medicaid entities, this legislative change would have resulted in negative gross profit on SUBOXONE Film in the majority of U.S. government channels. The Group's decision to terminate the authorized generic buprenorphine/naloxone film program has not affected availability of branded or generic buprenorphine/naloxone film, but enables Indivior's ability to resource SUBLOCADE, its once-monthly depot buprenorphine for moderate to severe opioid use disorder patients.

Final shipments of Indivior-produced authorized generic buprenorphine/naloxone film were made in the fourth quarter of 2019 and, as such, the Group does not expect any further impact to its US business from the legislation discussed above.

Indivior made good progress in the following KPIs that it believes will drive accelerated net revenue growth for SUBLOCADE in pursuit of its $1 billion-plus peak net revenue goal.

SUBLOCADE Prescription Journey KPIs as of December 31, 2019:

- Formulary Access is at 89% of covered US lives.
- The Prescription Journey is at or above target (12 to 17 days).
- The Dispensing Yield Rate is consistently over 60%.

SUBLOCADE Demand KPIs (December 31, 2019 vs. December 31, 2018):

- HCPs Initiating a Prescription increased to 4,338 versus 2,430.
- HCPs Administered SUBLOCADE increased to 3,083 versus 1,325.
- HCPs Administered SUBLOCADE to 5-plus patients increased to 924 versus 232.

Financial performance

Total net revenue in 2019 decreased 22% to $785m (2018: $1,005m) at actual exchange rates (-21% at constant exchange rates).

2019 US net revenue decreased 25% to $589m (2018: $790m). The US BMAT market continued to grow at low double-digit rates, primarily from strength in government channels. Net revenue contribution from the authorized generic buprenorphine/naloxone film program until termination in the fourth quarter of 2019 and SUBLOCADE net revenue of $72m (2018: $12m) were more than offset by SUBOXONE Film share loss due to the introduction of generic buprenorphine/naloxone film alternatives in the first quarter 2019.

2019 Rest of World net revenue decreased 9% at actual exchange rates to $196m (2018: $215m) (-3% at constant exchange rates). During the year, expected volume and pricing impacts from ongoing austerity measures in certain European markets were partially offset by continued growth in Australasia.

2019 gross profit was $645m, or 82% of net revenue (2018: $877m; margin 87%). The decline in gross profit was principally due to lower overall net revenue from branded SUBOXONE Film together with impacts from legislation that included new methodology for calculating SUBOXONE Film's mandated rebate within U.S. government channels, unfavorable product mix related to the Group's authorized generic buprenorphine/naloxone film and inventory adjustments. With the termination of the authorized generic program, the Group expects SUBOXONE Film to generate positive gross margin contribution from government channels going forward.

2019 SG&A expenses as reported were $414m (2018: $494m) and included exceptional costs of $24m. The exceptional costs comprised of $20m primarily related to redundancy costs and supply chain restructuring, $8m related to potential redress for ongoing intellectual property related litigation, and $4m of income from the 2018 out-licensing agreement related to the Group's intranasal naloxone opioid overdose patents. 2018 SG&A expenses included net exceptional costs of $16m. The exceptional costs comprised $13m related to restructuring and $40m related primarily to potential redress for ongoing intellectual property related litigation, partially offset by a $37m gain from the out-licensing related to the Group's intranasal naloxone opioid overdose patents.

On an adjusted basis 2019 SG&A expenses declined 18% to $390m (2018: $478m). The decline largely reflects savings from streamlining actions, including significant headcount reduction actions completed in Q1 2019.

2019 R&D expenses as reported decreased by 42% to $53m (2018: $91m). Excluding exceptional items of $24m in 2018 related to the impairment of the Arbaclofen Placarbil and ADDEX lead compounds, 2019 R&D expenses decreased by 21% (2018: $67m). This primarily reflects lower clinical activity and the reprioritization of R&D activities principally to support SUBLOCADE Health Economics and Outcomes Research (HEOR), the generation of scientific evidence supporting SUBLOCADE, as well as post-marketing study requirements and commitments for SUBLOCADE and PERSERIS.

On an adjusted basis, 2019 operating expenses (SG&A and R&D expenses combined) were $443m, consistent with company guidance of $440m-$460m, including incremental marketing expenses in the fourth quarter of 2019 to develop and launch the DTC campaign for SUBLOCADE. These expenses were partially offset by one-off benefits primarily related to the non-vesting of conditional share awards.

2019 operating profit as reported was $178m, 39% lower compared to the prior year (2018: $292m). On an adjusted basis, 2019 operating profit was $202m (26% margin), a decrease of 39% versus $332m (33% margin) in 2018. The decrease in 2019 adjusted operating profit primarily reflects overall lower SUBOXONE Film net revenue and lower gross profit that was partially offset by operating expense reductions (SG&A and R&D combined).

2019 net finance income was $2m (2018: $14m expense). The net improvement reflects lower interest and amortization of financing costs due to the voluntary debt repayments of $235m of the principal term loan balance in 2018, and higher interest income earned from the Group's increased cash balance.

2019 reported tax expense was $46m, an effective tax rate of 26% (2018: $3m, 1%). Excluding the $18m exceptional tax expense, the adjusted 2019 tax expense was $28m, an effective rate of 14% (2018: 15%). The exceptional tax expense is made up of a $4m tax benefit on exceptional items and net tax expense of $22m relating to a reversal of development credits claimed in prior years, partially offset by a benefit from new regulation changes stemming from US Tax Reform. The adjusted 2018 tax charge was $46m, excluding one-time items principally related to development credits recognized, an effective tax rate of 15%. On an adjusted basis, the tax rate year over year is substantially consistent, reflecting the geographic mix of earnings.

2019 net income was $134m (2018: $275m), and $176m on an adjusted basis excluding the net $28m after-tax impact from exceptional items and $22m exceptional tax item (2018: $272m). The decrease in 2019 adjusted net income was due to the decline in net revenue and gross profit, partially offset by lower operating expenses (SG&A and R&D combined) and net finance income.

2019 EPS on a diluted and adjusted diluted basis were 18 cents (2018: 38 cents on a diluted and 37 cents adjusted diluted basis).

Balance sheet and cash flow

2019 cash and cash equivalents were $1,060m, an increase of $136m versus the $924m position at the end of 2018. Borrowings, before issuance costs, were $239m at the end of 2019 (2018: $243m). As a result, net cash stood at $821m at the end of 2019 (2018: $681), a $140m improvement over the prior year.

Net working capital (inventory plus trade and other receivables, less trade and other payables) was minus $323m at year end, a decline of $33m from minus $356m at the end of 2018 primarily driven by a decrease in sales returns and rebates in the US within payables and a reduction in accrual levels and lower trade and other receivables.

Cash generated from operations in 2019 was $128m (2018: $327m), a decrease of $199m. The reduction in cash generated versus the year-ago period was primarily due to lower operating profit along with lower rebates, trade payables, and accrual balances resulting from lower revenues and costs.

2019 net cash inflow from operating activities was $151m (2018: $303m), a decrease of $152m reflecting lower cash from operations slightly offset by higher net interest received of $5m versus net interest payment of $8m in the prior year and tax refunds of $18m versus tax payment of $16m in 2018.

2019 cash outflow from investing activities was $2m (2018: $4m), with $7m for the purchase of equipment and building outfits offset by $4m received relating to the disposal of the nasal naloxone intangible asset. The 2018 balance reflects upfront payments for licensing arrangements with ADDEX Therapeutics and C4X Discovery, capitalized development costs, and ongoing investments in facilities, mostly offset by proceeds received from the disposal of the nasal naloxone intangible asset.

2019 cash outflow from financing activities decreased $224m to $13m from $237m in 2018. The current year outflows reflect the new classification of lease payments adopted under IFRS 16 Leases, and the quarterly amortization of the term loan facility. The prior year reflects the impact of the voluntary repayments of $235m of the outstanding Term Loan balance in the second half of 2018.

Alternative Performance Measures (Adjusted Results)

The board and management team use adjusted results, measures and net cash to give greater 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 2019 and 2018.

Further details of each adjustment is available in Note 5 of the notes to the Group's financial statements on pages 117 to 118.

Reconciliation of operating profit to adjusted operating profit:

	2019 $m	2018 $m
Operating profit	**178**	292
Exceptional selling, general and administrative expenses	**24**	16
Exceptional research and development expenses	**–**	24
Adjusted operating profit	**202**	332

Reconciliation of profit before taxation to adjusted profit before taxation:

	2019 $m	2018 $m
Profit before taxation	**180**	278
Exceptional selling, general and administrative expenses	**24**	16
Exceptional research and development expenses	**–**	24
Adjusted profit before taxation	**204**	318

Reconciliation of net income to adjusted net income:

	2019 $m	2018 $m
Net income	**134**	275
Exceptional selling, general and administrative expenses	**24**	16
Exceptional research and development expenses	**–**	24
Exceptional items within tax	**18**	(43)
Adjusted net income	**176**	272

Reconciliation of earnings per share to adjusted earnings per share:

	2019 cents	2018 cents
Earnings per share	**18**	38
Exceptional selling, general and administrative expenses	**3**	2
Exceptional research and development expenses	**–**	3
Exceptional items within taxation	**3**	(6)
Adjusted earnings per share	**24**	37
Weighted average number of shares (thousands)	**730,235**	727,148

Reconciliation of net cash:

	2019 $m	2018 $m
Net cash at the beginning of the year	**681**	376
Net increase in cash and cash equivalents	**136**	61
Net repayment of borrowings	**4**	240
Exchange adjustments	**–**	4
Net cash at end of year	**821**	681

Legal proceedings

Litigation/Investigative Matters

Western District of Virginia Indictment

On April 9, 2019, a federal grand jury in the Western District of Virginia indicted Indivior PLC and Indivior Inc. on charges of health care 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. DoJ is seeking to recover $3bn in monetary forfeitures and all assets derived from the commission of the alleged offenses. Indivior believes it has strong defenses to the government's charges and will vigorously defend itself. On August 14, 2019, in response to Indivior's Motion to Dismiss the original indictment, DoJ obtained a Superseding Indictment that did not add to or change the charges, but changed certain factual allegations. On November 14, 2019, the Court denied the Motion to Dismiss the original indictment, and on December 19, 2019, Indivior filed a Motion to Dismiss the superseding indictment, which is pending before the Court. On January 29, 2020, DoJ filed an Application For Post-Indictment Protective Order seeking to prevent transactions in the assets sought to be forfeited in the superseding indictment, transactions not in the ordinary course of business and transactions of a value of more than $1m without prior court approval, and to require defendants to maintain $438m in a financial account, and for other relief. The parties reached a resolution with respect to the Application and an Agreed First Protective Order was entered by the court on February 26, 2020. The Agreed Protective Order requires Indivior to seek court approval prior to engaging in various transactions outside the ordinary course of business greater than $5m, provide monthly financial reporting in arrears and cash-flow forecasting, and maintain cash and cash equivalents at a minimum level of $600m. Indivior is authorized to continue engaging in ordinary course transactions related to intercompany obligations, payments made in accordance with its secured credit obligations, payments to goods and service vendors, payments of employee and related costs, and other similar transactions consistent with Indivior's ordinary past practices. It is not possible to predict with any certainty the potential impact of this litigation or to quantify the ultimate cost of a verdict or resolution, but it could have a material impact on the Group.

State Subpoenas and Civil Investigative Demands

On October 12, 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.

On November 16, 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.

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 sales and marketing activity by the Company. The Group is in discussions aimed toward resolving this matter.

On July 1, 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.

FTC investigation and Antitrust Litigation

The US Federal Trade Commission's investigation remains pending. Litigation regarding privilege claims has now been resolved. Indivior has produced certain documents that it had previously withheld as privileged; other such documents have not been produced.

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 US 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. Pre-trial proceedings were coordinated. The fact and expert discovery periods have closed. On September 27, 2019, the court certified a class of direct purchasers of branded Suboxone Tablets. The same day, the court also certified, with respect to specified issues, a class of endpayor plaintiffs. The court denied certification of a putative 'nationwide injunctive class' of end-payor plaintiffs. On November 4, 2019, the Court of Appeals for the Third Circuit granted Indivior's petition for permission to appeal the certification of the direct purchaser class; this appeal is pending. The District Court ordered that scheduling for submissions of summary judgment motions and for trial will be set after the Third Circuit's ruling on class certification.

Opioid Class Action Litigation

In February 2019, Indivior, along with other manufacturers of opioid products, was first named but not served in one of the national multi-district litigation cases brought by state and local governments and public health agencies in the Northern District of Ohio, alleging misleading marketing messages. Thereafter, Indivior was named in additional cases brought in both federal and state courts by additional state and local government entities as well as individual plaintiffs. To date, there are 292 lawsuits pending against Indivior. The vast majority of these cases (280) have been consolidated and are pending in the multi-district litigation in the Northern District of Ohio. There is currently one case pending in the Fourth Circuit Court of Appeals on appeal from a decision to remand the case to Virginia state court, where the case originated. An additional seven cases filed in Virginia state courts have been removed to federal district courts by defendants seeking to consolidate those cases in the multi-district litigation. Indivior has also been named in one case in the Commonwealth of Pennsylvania, two cases in the Commonwealth of Virginia and one case in the State of Arizona. All proceedings in the multi-district litigation pending in the Northern District of Ohio and Pennsylvania state court have been stayed. The cases pending in Virginia and Arizona state courts are proceeding with litigation and the Company will be vigorously defending against these complaints.

Securities Class Action Litigation

On April 23, 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 US 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. On July 30, 2019, the Court granted Mr. Van Dorp's motion for appointment as lead plaintiff on behalf of the putative class. On September 30, 2019, Mr. Van Dorp filed an amended complaint on behalf of the putative class. On November 29, 2019, the Defendants filed a motion to dismiss the amended complaint. The motion is pending.

Intellectual property related matters

ANDA Litigation

On December 18, 2019, Indivior settled its SUBOXONE Film patent litigation against Aveva Drug Delivery Systems, Inc. ('Aveva'), the terms of which are confidential. So far as Indivior is aware, FDA to date has not granted tentative or final approval for Aveva's generic buprenorphine/naloxone film product.

On October 24, 2017, Actavis Laboratories UT, Inc. ('Actavis,' formerly known as Watson Laboratories Inc.) received tentative approval from FDA for its 8mg/2mg generic product under its Abbreviated New Drug Application (ANDA) No. 204383 and on November 15, 2017, it received tentative approval for its 12mg/3mg generic product under ANDA No. 207087. Actavis is currently enjoined from launching a generic buprenorphine/naloxone film product until April 2024 based on a June 3, 2016 ruling by the United States District Court for the District of Delaware finding the asserted claims of the '514 Patent valid and infringed. That ruling was affirmed by the Court of Appeals for the Federal Circuit ('CAFC') on July 12, 2019. Litigation against Actavis in the District of Delaware on the '305 and '454 patents was dismissed on September 16, 2019.

On August 31, 2017, the United States District Court for the District of Delaware found that asserted claims of the '150 Patent, US Patent No. 8,900,497 ('the '497 Patent') and the '514 Patent are valid but not infringed by Dr. Reddy's Laboratories, S.A. and Dr. Reddy's Laboratories Inc. (collectively, 'DRL'). Indivior appealed the rulings as to the '514 and '150 patents, and on July 12, 2019, the CAFC upheld the District Court ruling, finding the patents not invalid but also not infringed by DRL. DRL has requested that the District of Delaware award it attorneys' fees and costs, and Indivior has opposed that request. A hearing on DRL's request took place on February 12, 2020, and a decision is pending before the court.

Litigation against DRL is currently pending in the District of New Jersey regarding the '454 and '305 Patents. DRL received final FDA approval for all four strengths of its generic buprenorphine/naloxone film product on June 14, 2018, and immediately launched its generic buprenorphine/naloxone film product 'at-risk.' On July 13, 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. On November 20, 2018, the CAFC issued a decision vacating the PI against DRL. Indivior's motion for rehearing and rehearing en banc was denied on February 4, 2019, and the mandate issued on February 19, 2019. DRL is no longer prevented from selling, offering to sell, or importing their generic buprenorphine/naloxone sublingual film products. DRL has re-launched its generic product, and any sales in the US are on an 'at-risk' basis, subject to the outcome of the ongoing litigation in the District of New Jersey. On June 18, 2019, DRL filed a motion for leave to file their first amended Answer, Affirmative Defenses, and Counterclaims to add counterclaims for anticompetitive conduct by Indivior in violation of federal antitrust laws and for recovery against Indivior' sureties for damages resulting from the injunction that was issued against DRL. The motion was granted by the Magistrate Judge on November 20, 2019. Indivior appealed that ruling to the District Court Judge on December 4, 2019 and a decision is still pending with

the court. The Court held a claim construction hearing in October of 2019, and entered its ruling in November of 2019. In light of the claim construction, the parties filed a Stipulated Order and Judgment of noninfringement on the '305 Patent, which was entered by the Court on January 7, 2020.

On November 13, 2018, DRL filed two separate petitions for inter parties 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. Indivior filed its Patent Owner's Response on the granted petition in September 2019. DRL filed its Reply on December 10, 2019. Indivior filed its Patent Owner's Sur-Reply on January 21, 2020. Oral argument is set for March 3, 2020. A final decision on the IPR is expected in or about June of 2020.

Teva Pharmaceuticals USA, Inc. ('Teva') filed a 505(b)(2) New Drug Application (NDA) for a 16mg/4mg strength of buprenorphine/naloxone film (CASSIPA™). Indivior, Aquestive Pharmaceuticals (formerly known as MonoSol Rx) and Teva agreed that infringement of the '514, '497, and '150 patents by Teva's 16mg/4mg dosage strength would be governed by the infringement ruling as to DRL's 8mg/2mg dosage strength that was the subject of the trial in November 2016. Accordingly, the non-infringement ruling by the District of Delaware in the DRL case means that the Teva 16mg/4mg dosage strength has been found not to infringe those patents. Indivior appealed the November 2016 DRL ruling as to the '514 and '150 patents, and on July 12, 2019, the CAFC upheld the District Court finding of noninfringement. Teva received final approval from the FDA for CASSIPA on September 7, 2018 and has agreed to be bound by the decision in the District of New Jersey DRL case for the '454 and '305 Patents. Teva was therefore able to launch CASSIPA at-risk as of February 19, 2019, when the CAFC issued a mandate vacating the PI against DRL. Any sales of CASSIPA in the US would be on an 'at-risk' basis, subject to the outcome of the ongoing litigation against Teva and DRL in the District of New Jersey.

Trial against Alvogen Pine Brook, Inc. ('Alvogen') in the lawsuit involving the '514 and '497 Patents took place in September 2017. The trial was limited to the issue of infringement because Alvogen did not challenge the validity of either patent. On March 22, 2018, the United States District Court for the District of Delaware ruled both patents were not infringed by Alvogen. Indivior appealed this ruling, and on July 12, 2019, the CAFC upheld the noninfringement judgments. Alvogen has requested that the District of Delaware award it attorneys' fees and costs, and Indivior has opposed that request. A hearing on Alvogen's request took place on February 12, 2020, and a decision is pending before the court.

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 Sates, 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. On June 21, 2019, Alvogen filed a motion for recovery on the bond for improper restraints and asked that the court set a schedule for an accounting of damages. Indivior filed its opposition on July 15, 2019 and Alvogen filed a reply on July 29, 2019. This motion was denied on November 5, 2019. On August 9, 2019, Alvogen filed a motion for leave to file an amended Answer to Complaint and Separate Defenses and Counterclaims to add counter claims alleging anticompetitive conduct by Indivior in violation of federal and state antitrust laws. The motion was granted by the Magistrate Judge on November 20, 2019. Indivior appealed that ruling to the District Court Judge on December 4, 2019, and a decision is still pending with the court. The Court held a claim construction hearing in October of 2019, and the Court entered its ruling in November of 2019. In light of the claim construction, the parties filed a Stipulated Order and Judgment of non-infringement on the '305 Patent, which was signed by the Court on January 9, 2020.

By a Court order dated August 22, 2016, Indivior's SUBOXONE Film patent litigation against Sandoz was dismissed without prejudice because Sandoz is no longer pursuing Paragraph IV certifications for its proposed generic formulations of SUBOXONE Film. Sandoz launched an authorized generic version of SUBOXONE Film on February 19, 2019.

On September 25, 2017, Indivior settled its SUBOXONE Film patent litigation against Mylan Technologies Inc.; Mylan Pharmaceutics Inc.; and Mylan N.V. ('Mylan'), the terms of which are confidential. Mylan received final FDA approval for its generic version of the 8mg/2mg buprenorphine/naloxone film product on June 14, 2018. Mylan launched its generic version on or about February 22, 2019.

On May 11, 2018, Indivior settled its SUBOXONE Film patent litigation against Par Pharmaceutical, Inc. ('Par'). Under the terms of the settlement agreement, Par can launch its generic buprenorphine/naloxone film product on January 1, 2023, or earlier under certain circumstances. Other terms of the settlement agreement are confidential. So far as Indivior is aware, FDA to date has not granted tentative or final approval for Par's generic buprenorphine/naloxone film product.

Regulatory exclusivity related matters

Braeburn Inc. v. FDA and Indivior Inc.

On December 21, 2018, Braeburn Inc. received tentative approval for its injectable depot buprenorphine product, Brixadi. FDA did not grant final approval to Braeburn because it determined that the monthly version of Brixadi was blocked until November 30, 2020 by Indivior's three-year exclusivity period for injectable depot buprenorphine products that are approved to treat moderate to severe opioid use disorder.

On April 9, 2019, Braeburn Inc. sued the FDA in the United States District Court for the District of Columbia, asking the Court for an order holding unlawful, vacating, and setting aside FDA's decision that the three-year exclusivity period granted to SUBLOCADE bars approval of its monthly Brixadi product. Indivior moved to intervene on April 11, 2019, and that motion was granted on April 12, 2019. Braeburn moved for summary judgment on May 13, 2019, and both the FDA and Indivior filed cross-motions for summary judgment on June 3, 2019. The court heard oral argument on the parties' cross-motions on July 15, 2019.

On July 22, 2019, the US District Court for the District of Columbia granted Braeburn's motion for summary judgment, and vacated FDA's initial three-year exclusivity decision. The Court remanded the issue for FDA "to reconsider, with deliberate speed, Braeburn's application for final approval of Brixadi Monthly."

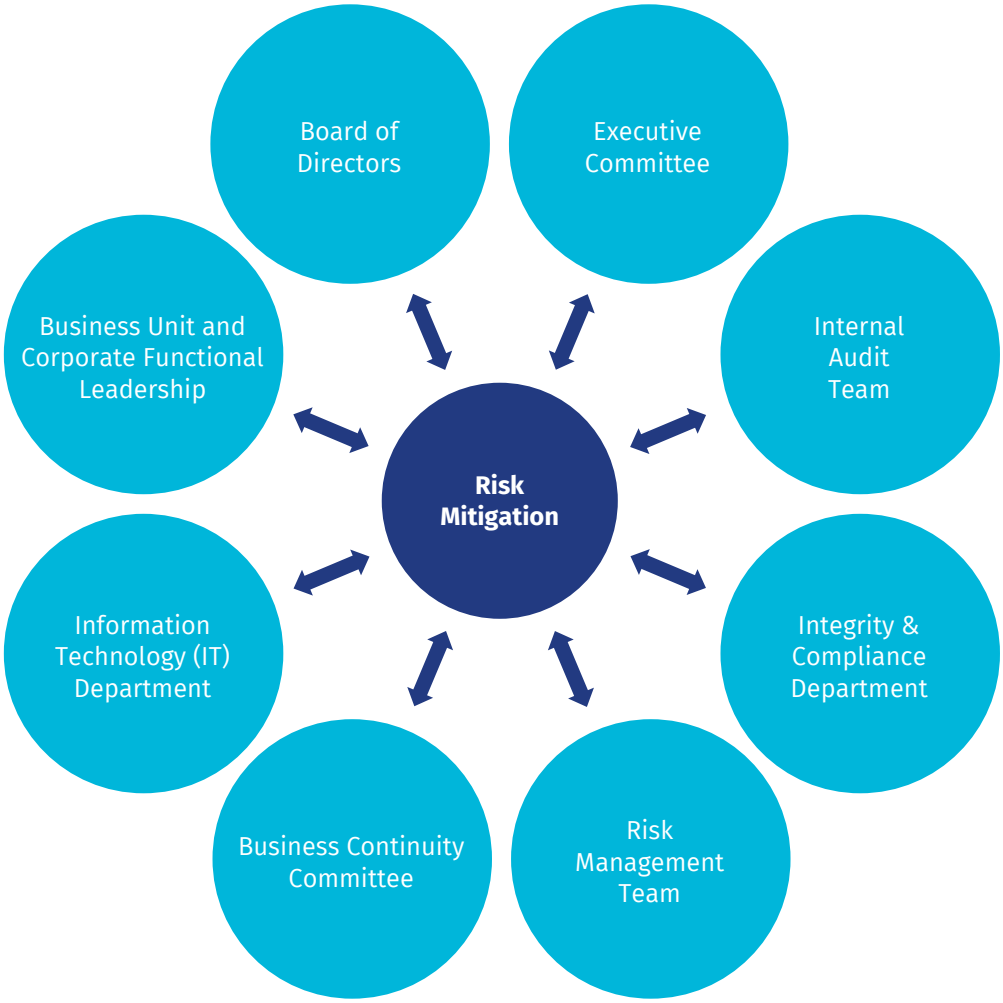
On November 7, 2019, FDA issued a decision concluding that the 3-year exclusivity recognized for SUBLOCADE precludes final approval of Brixadi monthly until November 30, 2020.

Braeburn Citizen Petition

On April 5, 2019, Braeburn submitted a Citizen Petition to the FDA asking that FDA revoke the Orphan Drug Designation that previously was granted to Indivior and applied to SUBLOCADE, and that the FDA further refuse to grant Orphan Drug Exclusivity to SUBLOCADE. Indivior submitted a response to this Citizen Petition on July 24, 2019. Braeburn submitted two additional supplements on August 27, 2019. Indivior submitted a response to those supplements on October 4, 2019. On October 9, 2019, FDA issued an interim response stating that it was still considering the petition because it raises significant issues requiring extensive review and analysis by Agency officials, and it would respond to the petition as soon as the Agency has reached a decision. Braeburn submitted additional comments on October 11, 2019.

FDA issued a response on November 7, 2019, revoking the orphan drug designation for buprenorphine for "treatment of opiate addiction in opiate users" because the Agency had determined that buprenorphine was not eligible for orphan drug designation at the time it was requested.

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 emerging risks and provides governance of Indivior's principal risks

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

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

Our Integrity & Compliance Department
develops and implements effective compliance management programs

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

Our Business Continuity Committee
reviews and monitors business continuity activities

Our Information Technology (IT) Department
develops and maintains processes and controls to protect Indivior's electronic data and assets

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

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 in order to execute on our strategic objectives and pursue our business opportunities aligned with our mission to provide innovative treatments to our patients. Risk management is therefore an integral component of our culture and governance.

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

The tables set out on pages 41 to 44 provides 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, 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, 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 combination of the risks listed below could impact the Group's viability (refer to our viability statement on page 45).

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 processes and systems as well as to recruit and/or retain qualified personnel could adversely impact products 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. The finishing of our SUBOXONE and SUBUTEX tablets for all our European markets is manufactured by a third-party contract manufacturer located in the UK. The Group has been proactive in taking appropriate actions since the referendum should a hard Brexit/no deal occur, including changes to logistics, shipping, and quality testing and release processes, as well as transfer of regulatory licenses and additional inventory builds. Uncertainties of the impact of Brexit on our operations remain a risk closely monitored as it impacts various areas of the Group, including Operations, Regulatory, Supply Chain, and Quality.

Change from 2018: ▲ Increased complexity and operational challenges due to greater network of third-party partners, Brexit's impact on our operations, tightened labor market, and workforce management

Link to strategic priorities: Building the resilience of our franchise, and expanding global treatment

Examples of risks:	Management actions
‹ Failure to retain and recruit qualified workforce and key talent ‹ Loss of intellectual property, confidential data, and personally identifiable information or significant impact on operations from cybersecurity breaches ‹ Failure or significant performance issues experienced with our Information Technology (IT) systems, key processes, and/or at our critical third-party partners ‹ Disruptions in our operations due to Brexit	‹ Talent management programs are in place, including talent review and retention programs with focus on identifying key roles and successors ‹ Programs to reinforce the Culture, centered around passion and commitment to support the patient journey, are in place ‹ Strategy, processes, and tools to secure systems and protect data are deployed ‹ IT policies, processes, systems and disaster recovery plans supporting overall business continuity are in place ‹ Business standards, monitoring processes, and contingency plans, are in place ‹ A Brexit steering committee regularly monitors the evolving impact of Brexit on our operations and, facilitates appropriate business planning

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 to the benefit/risk profiles of our products. Deviations from these quality and safety practices can impact patient safety and market access, which could have a material effect on the Group's performance and prospects.

Change from 2018: ◆ No change

Link to strategic priorities: Developing our innovative pipeline, building the resilience of our franchise, and expanding global treatment

Examples of Risks:	Management actions
‹ Failure to advance the development and/or obtain regulatory approval of pipeline products ‹ Potential liability and/or additional expenses associated with ongoing regulatory obligations and oversight ‹ Unexpected changes to the benefit/risk profiles of our products	‹ 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

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.

Change from 2018: ▲ Increased generic and branded competition/threats and commercial challenges for SUBLOCADE and PERSERIS. (Refer to Chief Executive Officer's statement on pages 10 to 12 or the Finance Review section on pages 31 to 34)

Link to strategic priorities: Building the resilience of our franchise, expanding global treatment, and developing and fortifying the business

Examples of Risks:	Management actions
‹ Launch of competing branded and/or generic products ‹ Slower than expected HCP and Patient adoption of SUBLOCADE and PERSERIS ‹ Unexpected changes to government and/or commercial reimbursement levels and pricing pressures ‹ Donation of competing sublingual buprenorphine and/or buprenorphine-naloxone tablets from opioid manufacturers as part of their legal settlements	‹ Enhanced investments to educate HCPs and patients, including direct-to-consumer advertising, 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 ‹ International growth, pipeline development, and business development strategies are in place ‹ Monitoring of trends/changes in pricing and reimbursement legislation and, development of appropriate actions

Economic & Financial

The nature of the pharmaceutical business is inherently risky and uncertain and requires that we make significant financial investments to develop and support the success of our product portfolio. Generating cash flow and external financing are key factors in sustaining our financial position, developing our product pipeline and, expanding our business growth. Our ability to realize value on those investments is often dependent upon regulatory approvals, market acceptance, strategic partnerships, competition, and legal developments. Unfavorable outcome from government resolutions and/or from legal proceedings (including the Western District of Virginia Indictment), as well as potential exclusion from participating in US federal healthcare programs may negatively impact our financial position and therefore, our ability to comply with our debt covenants. As a global business, we are also subject to political, economic, and capital markets changes.

Change from 2018: ▲ Financial pressure due to increased competition and performance of SUBLOCADE, as well as an increase in net working capital. (Refer to Finance Review section on pages 31 to 34)

Link to strategic priorities: Developing our innovative pipeline, building the resilience of our franchise, expanding global treatment, and developing and fortifying the business

Examples of risks:	Management actions
‹ Concentration of revenues geographically and/or by product ‹ Inability to raise capital , or execute on business development and alliance opportunities ‹ Failure to meet financial obligations and performance	‹ Strategies supporting expansion opportunities and diversification are in place ‹ Regular appraisals of debt and capital market conditions with advisors and counterparties are in place ‹ Realignment of cost and finance structures, and active expense management are in place ‹ Ongoing monitoring of financial performance and compliance with financial covenants

Supply Chain

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 has a single source of supply for buprenorphine, an active pharmaceutical ingredient (API) in most of the Group's products and uses contract manufacturing organizations (CMOs) to manufacture, package and distribute our products. The manufacturing of non-sterile pharmaceutical and sterile filled, pharmaceutical/medical device combination drug products 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 damage.

Change from 2018:  No change

Link to strategic priorities: Building the resilience of our franchise, and expanding global treatment

Examples of Risks:	Management actions
‹ Single source of API and reliance on critical CMOs ‹ Inability to supply compliant finished products in a continuous and timely manner	‹ Business continuity, disaster recovery, and emergency response plans 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 implementation of insurance coverage

Legal and intellectual property

Our pharmaceutical operations, which include controlled substances, are subject to a wide range of laws and regulations from various governmental and non-governmental bodies. Perceived noncompliance with these applicable laws and regulations may result in investigations or proceedings leading the Group to become subject to civil or criminal sanctions and/or pay fines and/or damages, as well as potential reputational damage.

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.

Unfavorable outcome from government investigations and/or resolutions from legal proceedings (including the Western District of Virginia Indictment), expiry and/or loss of IP rights could have a potentially material adverse impact on the Group's prospects, results of operations and financial condition, including potential exclusion from participating in US Federal Health Care Programs.

As previously disclosed in the Prospectus dated November 17, 2014, Indivior has indemnification obligations in favor of Reckitt Benckiser (RB) (page 43). Some of these indemnities are unlimited in terms of amount and duration and amounts potentially payable by the Group pursuant to such indemnity obligations could be significant and could have a material adverse effect on the Group's business, financial condition and/or operating results. Requests for indemnification may be subject to legal challenge.

Change from 2018:  Potential material business impact from legal proceedings exist (Refer to Legal proceedings section on pages 35 to 38 and Chair and Chief Executive Officer's statements on pages 3 to 4 and 10 to 16, respectively)

Link to strategic priorities: Building the resilience of our franchise

Examples of Risks:	Management actions
‹ Legal proceedings related to indictment, shareholders, product liability claims, antitrust, 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	‹ Quality, patient safety, monitoring and compliance are embedded in the Group's processes and Culture ‹ Cooperation with the government authorities in connection with ongoing investigations, utilizing internal and external counsel ‹ Engagement with Government authorities and preparation related to defense of indictment, utilizing internal and external counsel ‹ Insurance coverage and monitoring 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

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.

Change from 2018:  No change

Link to strategic priorities: Building the resilience of our franchise, and expanding global treatment

Examples of Risks:	Management actions
‹ Non-compliance with our Code of Conduct, anti-corruption, healthcare, data privacy, or local laws and regulations ‹ Failure to comply with payment and reporting obligations under the US and foreign government programs ‹ Inability to adequately respond to changes in laws and regulations, including data privacy	‹ Ongoing evolution of our compliance program and compliance capabilities, including Code of Conduct, are in place ‹ Compliance policies and processes, including risk assessment, and related mandatory employee training programs are in place ‹ Confidential independent reporting process for employees to report concerns is in place ‹ Increased oversight and monitoring of controls and procedures in emerging markets are in place ‹ Ongoing monitoring of controls over government pricing and reporting is in place ‹ Continuous review and assessment of developments in the law, applicable industry standards, and business practices

Viability statement

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

- expansion of HCP and patient adoption of SUBLOCADE,
- continued growth of PERSERIS in the US,
- optimization of the base business,
- management of our risk related to the DOJ indictment and other legal proceedings, and
- prudent management of our cash resources.

The Board has evaluated the Group's risk profile through the lens of the challenges faced in 2019, including the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, as discussed in Note 2 to the Financial Statements. Together, the pace of SUBLOCADE adoption, the loss of SUBOXONE Film exclusivity in the US, and the U.S. government indictment have exposed the Group to heightened viability risks. Considering these risks, the Group focused on financial flexibility, cash management, and cost savings from streamlining actions, with the resulting resources allocated to growing SUBLOCADE and PERSERIS. Once these products are firmly established in the marketplace, Indivior expects to increase funding for the development of new treatments in the addiction and behavioral health disease spaces.

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. Within the Group's 10-year strategic horizon, financial forecasts are also prepared. The Board reviews and approves the budget for the upcoming year as well as the long-term 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, potential impacts of new product launches, generic competition, ongoing legal proceedings, cost reduction actions and liquidity. Considering the commercial trajectory of our newly launched products, the term loan maturity, and the expected litigation timelines, the Directors believe a period to the end of 2023 to be adequate. This assessment period provides a reasonable horizon for the financial impact of these significant developments to be fully considered, including a full year after repayment of the term loan. Accordingly, a four-year period of assessment is deemed appropriate.

Although the strategic plan reflects the Directors' best estimate of the Group's future business prospects, they have also 'stress tested' the plan under various scenarios. All such scenarios include a reversion to observed generic analogues for SUBOXONE Film in the US 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 40 to 44. These scenarios represent 'severe but plausible' circumstances the Group could experience. The scenarios tested included:

- reasonable underperformance in the expected market acceptance of SUBLOCADE over the viability period, and
- reasonably unfavorable outcome of legal proceedings.

Having considered these risk factors along with other principal risks set out on pages 40 to 44, 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, comply with the Agreed Protective Order, 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 41 to 44 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 – because of their nature or potential impact – could also threaten the Group's viability in its current form, if they were to occur.

The results of this stress testing showed the Group would be able to withstand the impact of these scenarios occurring over the period of the viability assessment. The Group will be required to use its cash reserves and may need to make further cuts to its operating costs and planned strategic investments. Depending upon the ultimate realization under the different scenarios, the actions that management would need to take will vary to ensure ongoing viability of the Group.

Possible scenarios may occur that could impact the Group's viability during the assessment period. These include where the uptake of both SUBLOCADE and PERSERIS falls significantly below expectations, the amount and/or timing of payments related to legal proceedings is materially worse than planned, or the Group is excluded from participation in US federal health care programs. In the early portion of the viability period, the Director's 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 may be 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, 2023.

The Strategic Report on pages 3 to 45 was approved by the board on March 5, 2020.

By Order of the Board

Kathryn Hudson
Company Secretary

Robust Corporate Governance is integral to delivering our Vision

Howard Pien
Chair

"

Our culture is a genuine differentiator.

"

Dear Shareholder,

On behalf of the Board, I am pleased to present the Corporate Governance Report for the year ended December 31, 2019. As Chair of the Board, my role is to manage the Board and to ensure that it operates effectively and in accordance with our Mission and Vision. This year has seen continued focus on the Group's corporate governance arrangements, ensuring that we have strong and robust corporate governance at the heart of everything we do.

The Board continues to adhere to the principles of integrity, respect, transparency and openness. Board members are expected to lead by example and exemplify the highest standards of propriety, diligence and accountability.

U.S. government actions

2019 was a challenging year for Indivior and the U.S. government's actions placed a heavy burden on the Group. The Board, supported by the Special Committee, has worked to address the allegations and oversee the Group's interactions and discussions in connection with these. Further information regarding the Board's oversight and governance relating to the U.S. government's allegations can be found in the 'Principal Board decisions' section on page 56.

UK Corporate Governance Code

The new 2018 UK Corporate Governance Code applied to the Company for the first time this year. In 2018, we undertook an assessment of our readiness and the changes we needed to make to move towards compliance, and this was an area of continued focus in 2019.

I am pleased to report that we have made good progress in moving towards compliance with the new Code, this has included adopting a formal mechanism for workforce engagement, the Remuneration Committee's review of workforce remuneration and related policies and updates to a number of key governance documents, policies and procedures. Further information can be found in the section entitled 'Compliance with the 2018 UK Corporate Governance Code', on pages 53 to 55.

Culture and governance

Indivior's Guiding Principles (the values we respect) and our Code of Conduct (Doing the Right Things Right) underpin everything we do and provide a framework for decision-making, which is aligned with our values and commitment to making decisions with integrity. Across the organization, this framework also supports our culture, which unites and guides our workforce. Our culture is a genuine differentiator, enabling and encouraging our commitment to support the patient journey to treatment and recovery.

Everyone who works for and with us is required to work within this framework. The Board, Executive Committee and our management understand that how we work is as important as what we achieve. Our culture and values are not only championed by the Board and the Executive Committee but permeate throughout our organization. Across Indivior, a network of Culture Champions act as ambassadors and create opportunities for greater engagement and sharing of best practices.

During the year, the Board reviewed the results of the 2019 culture survey, which seeks to measure the alignment of behaviors at Indivior with values consistent with a high performing culture. This survey, which is carried out annually, provided a valuable insight into Indivior's culture and commitment to our core values. Further information regarding the Board's monitoring and assessment of Indivior's culture can be found on page 57.

Stakeholder engagement

The new 2018 UK Corporate Governance Code highlights and reinforces the need for Board's to understand the views of the Company's key stakeholders and how their interests and the matters set in section 172 of the Companies Act 2006 have been considered in Board discussions and decision-making. A review of Group's stakeholders and how we engage with them is set out on pages 20 to 23. Further information regarding the principal decisions taken by the Board during 2019 are set out on page 56 to 57.

During the year, we appointed Daniel J. Phelan as the designated Non-Executive Director for workforce engagement. In September 2019, he attended the Global Town Hall and also met with a number of our Culture Champions, who provided feedback from the organization. The entire Board also hosted an employee lunch, to provide an opportunity for employees to ask questions and share feedback in an informal environment. While the events of 2019 have undoubtedly created uncertainty, we were heartened by the unwavering commitment demonstrated by our employees in pursuing our Vision. We highly value their feedback and we plan to hold similar engagement events during 2020. Further information regarding the Board's engagement with the workforce is set out on page 60.

Changes to the Board

During the year, there were a number of changes to the Board. Yvonne Greenstreet, Chris Schade and Lizabeth Zlatkus stepped down as Directors and we welcomed Peter Bains and Graham Hetherington to the Board.

The Nomination & Governance Committee, which has responsibility for developing and overseeing the Board's succession plans, supported the Board in the appointment process. We are delighted that Peter and Graham have joined the Board. They each have over three decades of experience in relevant capacities, including strategic, operational and financial leadership across the biotech and specialty pharma industries. Further information regarding the appointment process for Peter and Graham can be found in the Nomination & Governance Committee report.

Board effectiveness

As part of its annual cycle of business, the Board undertook an evaluation to consider the performance of the Board, each of the Directors, and the Board's principal Committees. The report detailed several areas for consideration, as outlined on page 59. The Board and Committees will focus attention on these areas during the coming year. The overall performance of the Board and its Committees was highly rated, particularly given the challenges facing the business.

Looking ahead

In the year ahead, we remain focused on managing the business challenges ahead and to a resolute focus on our Vision. Maintaining the highest standards of corporate governance is integral to the delivery of this Vision. Your Board remains committed to ensuring our shareholders and stakeholders will benefit from the strong governance ethos which is present throughout the Group.

Howard Pien
Chair of the Board

March 5, 2020

Together we are a strong team built to inspire and transform

Howard Pien
Chair

Skills and experience:
- Howard was appointed Chair of the Board in November 2014. He has more than 30 years of pharmaceutical and biotechnology industry experience and brings strong and decisive leadership to the Board. He has held senior positions across a number of public and private organizations, and has extensive external insight coupled with a breadth of outlook and understanding necessary for his role. Howard makes an effective and valuable contribution to the Board and understands boardroom dynamics and shareholder engagement. He demonstrates commitment in devoting an appropriate amount of time to his role.
- Juno Therapeutics Inc.: Chairman (2014-2018)
- Vanda Pharmaceuticals, Inc.: Non-Executive Chairman (2010-2016)
- GlaxoSmithKline: various Executive positions (1991-2003)

Other current appointments:
- Idera Pharmaceuticals, Inc.: Director
- Sapience Therapeutics, Inc.: Chairman

C

Shaun Thaxter
Chief Executive Officer

Skills and experience:
- Shaun was appointed Chief Executive Officer in November 2014, and has a detailed understanding of the pharmaceutical and prescription products industry. During his 25 years of industry experience, he has attained a far-reaching knowledge of pharmaceutical markets throughout the world, including trends and factors which can impact on the operating environment including political and regulatory effects. He has a deep understanding of the views and concerns of stakeholders. He has ultimate responsibility for executing Indivior's strategy and leading the management team.
- Appointed CEO of Indivior at time of Reckitt Benckiser Pharmaceuticals demerger
- Institute of Directors (IoD): Chartered Director and Fellow
- National Association of Corporate Directors (NACD): Board Leadership Fellow
- Reckitt Benckiser Pharmaceuticals, Inc.: President
- Reckitt Benckiser: Global Category Manager

Other current appointments:
None

A S

Peter Bains
Independent Non-Executive Director

Skills and experience:
- Peter was appointed a Director in August 2019. He 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: Non-Executive Director

D C

Mark Crossley
Chief Financial & Operations Officer

Skills and experience:
- Mark was appointed Chief Financial Officer in February 2017 and Chief Financial & Operations Officer in August 2019, and 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
- National Association of Corporate Directors (NACD): Board Leadership Fellow

Other current appointments:
None

A R

Graham Hetherington
Independent Non-Executive Director

Skills and experience:
- Graham was appointed a Director in November 2019, and has substantial global financial and industry experience having served as Chief Financial Officer of two FTSE 100 companies. Graham's significant experience, combined with his deep understanding of the industry and markets in which Indivior operates, especially within the US, 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

N S

A. Thomas McLellan, PhD
Independent Non-Executive Director

Skills and experience:
- Tom was appointed a Director in November 2014. His extensive experience in the field of addiction 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

N S

Tatjana May
Independent Non-Executive Director

Skills and experience:
- Tatjana was appointed a Director in February 2017, and combines substantial knowledge and understanding of the pharmaceutical sector with over 20 years of legal experience and brings both UK and US listed company expertise to Board discussions. During her career, Tatjana has been instrumental in major transactions within the pharmaceutical industry. Her wealth of legal and regulatory knowledge is a valued asset for the Board.
- Shire plc: General Counsel and Company Secretary, Executive Committee Member (2001-2015)
- Astra Zeneca plc: various positions including Assistant General Counsel (1995-2001)
- Slaughter and May: Lawyer (1988-1994)

Other current appointments:
- EIP Pharma, Inc.: Non-Executive Director

N R

Lorna Parker
Independent Non-Executive Director

Skills and experience:
- Lorna was appointed a Director in November 2014, and with 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
- Manchester Square Partners: Senior Advisor
- Royal Horticultural Society: Trustee
- National Opera Studio: Trustee

R A

Daniel J. Phelan
Independent Non-Executive Director
Designated Non-Executive Director for Workforce Engagement

Skills and experience:
- Dan was appointed a Director in November 2014. He 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

A R

Daniel Tassé
Senior Independent Director

Skills and experience:
- Daniel was appointed a Director in November 2014, and 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

D

Kathryn Hudson
Company Secretary

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 Compliance Committee

Executive Committee

C

Shaun Thaxter
Chief Executive Officer

Professional experience and qualifications
‹ See biography on page 48

Key previous roles
‹ See biography on page 48

C D

Mark Crossley
Chief Financial & Operations Officer

Professional experience and qualifications
See biography on page 48

Key previous roles
See biography on page 48

C

Debby Betz
Chief Corporate Affairs & Communications Officer

Professional experience and qualifications
‹ 25+ years

Key previous roles
‹ Reckitt Benckiser Pharmaceuticals Inc.: Director of Marketing (North America) and Director of Commercial Development and Strategic Planning (North America)
‹ Other pharmaceutical companies: Various sales and marketing leadership roles including District Sales Manager

C

Cindy Cetani
Chief Integrity & Compliance Officer

Professional experience and qualifications
‹ 30+ years

Key previous roles
‹ Novartis Pharmaceuticals Corp: Chief Compliance Officer and Head of Compliance Operations, Group Integrity & Compliance
‹ Pharmacia: Director of Operations, Managed Markets

C

Rosh Dias
Chief Medical Officer

Professional experience and qualifications
‹ 25+ years
‹ MD, Charing Cross and Westminster Medical School, London, UK
‹ MRCP, Membership of the Royal College of Physicians, UK
‹ Senior Medical leadership experience in BioPharma across multiple geographies and therapeutic areas

Key previous roles
‹ Amgen: Vice President, Global Scientific Affairs
‹ Onyx Pharmaceuticals: Vice President, Head of Global Medical and Scientific Affairs
‹ Novartis: Vice President, US Clinical Development and Medical Affairs
‹ Novartis Australia: Head of Clinical Development and Medical Affairs
‹ Medical practice in UK National Health Service

C

Jon Fogle
Chief Human Resources Officer

Professional experience and qualifications
‹ 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

C D

Christian Heidbreder
Chief Scientific Officer

Professional experience and qualifications
- 25+ years' leadership in neurosciences
- 350+ publications
- Affiliate Professor, Dept. Pharmacology and Toxicology, Virginia Commonwealth University School of Medicine

Key previous roles
- Reckitt Benckiser Pharmaceuticals Inc.: Global R&D Director
- Altria: Client Services' Health Sciences
- GlaxoSmithKline: Center of Excellence for Drug Discovery in Psychiatry
- SmithKline Beecham: Neuroscience Department

C D

Javier Rodriguez
Chief Legal Officer

Professional experience and qualifications
- 20+ years
- Admitted to practice law in New York, New Jersey and Virginia (Corporate Counsel)
- National Association of Corporate Directors (NACD): Governance Fellow

Key previous roles
- Reckitt Benckiser Pharmaceuticals Inc.: VP General Counsel
- Reckitt Benckiser LLC: Senior Counsel (Healthcare), helping to acquire the global (ex-US) marketing rights to buprenorphine
- Bayer AG and Berlex Laboratories, Inc.: Corporate Counsel

C D

Richard Simkin
Chief Commercial & Strategy Officer

Professional experience and qualifications
- 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

C

Frank Stier
Chief Manufacturing & Supply Officer

Professional experience and qualifications
- 25+ years

Key previous roles
- Reckitt Benckiser Pharmaceuticals Inc.: Global Supply Director (heading logistics, customer service, demand planning and manufacturing)
- Reckitt Benckiser Pharmaceuticals Inc.: Supply Services Director then Global Supply Services Director
- Reckitt Benckiser: Supply Services Director, Central Europe
- Reckitt Benckiser: Industrial Customer Service Manager
- Colgate-Palmolive GmbH: various roles

Committee membership key

D **Disclosure Committee**

C **Compliance Committee**

As announced in July 2019, Frank Stier will retire during 2020. Hillel West joined Indivior as Chief Manufacturing & Supply Officer in February 2020 and will work with Frank Stier during a transition period. Hillel is a member of the Executive Committee.

Ponni Subbiah stood down as a member of the Executive Committee in February 2019.

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, including material litigation strategy, 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 for 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 held in the UK and the US.

The table below gives details of Directors' attendance at Board meetings during the year.

	Date appointed to the Board	Date stepped down from Board	Scheduled meetings attended in 2019	Ad hoc meetings attended in 2019
Chair				
Howard Pien	November 2014	–	5/5	5/5
Executive Directors				
Shaun Thaxter	November 2014	–	5/5	5/5
Mark Crossley	February 2017	–	5/5	5/5
Non-Executive Directors				
Peter Bains	August 2019	–	2/2	1/1
Graham Hetherington	November 2019	–	1/1	–
Tatjana May	February 2017	–	5/5	5/5
A. Thomas McLellan	November 2014	–	5/5	4/5[2]
Lorna Parker	November 2014	–	5/5	5/5
Daniel J. Phelan	November 2014	–	4/5[1]	5/5
Daniel Tassé	November 2014	–	5/5	4/5[2]
Former Non-Executive Directors				
Yvonne Greenstreet	November 2014	March 31, 2019	1/1	0/1[2]
Chris Schade	November 2014	July 31, 2019	3/3	4/4
Lizabeth Zlatkus	September 2016	August 31, 2019	3/3	4/4

1. Daniel J. Phelan was unable to attend the Committee meeting in July 2019 due to medical reasons.
2. Due to the need for the Board to convene often at short notice, some Directors were not able to attend all meetings.

Compliance with the 2018 UK Corporate Governance Code

The UK 2018 UK Corporate Governance Code published by the Financial Reporting Council (the '2018 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 5 – Engagement with the workforce

Daniel J. Phelan was appointed as the designated Non-Executive Director for workforce engagement in May 2019. The Company was therefore not compliant with Provision 5 between January and May 2019. Further information regarding the Board's engagement with the workforce can be found on page 60.

Provision 20 – Appointment of Non-Executive Directors

An external search consultancy was not used to identify a shortlist of candidates in respect of the appointment of Peter Bains. Further information regarding the appointment process used to appoint Peter Bains can be found on page 71.

Provision 24 – Audit Committee composition

Chris Schade and Lizabeth Zlatkus stepped down from the Board and Audit Committee on July 31, 2019 and August 31, 2019 respectively. Both Chris and Lizabeth were the designated Audit Committee members with recent and relevant financial experience. An external search process was undertaken to identify an individual with recent and relevant financial experience and competence in auditing and accounting. Graham Hetherington, whose skills meet this criteria, was appointed to the Board, Audit and Remuneration Committees on November 1, 2019. The Company was therefore not compliant with Provision 24 of the 2018 Code between September 1 and October 31, 2019; one scheduled and one ad hoc meeting took place during this period. Further information regarding the composition of the Audit Committee and changes during the year can be found on page 62.

Provision 38 – Pensions

During the year, the Remuneration Committee considered the pension arrangements in place for the Executive Directors and how these compare to the wider workforce and determined that these arrangements are broadly aligned. The Committee has agreed that any new Executive Director hire will have pension benefits in line with wider workforce and will review the approach for incumbent Executive Directors as part of the review of the Remuneration Policy (which will be submitted to shareholders for approval at the 2021 AGM). Further information can be found in the Annual remuneration statement on page 77.

Board leadership and company purpose

Purpose and culture

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 67.

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.

During the year, the Board considered the results of the 2019 culture survey, the results of which had been scrutinized and reported to the Board by an independent consultant. The Board noted that engagement levels remained high and, despite the events and uncertainty of the year, the Group's culture remained strong and closely aligned to the Group's purpose and mission. The Group's culture was also an area of focus at the 'Fireside Chat' engagement event, hosted by Daniel J. Phelan (the designated Non-Executive Director for workforce engagement) and attended by members of the Culture Champion network. Further information regarding the Board's engagement with the workforce is set out page 20 to 21 and page 60. Further information regarding the Group's Culture Champion network can be found on page 28.

Stakeholder engagement

As part of 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 20 to 23 of the Strategic Report, the 'Managing our business responsibly' section on pages 26 to 29 and in the 'Engagement with shareholders' section on page 60. 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 page 56 to 57.

Board leadership and company purpose continued

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. During the year, the Board reviewed and endorsed the revised Code of Conduct ('Doing the Right Things Right'), which sets out the Group's Guiding Principles and standards expected of the workforce and how these standards align to the Group's culture and Guiding Principles.

During the year, the Chief Integrity & Compliance Officer provided an update on the Group's Integrity & Compliance program, which included an assessment of the Group's strong culture of compliance. The report also 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 anonymously (where local regulations permit). The Nomination & Governance Committee 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.

Further information regarding the Group's Integrity & Compliance program can be found in the 'Managing our business responsibly' section on page 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 2019 can be found on page 77.

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, continues to demonstrate 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. Throughout the year, the Chair worked 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.

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 closely together to set the Board's agenda.

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.

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, 2019, the Board comprised the Chair, two Executive Directors and seven 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 48 to 49.

At its meeting in February 2020, 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 financial, academic, scientific and pharmaceutical 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.

Division of responsibilities continued

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, the Board updates are regularly 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 fulfil 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.

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 will stand for re-appointment at the forthcoming Annual General Meeting (the '2020 AGM'). The Notice of 2020 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 Non-Executive Directors can be found in the Nomination & Governance Committee Report on pages 71 and 72.

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 and diversity and inclusion in 2019 can be found in the Nomination & Governance Committee Report.

Board evaluation

The annual evaluation of the Board considers its composition, diversity and effectiveness and includes an individual evaluation of each of the Directors. Further information regarding the 2019 Board Effectiveness Review can be found on page 59.

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 62 and 69.

Further information regarding the Group's approach to risk management, including the management of principal and emerging risks can be found on pages 39 to 44.

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 75 and 91.

Principal Board decisions

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

U.S. government allegations	‹ A separate part of each scheduled Board meeting is dedicated to the oversight and review of the U.S. government actions and the Group's responses to their allegations. These sessions are attended by the Group's external counsel and other advisors as appropriate. In addition, two ad hoc Board meetings took place to keep the Board up to date with developments during the year. The Board has appointed a Special Committee to oversee the Group's interactions and discussions in connection with the U.S. government's allegations. ‹ On April 9, Indivior Inc and Indivior PLC were indicted by a grand jury in the Western District of Virginia. Up to this date, the Group had been in active and advanced discussions with the U.S. Department of Justice (DoJ) about a possible resolution to its investigations. ‹ The Group had also been in discussions with U.S. Department of Health and Human Services/Office of Inspector General ('HHS/OIG') and, in early 2019, had learned that the DoJ's proposed resolution may result in Indivior's exclusion from US federal healthcare programs by HHS/OIG (due to a change in its interpretation of its exclusion authority). As these programs are material to the Group's revenues, discussions continued to try to reach an alternative resolution. Unfortunately, the DoJ did not give the Group sufficient time to successfully negotiate an alternative resolution that would work under the HHS/OIG's interpretation of the exclusion authority. ‹ In considering the DoJ's proposed resolution, the Board sought extensive advice from external legal counsel and other professional advisors and considered the impact of exclusion on the Group's shareholders, patients, employees and other stakeholder groups. The Board concluded that it was unable to agree to the DoJ's proposed resolution as this would have led to the Group's exclusion, which would have been detrimental to the Group's shareholders, employees, patients and other stakeholder groups. ‹ The Group's legal strategy remains unchanged. In concert with its legal and other technical advisors, the Group is diligently preparing for trial in May 2020. It is not possible to predict with certainty the potential impact of this litigation or to quantify the ultimate cost of a verdict or resolution, but it could have a material impact on the Group. ‹ Further information regarding legal proceedings can be found on pages 35 to 38.
Litigation matters	‹ The Board was regularly updated on the litigation matters relating to the Group's intellectual property related to SUBOXONE® (buprenorphine and naloxone) Sublingual Film (CIII). In particular, the Board was regularly updated on matters relating to Dr Reddy's Laboratories' launch of its generic buprenorphine/naloxone sublingual film product on an 'at-risk' basis. The Board was also kept apprised of the Group's launch plans for its own authorized generic buprenorphine/naloxone sublingual film product in Q1 and its subsequent discontinuation in Q4 as a result of increased mandatory rebating to U.S. government channels as required by legislative changes regarding 'best price' calculations (which would have resulted in Indivior selling SUBOXONE Film at a negative gross profit in most U.S. government channels). Consideration was given to the financial impact on the Group's revenues and the likely impact on patient choice for buprenorphine/naloxone sublingual film, noting that the latter would not be adversely impacted as there were a number of other branded and generic products on the market. Further information regarding the legal proceedings can be found on pages 35 to 38.
Operational performance	‹ The Board received an update on operational performance at each scheduled meeting, which included an update on the performance of SUBLOCADE and the actions taken to improve performance against KPIs. ‹ The Board reviewed the launch plans for PERSERIS in the US and agreed to strategically invest in the launch to diversify the Group's future revenue streams. ‹ The Board agreed to grant exclusive commercialization rights to PERSERIS in Canada to HLS Therapeutics (HLS) through a licensing agreement. In reaching this decision, the Board considered the significant costs for the Group to commercialise PERSERIS in Canada and HLS' strong track record of commercialization success and concluded that entering into the agreement was in the best interests of shareholders and patients in Canada. ‹ The Board reviewed and agreed the significant investment in marketing in respect of the US national direct to consumer (DTC) advertising campaign, 'Keep Moving Towards Recovery', the aim of which is to heighten awareness of treatment with SUBLOCADE and to reframe the perceptions of those struggling with moderate to severe opioid addiction. In considering the investment in the DTC campaign, the Board considered the other potential investment opportunities and timeframes for returns and determined that the investment in the DTC campaign could potentially bring a significant number of new patients into treatment and was therefore most likely to create long-term sustainable growth.
Financial performance	‹ The Board reviewed and approved the FY 2018 preliminary announcement, 2019 half-year results and Q1 and Q3 results announcements. ‹ The Board regularly reviewed the Group's financial performance and, in particular, US SUBOXONE Film revenues following the launch of generic buprenorphine/naloxone film and its impact on the Group's financial guidance for the year. Financial guidance was increased in July and October 2019.

Narrative reporting	‹ Supported by the Audit and Disclosure Committees, the Board reviewed the Annual Report and Accounts and concluded that, when taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.
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 39 to 44. ‹ Further information regarding the work of the Audit Committee in 2019 can be found on pages 62 to 69.
R&D / Pipeline development	‹ The Board was regularly updated by the Chief Scientific Officer on the development of the Group's pipeline. ‹ The continued progress of post-approval studies for SUBLOCADE and PERSERIS were reviewed. The Board was updated on the new research collaboration with Virginia Tech extending the RECOVER™ Study as well as the grant awarded by the National Institutes of Health relating to Clinical Evaluation of C4X3256. ‹ The Board was apprised of the continued focus to deliver SUBLOCADE and SUBOXONE Film worldwide and the progress of regulatory approval and filings in targeted territories.
Culture monitoring and assessment	‹ The Board adopted the revised Code of Conduct, which had been subject to external benchmarking and extensive review by key internal stakeholders. The updated Code of Conduct sets out the standards that the workforce is expected to adhere to and how these standards align to the Group's culture and Guiding Principles. The revised Code of Conduct is available on the Group's website www.indivior.com. ‹ The Board reviewed the results of the 2019 culture survey, which reflected the views of around 90% of the overall employee population. The annual culture survey seeks to measure the alignment of behaviors in the organization with values consistent with a high performing culture; these values include customer focus, collaboration, organization health, agility, accountability and ethics. In 2019, the results of the survey were supported by focus group discussions, led by Mike Marino (an independent consultant), and attended by the Indivior Culture Champions. The results of the 2019 culture survey were presented to the Board by the independent consultant, who shared his views on the results, the insights generated by the focus group discussions and areas for further development in the year ahead. The Board noted that the culture survey indicated that the Group's culture remained strong despite the impact of the restructuring in 2018 and the U.S. government's allegations. A number of areas of focus were highlighted, including improved communications and recognition and appreciation programs. A number of initiatives, including more frequent communications and enhanced recognition and appreciation programmes including a Volunteer Policy and enhanced spot award program to recognize special efforts and results have been implemented as a result of this feedback.
Governance and compliance	‹ The Company Secretary provided an update on corporate governance developments and, in particular, the requirements of the 2018 Code and emerging best practice. During the year, a number of changes were made to move towards compliance with the 2018 Code, including the appointment of Daniel J. Phelan as the designated Non-Executive Director for workforce engagement. Further information regarding the Board's approach to engagement with the workforce can be found on page 60. ‹ During the year, the Matters Reserved for the Board and the Terms of Reference of each of the Board's Committees were reviewed and updated to be in line with best practice and to reflect changes brought about by the 2018 Code. Copies of these documents are available on the Group's website www.indivior.com. ‹ Alongside the Nomination & Governance Committee, the Board considered the Group's succession planning arrangements for the Chair, Directors and members of the Executive Committee and agreed to appoint Peter Bains and Graham Hetherington as Non-Executive Directors. Further information regarding the Nomination & Governance Committee's review of succession planning arrangements and the appointment of Directors in 2019 can be found in the Nomination & Governance Committee Report on pages 70 to 73. ‹ The Board was updated on the Group's continued investment in the Integrity & Compliance function, this included the continued development of the team, enhancements to policies (including the confidential reporting helpline) and training and development activities.
Investor relations	‹ The Chair of the Board 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 & Operations Officer 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.

Board Induction

New Directors receive a comprehensive, tailored induction program, which takes account of 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. The program contains a number of core elements, which include:

Induction pack

New Directors are provided with a comprehensive induction pack, which contains key corporate documents (including the Schedule of Matters Reserved for the Board and the Terms of Reference of the Committees), governance documents and copies of recent press releases and analysts' notes.

Corporate governance

New Directors attend a corporate governance induction session, delivered by Addleshaw Goddard LLP, which covers the role, duties and legal responsibilities of a director, the UK Listing Regime and other legislative and regulatory matters. The session also provides an overview of developments in corporate governance, which includes the 2018 Code.

Integrity & compliance

New Directors meet with the Chief Integrity & Compliance Officer to gain an understanding of the Group's Corporate Integrity & Compliance Program.

Business induction

Meetings are scheduled with members of the Executive Committee and key employees to get an understanding of the Group's financial and commercial operations.

Field ride

New Directors are encouraged to shadow an Indivior Clinical Specialist for the day, to gain an understanding of physicians' and patients' needs and views.

External Audit

New Directors meet with the External Audit Partner to develop an understanding of the role of the External Audit. This included discussions regarding the current areas of focus and risks of the audit, significant judgment areas and regulatory and technical updates.

Case study

Board induction

Peter Bains

Peter Bains joined the Board in August 2019. He has over three decades of experience in the biotech and pharmaceutical industry encompassing strategic and operational leadership expertise across global geographies, function and business segments. As Peter has significant industry and leadership experience, he was appointed to the Audit and Science & Policy Committees when he joined the Board. He became Chair of the Science & Policy Committee on January 1, 2020.

In addition to receiving a comprehensive induction pack, Peter has taken part in corporate governance, integrity and compliance, business, and External Audit induction sessions. In September 2019, he travelled to the Group's headquarters in Richmond, VA to meet with members of the Executive Committee and senior management to gain an understanding of the Group's financial and commercial operations. A Board working dinner was also organized, attended by the entire Executive Committee, in order that Peter could spend time getting to know his fellow Board members and the senior leadership team.

Peter also spent a day with an Indivior Clinical Specialist in the Washington D.C. area to gain an understanding of physicians and patients' needs and views.

Case study

Board induction

Graham Hetherington

Graham Hetherington joined the Board in November 2019. He has a strong track record of industry and financial experience having served as Chief Financial Officer of two FTSE 100 companies. He was appointed to the Audit and Remuneration Committees when he joined the Board and will take over as Chair of the Audit Committee on March 31, 2020.

In addition to receiving a comprehensive induction pack, Graham has taken part in corporate governance, integrity and compliance, business, and External Audit induction sessions.

As Graham has been appointed to the Remuneration Committee, an induction session with the Group's remuneration advisors, Deloitte LLP, was arranged so that Graham would have a thorough understanding of the Group's remuneration framework, current remuneration policy and emerging best practice.

Graham also met with members of the executive management team to understand the Group's financial and commercial operations; meetings with management will continue to be scheduled during 2020 to ensure that he continues to develop his understanding of the Group's operations.

A Field Ride with an Indivior Clinical Specialist will be scheduled during 2020.

Board effectiveness review

2018 Effectiveness Review

The 2018 Board Effectiveness Review, which was internally facilitated, highlighted a number of areas of focus for 2019; these areas and the actions taken during the year to address them are set out below:

- the need to focus on succession planning – in 2019 Yvonne Greenstreet, Chris Schade and Lizabeth Zlatkus stepped down from the Board. A detailed succession plan and skills matrix was in place and enabled the Nomination & Governance Committee to promptly activate a process to identify additional Non-Executive Directors. Peter Bains and Graham Hetherington were appointed to the Board during the year;
- culture and employee engagement – a comprehensive culture survey was undertaken. Further information regarding the Board's culture review and engagement with the workforce can be found on page 57; and
- stakeholder engagement – during the year the Group developed a stakeholder engagement schedule. Further information, including 2019 highlights, can be found on pages 20 to 23.

2019 Effectiveness Review

In accordance with the 2018 Code, the Board undertook a review of the effectiveness of its performance and of its Committees and individual Directors during the year. The review was internally facilitated by the Chair, supported by the Company Secretary.

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 Chair and Company Secretary.

The online survey focused on a number of key areas, including Board composition, Board dynamics, meeting management and support, strategic oversight, risk management and succession planning.

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 the individual Directors. The report was circulated to the Directors and discussed at individual meetings with each Director and the Chair and Company Secretary, to enable the Chair to better understand the issues raised and areas for focus in the year ahead.

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

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

- succession planning – the survey, which had been undertaken in Q3 2019, had highlighted the need to continue to focus on succession planning arrangements for the Board and senior management and, in particular, the need to add financial experience to the Board. When the Board reviewed the report prepared by Lintstock at its meeting in November 2019, Graham Hetherington had been appointed to the Board and it was agreed that this particular area of focus had been successfully addressed;
- further development of the succession plan for the Chair of the Board following the changes brought about by the 2018 Code (which states that the Chair should not remain in post beyond nine years from the date of their first appointment to the Board); and
- Continue to oversee the management of the Group's material litigation matters.

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

The Board, supported by the Special Committee, is responsible for continuing to manage the Group's litigation matters.

The Non-Executive Directors, led by the Senior Independent Director, carried out the review of the performance of the Chair of the Board.

The last externally facilitated Board effectiveness review was carried out in 2017 by Oliver Ziehn of Lintstock. The Board will consider its approach in 2020, taking into account the Board's priorities and areas of focus.

Board accountability

The Board is responsible for the integrity of the Group's financial statements, 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 financial statements 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 financial statements, set out on pages 95 and 96.

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 Annual General Meeting. All Directors attended the AGM in 2019 and the Chief Executive Officer presented the financial and operational results for the Group, together with an overview of future strategy.

The Group announces its financial results on a quarterly basis, and these are released to the London Stock Exchange via an authorized Regulatory Information Service, and subsequently published on the Group's website. Half- and full-year results are accompanied by a presentation for analysts and investors from the Chief Executive Officer, Chief Financial & Operations Officer and other executives; this is live webcast and archived on the Group's website. The first and third quarter financial results announcements are accompanied by a conference call with the Chief Executive Officer, Chief Financial & Operations Officer and other executives; these calls are also live webcast.

These presentations and conference calls include dedicated question and answer sessions, where attendees are invited to ask questions.

During the year, the Chief Executive Officer, Chief Financial & Operations 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 and Non-Executive Directors may attend meetings with major shareholders. In particular, the Chair engaged with major shareholders to discuss the Group's operational progress and legal strategies in response to the Chair's open letter following the US DoJ's indictment of Indivior in April 2019; the Chair's open letter is available on the Group's website.

Executive management also presented at and attended various healthcare sector investor conferences for the purposes of meeting potential investors. Over the course of the year, management held smaller group meetings with investing institutions in the US and UK.

The Board regularly received reports from the Chief Executive Officer and Chief Financial & Operations Officer, covering discussions with major shareholders and is 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 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, the Board considered its approach to engagement with the workforce (Code Provision 5). Given the size and structure of the organization, the Board agreed to appoint a designated Non-Executive Director for workforce engagement. Daniel J. Phelan was appointed to this position.

A 'Fireside Chat' event was held at the Group's Richmond, VA headquarters in September 2019. The session was attended by members of the cross-functional Culture Champion network, which included representatives from HR, compliance, market access, marketing, business services and IT. The meeting was led by an external facilitator.

The focus of the event was the culture of the organization, including the challenges faced due to the restructuring in 2018 and legal issues and strengths and opportunities. The Culture Champions provided open feedback and highlighted that the events of the previous year had been difficult, but employees remained resilient, passionate and proud.

Daniel provided feedback from the session at the following Board meeting.

Global Town Hall

Regular Town Hall events are 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 September 2019, in recognition of National Recovery Month and International Overdose Awareness Day, an extended Global Town Hall was held.

Three guest speakers attended the meeting with the aim of bringing to life the Group's mission and broadening awareness of the patient journey towards recovery. The speakers included a medical expert in the field of substance abuse, Chairman of a non-profit community outreach and education organization, and a patient in recovery after a decade-long struggle with addiction. Daniel J. Phelan, the designated Non-Executive Director for workforce engagement, also attended the event.

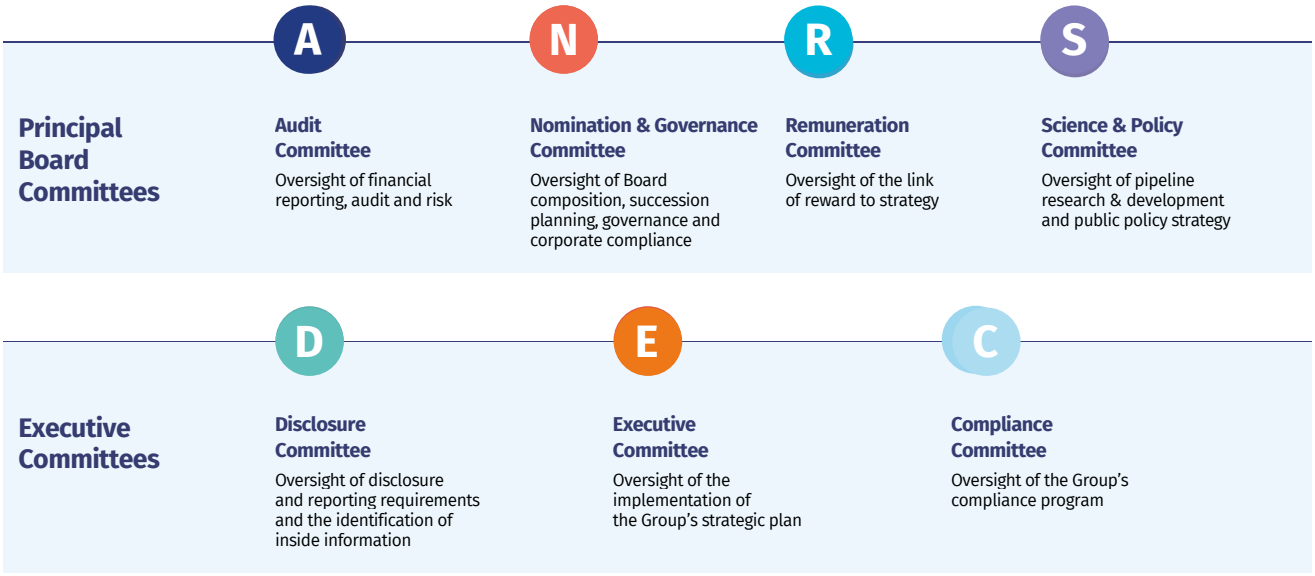
Lunch with the Board

During the year, the Board hosted a lunch at the Group's headquarters in Richmond, VA. The purpose of the lunch was to provide an opportunity for employees to meet informally with the Board, providing an opportunity to ask questions and share their views.

The Board is responsible for ensuring there is a robust and transparent governance framework in place.

We have a clear division of responsibilities between the Board and its Committees; each role is clearly defined and is distinct from the other.

Indivior Board



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 the committee at the following Board meeting. Copies of all papers and the minutes of meetings of the principal Committees are available to all Directors.

The Board also established a Special Committee to oversee the Group's interactions and discussions in connection with the U.S. government's allegations. The Special Committee is comprised of the Chair of the Board, the Senior Independent Director, Daniel J. Phelan and Tatjana May. The Special Committee reports regularly to the Board. At the invitation of the Committee, the Chief Executive Officer, Chief Financial & Operations Officer, Chief Legal Officer, Chief Integrity & Compliance Officer and Company Secretary attend meetings. External legal counsel attend meetings at the invitation of the Chair of the Board.

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 50 to 51.

Compliance Committee

The Compliance Committee comprises all members of the Executive Committee and is chaired by the Chief Integrity & Compliance Officer. The 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.

Disclosure Committee

The Disclosure Committee is chaired by the Chief Financial & Operations Officer. It comprises the Chief Financial & Operations Officer, the Chief Commercial & Strategy Officer, the Chief Legal Officer, the Chief Scientific Officer and the Company Secretary. The Committee meets as necessary and oversees the disclosure of information in accordance with the EU 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, 2019.

The role of the Audit Committee is to ensure that the Committee monitors and assesses the integrity of the Group's financial statements and reviews the significant financial 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 its responsibilities throughout the year.

There have been a number of changes to the composition of the Committee during the year, these will be covered later in this report. Graham Hetherington will take on the role of Chair of the Committee from March 31, 2020. I will step down as Chair of the Committee with effect from that date; I will remain a member of the Committee.

I hope you find this report informative and I look forward to 2020, as we 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

March 5, 2020

Members and meetings

During the year, Yvonne Greenstreet, Chris Schade and Lizabeth Zlatkus stepped down from the Board and from the Committee. Chris and Lizabeth were designated as having recent and relevant financial experience.

Daniel Tassé, who has served as a member of the Committee since November 2014, was appointed Chair of the Committee and Daniel J. Phelan was appointed a member of the Committee. As a serving Chief Executive Officer, Daniel Tassé has extensive sectoral experience and a thorough understanding of accounting and audit matters. Daniel J. Phelan has an understanding of accounting matters and extensive sectoral executive management experience. In order to further strengthen their understanding of audit matters, both met with the External Audit Partner and regular briefings were scheduled for Daniel Tassé with members of the Group's Finance Team and the External Audit Partner. Peter Bains was appointed a member of the Committee on his appointment to the Board; Peter has extensive sectoral experience and has served as Chief Executive of listed companies and therefore has a good understanding of accounting matters.

Recognising that at least one member of the Committee should have competence in accounting and/or auditing, a search commenced to identify an additional Non-Executive Director. Graham Hetherington, who has substantial financial experience, and is a fellow of the Chartered Institute of Management Accountants, was appointed as a member of the Committee on appointment to the Board. Further information regarding the appointment process can be found in the Nomination & Governance Committee report.

As part of their inductions, both Peter Bains and Graham Hetherington met with the External Audit Partner to develop further their understanding of the current areas of focus for the Audit Committee and the relationship between management, the External Auditor and the Audit Committee.

Throughout the year, the Committee invited the Chief Financial & Operations Officer, SVP-Group Controller, Vice President-Chief Audit Executive, Vice President-Tax, Vice President-Group Treasury, External Audit Partner and other representatives from the External Auditor to attend Committee meetings, although it reserves the right to meet without any of these individuals. The Deputy Company Secretary is secretary to the Committee.

For part of each meeting, the Committee meets separately with the Chief Financial & Operations Officer, 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 Committee meeting to the Board, and copies of the minutes of each Committee meeting 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.

	Independent Non-Executive Director	Date appointed to the Committee	Date stepped down from Committee	Scheduled meetings attended in 2019	Ad hoc meetings attended in 2019
Members (at December 31, 2019)					
Daniel Tassé (Chair from July 31, 2019)	Yes	November 2014	–	5/5	2/3[1]
Peter Bains	Yes	August 2019	–	2/2	1/1
Graham Hetherington	Yes	November 2019		1/1	–
Daniel J. Phelan	Yes	July 2019		2/2	1/1
Former members					
Yvonne Greenstreet	Yes	November 2014	March 31, 2019	1/1	1/1
Chris Schade (Chair to July 31, 2019)	Yes	November 2014	July 31, 2019	3/3	2/2
Lizabeth Zlatkus	Yes	September 2016	August 31, 2019	3/3	2/2

1. Daniel Tassé was unable to attend an ad hoc Committee meeting held in January 2019 due to prior commitments. This was prior to his appointment as Chair of the Committee.

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, focused its attention in the following areas:

Areas of focus	Action taken/conclusion
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 external audit and explain how it contributed to the integrity of financial reporting. ‹ To review the Group's strategy for management of key financial risks, 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 preliminary announcement, half-yearly and quarterly financial results and to advise the Board of the integrity of each. Further information is set out on page 66.
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 financial controls, including the policies and overall processes for assessing internal financial control and effectiveness of corrective action taken by management. Further information is set out on page 67.
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 66. ‹ 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 67 to 68. ‹ 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 which is linked to the events in the Group's financial calendar and includes standing items that the Committee considers, in addition to any specific matters requiring the Committee's attention. The Committee met a total of eight 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.

Areas of focus	Action taken/conclusion
Financial	‹ The Chief Financial & Operations Officer provided an update on the financial performance of the business at each scheduled meeting including market guidance. ‹ The Committee reviewed and recommended to the Board the FY 2018 preliminary announcement, the 2019 half-yearly and quarterly financial results. ‹ Matters relating to going concern, with supporting analysis, were continually reviewed throughout the year. ‹ The viability statement was reviewed by the Committee, in line with the Group's financial calendar. The viability statement can be found on page 45. ‹ The Committee reviewed key accounting judgments. ‹ The Committee reviewed letters of representation issued by the External Auditor prior to them being agreed by the Board. ‹ At each scheduled Committee meeting the Vice President-Group Treasury presented a treasury operations update thereby assisting the Committee to keep the Group's capital base under review. ‹ The Committee received presentations from the Vice President-Tax on current and emerging worldwide tax matters and also reviewed and approved the annual tax strategy for 2020, which is available on the Group's website. ‹ The Committee reviewed the Group's strategy for the management of key financial risks and to ensure the Group has followed appropriate accounting policies and made appropriate estimates and judgments. ‹ The Committee received a presentation on US gross-to-net accounting detailing the methodology used and the related control environment. ‹ The Committee recommended to the Board the re-appointment of PricewaterhouseCoopers LLP as the External Auditor. ‹ The Committee met privately with the Chief Financial & Operations Officer following each scheduled meeting.
Internal audit and risk	‹ The Committee agreed the internal audit plan for 2019 and reviewed and approved the 2020 internal audit plan. ‹ 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. ‹ The Committee reviewed the Group's principal risks for inclusion in the Annual Report and financial results announcements. ‹ Further information regarding the Group's principal risks can be found on pages 39 to 44. ‹ The Group's Enterprise Risk Management (ERM) program and process was reviewed by the Committee. ‹ The Group's approach to cyber security and the threats posed to the Group were reviewed by the Committee. ‹ The Committee reviewed the effectiveness of the Internal Audit function, including the 2018 annual quality assessment of the Internal Audit function. ‹ The Committee met privately with the Vice President-Chief Audit Executive following each scheduled meeting.
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 measures and approved amendments where appropriate. ‹ The Committee reviewed the Group's insurance program and made various recommendations regarding the 2019/20 renewal planning process. ‹ The Committee's effectiveness was reviewed during the year as part of the Board's annual performance evaluation. Further information regarding the evaluation can be found on page 59.
External Auditors	‹ The Committee considered the accounting, financial control and audit matters from the External Auditor's reports issued throughout the year. ‹ Reviewed the independence of the External Auditor. ‹ Following each scheduled meeting, and ad hoc meetings when appropriate, private meetings were held with the External Auditor. ‹ The Committee agreed the External Auditor engagement and audit fee for 2019 as well as the external audit plan for 2019. ‹ The Committee received technical and regulatory presentations from the External Audit partner. ‹ The annual assessment of the External Auditor was undertaken and reviewed.

Significant judgments

In preparation for each meeting, management produced briefing papers on any significant matter which the Committee was to discuss. Management is invited to attend these meetings should the Committee require further detailed guidance. The following areas of focus in relation to the Group's Annual Report and other accounting areas requiring management judgment were considered and discussed with both management and the External Auditor:

Areas of focus	Action taken/conclusion
Going concern	‹ Throughout the year, uncertainties remained relating to ongoing litigation, the U.S. Department of Justice Indictment, revenue outlook for SUBLOCADE and PERSERIS, and generic entrants into the market. As in previous years, these uncertainties highlighted the importance of the Committee's assessment as to whether the Group remains a going concern when preparing the financial statements. ‹ The Committee discussed with management its litigation strategy and, in particular in relation to the indictment, and the effect on cash outflows after the going concern period, and cash forecasting scenarios. The Committee also challenged management on the adequacy of provisioning for ongoing litigation matters. To assist, management provided detailed financial planning analysis for consideration by the Committee, detailing steps taken plus contingency plans to reduce further the cost base of the business in order to manage effectively the Group's capital structure to ensure sufficient liquidity over possible near-term litigation and trading outcomes. ‹ As a consequence of the need to protect and reduce the cost base of the business, management implemented further cost-saving initiatives to help offset the financial impact of US market developments. ‹ With the robustness of management's plans for managing the day-to-day operations of the business and planned cash management, the Committee was able to validate that adopting the going concern basis of accounting in the financial statements continues to be appropriate.
Viability statement	‹ The Committee assessed the prospects and challenges facing the Group resulting from lower net revenue compared with the prior year. 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, legal and financial risks associated with the ongoing U.S. Department of Justice indictment, the Group's overall legal strategy associated with all outstanding litigation matters and expectations for the Group's base business. The Committee received updates from management on the progress of discussions with the U.S. Department of Health and Human Services/Officer of Inspector General (HHS/OIG) and the risks to the business of exclusion from US federal healthcare programs by HHS/OIG. ‹ The Committee reviewed management's business plan and revised financial forecast for the optimization of the base business including cash forecasts, and the possible use of cash reserves over the length of the viability period. The Committee probed management's judgment regarding short- and long-term provisioning, and the sensitivity analysis initiated by management assessing 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 39 to 45.

Areas of focus	Action taken/conclusion
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 factors considered to be relevant. ‹ 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 asset impairment and recoverability judgments. ‹ Given that certain judgments and disclosures in the Annual Report are highly judgmental, the Committee has reviewed management's assumptions and inputs into their analysis and development of the judgments 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.

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 2018 preliminary results announcement, the 2019 half-yearly and quarterly financial results. In doing so, the Committee in each review 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;

‹ tax contingencies, compliance with statutory tax obligations and the Group's tax strategy; and

‹ litigation and contingent liabilities affecting the Group.

Internal Audit

Internal Audit plays an important role by providing assurance and advice relating to the Group's governance, risks and controls, and 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 67.

The Committee approved the 2019 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 co-ordinated 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. 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 actions.

To fulfil 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.

An external quality assessment of the Internal Audit function was conducted during the year with the assistance of Lintstock, an independent external evaluation consultancy. The review included input from Internal Audit's stakeholders across the Group. The review highlighted some continuous improvement opportunities to further enhance the effectiveness of the Internal Audit function relating in the main to further developing the knowledge and experience of the Internal Audit team and increasing consultation and collaboration with stakeholders. However, the Internal Audit function continued to meet the overall needs of the Group. The Committee noted that this was the first full review involving the Vice President-Chief Audit Executive since his appointment in September 2018. The Committee acknowledged the enhanced value of work flowing from the Internal Audit team and the improved quality of team leadership appropriate for the Group.

Internal financial control and risk management

The Committee acknowledges its duty to assist the Board to fulfil its responsibilities for the Group's risk management and internal control systems, including the adequacy and effectiveness of the control environment, controls 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 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 that 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 fulfil its duties, the Committee reviewed:

- the External Auditor's reports to the Committee covering the full-year 2018 preliminary announcement, the 2019 half-year and quarterly financial results;
- 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
- presentations from the Chief Information Officer outlining the Group's approach to IT and cyber security.

Accordingly, the Committee confirms there is a 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 2019 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 internal control and the management of risk. 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. 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, legal matters 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. 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 2019. 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.

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 fulfilment 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; and
- a report from the Audit Partner at each Committee meeting.

To further assist the Committee in assessing the effectiveness of the External Auditor, the Committee undertook an assessment of the External Auditor via a survey completed by key internal stakeholders. The analysis of the results of the survey was undertaken by Lintstock and the results were discussed with the Committee and the External Auditor at the Committee meeting held in November 2019.

To fulfil 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 scepticism 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.

On July 10, 2019 the Financial Reporting Council (FRC) via the Audit Quality Review Team (AQRT) issued a report relating to the quality of audit work undertaken by Statutory Auditors and audit firms. In reviewing the FRC's overall findings, the Committee noted the reference to the AQRT's review of the External Auditor's audit of the Group for the year ended December 31, 2017. The Committee discussed the FRC's current report with the External Auditor and was satisfied with the approach taken by the External Auditor to audit quality and their ongoing investment in audit quality through their "Programme to enhance audit quality".

The Committee continues to review annually the appointment of the External Auditor, taking into account the 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 on 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 & Operations 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 that it believes it remained independent throughout the year within the meaning of the regulations on this matter and in accordance with its professional standards.

To fulfil 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 to ensure its continuing suitability and effectiveness and its compliance with the Financial Reporting Council's Guidance on Audit Committees (2016) and the Revised Ethical Standard (2016). The Policy recognises 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.

The policy identifies services that are prohibited and those that are permitted subject to formal approval, which is in-line with the Revised Ethical Standard (2016). Any permitted service with a fee of less than $0.5m must be pre-approved by the Chief Financial & Operations 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 $2.1m (2018: $2.4m) during the year, comprising $1.7m (2018: $1.6m) for audit services and $0.4m (2018: $0.8m) 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 2020. The Group has no current retendering plans.

Daniel Tassé
Chair of the Audit Committee

March 5, 2020

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, 2019.

The Committee had a full agenda in 2019. During the year, the Committee supported the Board in the recruitment of two Non-Executive Directors; Peter Bains and Graham Hetherington. The Committee also supported the Board in making recommendations regarding the composition of the Board's Committees.

The Committee has responsibility for reviewing the Group's corporate governance arrangements and considered changes to comply with the 2018 UK Corporate Governance Code (the '2018 Code'). One key area of focus was the requirement to determine a method for engagement with the workforce and the Committee recommended that Daniel J. Phelan was appointed the designated Non-Executive Director for workforce engagement.

The Committee also continued to oversee the Group's investment in and development of its Integrity & Compliance function.

In 2020, we will continue to monitor the Board's succession plans and governance arrangements to ensure these remain effective and appropriate. We will also oversee the continuous development of our Integrity & Compliance program.

Role and responsibilities

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

Board composition and succession planning arrangements

- reviewing the size, composition, diversity and balance of skills of the Board and its Committees;
- overseeing the recruitment process for Directors and making recommendations to the Board regarding new appointments; 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.

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 Group's corporate Integrity & Compliance program.

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

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.

A separate part of each meeting is reserved for a private session of the members of the Committee.

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.

Activities during the year

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

Board effectiveness review

The Committee considered the approach regarding the review of the effectiveness of the Board, its Committees and the individual Directors. The Chair of the Committee, supported by the Company Secretary, developed the approach for 2019, 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 2019 Board Effectiveness Review can be found on page 59.

	Independent Non-Executive Director	Date appointed to the Committee	Date stepped down from Committee	Meetings attended in 2019
Members (at December 31, 2019)				
Lorna Parker (Chair)	Yes	November 2014		5/5
Tatjana May	Yes	February 2017		5/5
A. Thomas McLellan	Yes	November 2014		5/5
Former members				
Daniel J. Phelan	Yes	November 2014	July 31, 2019	2/3[1]

1. Daniel J. Phelan was unable to attend the Committee meeting held in July 2019 due to medical reasons.

Corporate governance

During the year, the Committee was kept abreast of developments in corporate governance by the Company Secretary. This included changes brought about by the 2018 Code, which applied to the Company for the financial year ended December 31, 2019. In particular, the Committee:

- considered the Group's approach to engagement with the workforce and agreed to recommend that Daniel J. Phelan be appointed as the designated Non-Executive Director for workforce engagement. Further information regarding the Board's approach to engagement with the workforce can be found on page 60;
- updated 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, compliance with the EU General Data Protection Regulation and the preparations for the California Consumer Privacy Act; 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).

Succession planning

During the year, the Committee reviewed and updated the succession plans for the Board and members of the Executive Committee.

Chair succession

The 2018 Code states that the Chair should not remain in post beyond nine years from the date of their first appointment to the Board. As a result of this change, the Committee reviewed the succession plans in place for the Chair and the impact this change has upon that plan; the Committee intends to keep this matter under review.

Non-Executive succession

The Committee kept the succession plans for the Non-Executive Directors under close review, particularly as the majority were appointed on demerger. During the year, there were a number of changes to the composition of the Board (see 'Appointment of Non-Executive Directors' for more information).

Executive Committee succession

The Chief Executive Officer presented an overview of the talent assessment of the Executive Committee at the Committee's meeting in September 2019. As part of this review, the succession plans in place for the senior management team were reviewed by the Committee.

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, which includes copies of candidate specifications and profiles.

Appointments in 2019

Yvonne Greenstreet stepped down from the Board in March 2019. As a result, the Committee considered the composition of the Board and its Committees, taking into account the skills, experience and knowledge of the Directors and the position of the business. Following review, the Committee recommended not to commence a search process for a successor to Dr. Greenstreet in the short term, but to keep the matter under review.

Chris Schade and Lizabeth Zlatkus stepped down from the Board in July and August 2019 respectively. As a result, the Committee once again looked at the composition of the Board and its Committees and recommended to the Board that two additional Non-Executive Directors, with the following skills, be identified:

- an individual with significant experience in the pharmaceutical industry and, in particular, experience of successful commercialization of new products; and
- an individual with recent and relevant financial experience and competence in accounting or auditing, preferably within the pharmaceutical industry.

Due to the specific skillset required for the first position and the need to expedite the recruitment process, the Committee determined that it would not follow its usual appointment process and would not appoint an external search consultancy to identify a shortlist of candidates.

Peter Bains, whose strong track record, extensive pharmaceutical background and specific skillset was known to some of the serving Directors, was approached directly. He was interviewed by a number of Directors (who were not previously known to him). The Group also engaged Russell Reynolds Associates to support on his appointment; which included interviewing Mr Bains and taking up references. Following receipt of those references and review of any actual or potential conflicts and confirmation of the time commitment required, the Committee recommended his appointment and the Board agreed to appoint him as a Director with effect from August 1, 2019.

Russell Reynolds Associates, who have no other connection with the Company or individual Directors, were engaged to support the Committee in the identification of potential candidates with recent and relevant financial experience. Russell Reynolds are accredited under the Enhanced Code of Conduct for Executive Search firms and are a signatory to the Voluntary Code of Conduct for Executive Search Firms (which has diversity as its focus).

Russell Reynolds supported the Committee in the development of a candidate specification, which included the specific criteria against which the potential candidates would be assessed. Russell Reynolds developed a shortlist of candidates and five potential candidates were interviewed by Executive and Non-Executive Directors. Following feedback from these meetings, Graham Hetherington was identified as the best candidate for the role. Following review of any actual or potential conflicts and confirmation of the time commitment required, the Committee recommended his appointment and the Board agreed to appoint him as a Director with effect from November 1, 2019.

During the year, the Committee has kept the composition of the Board's Committees under close review and recommended to the Board that a number of changes be made to ensure that the Committees maintain a balance of skills and experience.

Details of Peter and Graham's induction programs can be found on page 58.

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 May 2019, the Committee updated the External Appointments Policy to reflect its existing practice. In accordance with Provision 15 of the 2018 Code, the Policy requires that 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.

Corporate compliance

At each meeting, the Committee received an update from the Chief Integrity & Compliance Officer on the Group's Corporate Integrity & Compliance program. The Committee holds a private session with the Chief Integrity & Compliance Officer at each meeting, without executive management present.

Ahead of each meeting, the Committee receives the Integrity & Compliance dashboards, which have been further enhanced during the year to 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.

Further information regarding the Group's Integrity & Compliance program can be found on page 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, its Committees 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. We measure this through our annual culture survey, which measures respect for diversity across our workforce, and we were pleased to note that the responses in respect of diversity and inclusion remained strong in 2019.

As a result of changes in the year, female representation on our Board reduced from 36% to 20%. When making new appointments, the Committee and the Board gave careful consideration to the skills, experience and knowledge of the potential candidates and made its recommendations and appointments based on merit and objective criteria.

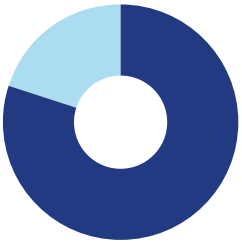
The Committee has considered the diversity of the Board and recognizes that this is an area that will need to be kept under review and thoughtfully considered when making future appointments. The Board has determined that it will not set specific targets in respect of Board diversity, but recognizes the benefits that it brings to the Board and remains committed to promoting diversity.

Our senior management team (comprising the Executive Committee and Company Secretary) is comprised of 27% women. At senior leadership levels in the organization (Executive Committee and direct reports), there is 36% female representation.

Lorna Parker
Chair of the Nomination & Governance Committee

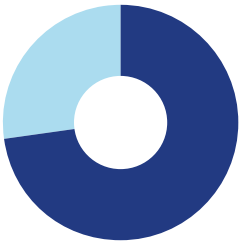
March 5, 2020

Board of Directors



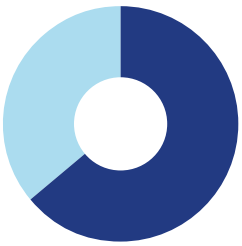
- Male 80%
- Female 20%

Senior management team



- Male 73%
- Female 27%

Senior leadership



- Male 64%
- Female 36%

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, Chief Officer, Corporate Affairs and Communications 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 Company's product pipeline and early stage asset development opportunities for substance use disorder;
- reviewed the ongoing progress of the RECOVER Study™ (Remission from Chronic Opioid Use-Studying Environmental and Socio-Economic Factors on Recovery);
- reviewed the effectiveness of the Committee during the year as part of the Board's annual performance evaluation. Further information can be found on page 59;
- reviewed progress of regulatory filings outside the US;
- throughout the year, the Chief Scientific Officer updated the Committee on the progress of the Peer-Review publications in which the Group were involved, which numbered forty at the year-end. The Committee also approved the Peer-Review Publication Plan for 2020; and
- received briefings on the Group's public policy strategies with emphasis on the federal and state landscape in the US.

Peter Bains
Chair of the Science & Policy Committee

March 5, 2020

	Independent Non-Executive Director	Date appointed to the Committee	Date stepped down from Committee	Meetings attended in 2019
Members (at December 31, 2019)				
Peter Bains[1]	Yes	August 2019	–	2/2
Tatjana May	Yes	November 2019	–	1/1
A. Thomas McLellan[1]	Yes	November 2014	–	5/5
Former members				
Yvonne Greenstreet[1]	Yes	November 2014	March 31, 2019	1/1
Chris Schade	Yes	November 2014	July 31, 2019	3/3
Lizabeth Zlatkus	Yes	November 2017	August 31, 2019	3/3

1. Yvonne Greenstreet was Chair of the Committee from November 2014 until March 31, 2019. A Thomas McLellan was appointed Chair of the Committee on March 31, 2019 and stepped down as Chair on January 1, 2020. Peter Bains was appointed Chair of the Committee on January 1, 2020.

Annual remuneration statement

Daniel J. Phelan
Chair of the Remuneration Committee

“

On behalf of the Board, I am pleased to present the Directors’ Remuneration Report for the financial year ended December 31, 2019.

”

Dear Shareholder,

My colleagues and I on the Committee hope that you find this report clear, transparent and informative, and that we can count on your continued support.

The Directors’ Remuneration Report on pages 75 to 91 will be subject to an advisory vote at the Annual General Meeting (‘AGM’) in 2020. All payments to Directors during 2019 were made in accordance with the Remuneration Policy.

Our current Remuneration Policy was approved by 94.3% of shareholders at the AGM in 2018, and I would like to thank shareholders for their continuing support. No changes are proposed to our Remuneration Policy this year, a summary of which is included at the end of this report.

Remuneration policies and practices

Our remuneration philosophy has been designed to align the incentivization of our senior executives with our strategic priorities and to promote the long-term sustainable success of the Group.

Our remuneration structure is designed to reflect the fact that the majority of our revenues are generated from our US operations and the significant majority of our management team are based in the US. We therefore compete for talent against global pharmaceutical companies, predominantly based in the US, whose pay model is very different from typical UK market practice.

We have designed our remuneration structure to be carefully balanced, as Indivior is a UK-listed company operating within UK best practice and corporate governance guidelines. This results in a remuneration structure that is different in some respects from a typical UK-listed or US-listed package, but one that the Committee considers to be appropriate to be able to retain and incentivize our experienced management team.

2019 business performance

2019 was a challenging year for Indivior. The Committee and management recognize that shareholders have continued to experience uncertainty over the year. In determining remuneration outcomes, the Committee has been cognizant of the continuing uncertainty and solid operational performance.

The business experienced a substantial reduction in US net revenues from its SUBOXONE Film business, as a result of the launch of generic versions of that product. Whilst the impact on net revenues was at a lower rate than suggested by historical industry analogues, the overall impact on the business’ profitability has been significant. Operationally, the business made good progress in dealing with the headwinds to the launch of SUBLOCADE and achieved net revenues at the upper end of guidance. Careful cost management enabled the business to streamline its operations, prudently manage cash, and increase the Group’s financial guidance twice during the year.

Summary of key decisions

The key decisions and outcomes in relation to 2019 remuneration and the approach for 2020 in respect of Executive Directors are summarized below:

- 2019 Annual Incentive Plan (AIP): performance resulted in bonus outturn of 65.5% of maximum and the Committee considered this to be an appropriate reflection of the solid operational performance during 2019;
- 2017–2019 Long-Term Incentive Plan (LTIP): performance resulted in an outturn of 19.5% of maximum and the Committee exercised negative discretion to reduce amounts to zero. Notwithstanding that the 2017-2019 LTIP construct operated as intended, the Committee felt it appropriate in the context of the shareholder experience over the performance period to override the formulaic outcome and exercise negative discretion;
- 2020–2022 LTIP awards will be reduced from the usual maximum opportunity of 500% to 225% of base salary. As a reminder, 2019–2021 LTIP awards were reduced from 500% to 325% of base salary;
- 2020 AIP performance measures are focused on US net revenues for SUBLOCADE and PERSERIS, and cash management (as was the case for 2019 AIP); and
- 2020-2022 LTIP performance measures are focused on shareholder returns (as was the case for the 2019-2021 LTIP awards).

The above is explained in further detail below.

2019 remuneration outcomes

2019 AIP

The 2019 AIP measures were focused on financial performance, split between US net revenues for SUBLOCADE and PERSERIS and cash management.

The operational performance of the Group in 2019 was solid. SUBLOCADE net revenues achieved target performance. PERSERIS net revenues were around threshold performance and cash performance exceeded the maximum target set. This resulted in outturn of 65.5% of the maximum bonus payable. The Committee considered this outturn to be an appropriate reflection of the underlying financial performance of the Group in 2019. Further information regarding 2019 AIP outcomes can be found on page 81.

In line with our Policy, 75% of the bonus earned will be delivered in cash and 25% will be deferred into shares for a period of two years.

2017–2019 LTIP

The year ended December 31, 2019, was the final year of the three-year performance period for the LTIP awards granted in 2017 to the Chief Executive Officer and Chief Financial & Operations Officer.

The 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&P 1500 Pharmaceutical and Biotech Index; and key pipeline and product measures. Threshold performance in respect of the relative TSR performance measures was not met resulting in 0% vesting for those elements and there was 58.5% vesting in respect of the key pipeline and product element. This resulted in overall vesting of 19.5% of the maximum on a formulaic basis.

However, in light of the shareholder experience over the same three-year period, the Committee considered it appropriate to exercise its discretion to override the formulaic outturn and reduce LTIP amounts for the Executive Directors to zero, notwithstanding that the 2017-2019 LTIP construct had operated as intended. This is the second consecutive year that the Committee has exercised negative discretion in relation to incentive outcomes, having reduced 2018 AIP amounts to zero last year.

Mark Crossley

During the year, Mark Crossley took on additional responsibilities for manufacturing, supply, and procurement and was appointed Chief Financial & Operations Officer. As a result of the expansion of Mark's role, the Committee reviewed his remuneration arrangements and agreed to make the following adjustments:

- his base salary was increased by 9%, with effect from August 1, 2019;
- his AIP opportunity for 2019 was maintained at 120% of pro-rated base salary; and
- he was granted a 'top-up' LTIP award so that the aggregate value of his 2019 LTIP awards was 325% of his 2019 pro-rated base salary. The market value used to calculate the number of shares subject to the 'top-up' award was calculated by reference to the share price at the time of the main LTIP grant in March 2019.

Subsequently, and as part of its annual review of the remuneration arrangements for senior management, the Committee agreed to increase Mark Crossley's AIP opportunity to 160% of base salary (at maximum) from 2020 onwards.

Remuneration arrangements for the Executive Directors in 2020

Base salary

The Executive Directors received a base salary increase of 3% effective January 1, 2020. The Committee carefully considered the increases to base salary and concluded that these were appropriate given that they were aligned with the average increase for the wider workforce.

AIP

The structure of the AIP will remain unchanged in 2020 and will continue to be based on three financial metrics. As mentioned above, Mark Crossley's maximum bonus opportunity has been increased to 160% of base salary (from 120% of base salary) in recognition of his increased responsibilities; this remains within the amount permitted under our Remuneration Policy.

2020–2022 LTIP

Under our Remuneration Policy, the Executive Directors would ordinarily be granted LTIP awards with a value of 500% of base salary. For the 2019 awards, the Committee carefully considered LTIP quantum in the context of the material decline in the Company's share price in 2018 and determined that 2019 awards would be reduced by 35%, resulting in awards of 325% of base salary for the Executive Directors. For 2020 awards, the Committee once again carefully considered LTIP quantum in the context of the share price decline and determined that it was appropriate to reduce awards further to 225% of base salary for Executive Directors, a reduction of around 30% from 2019 award levels.

LTIP awards granted in 2020 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. As with the LTIP awards granted in 2019, the awards granted to the Executive Directors in 2020 will be subject to an additional two-year holding period following the end of the three-year performance period.

2018 UK Corporate Governance Code

The 2018 UK Corporate Governance Code (the '2018 Code') came into effect for the financial year beginning January 1, 2019. The Committee has considered the revisions brought about by the 2018 Code and made a number of changes to be compliant with the revised principles and provisions relating to remuneration. In particular:

- the Committee undertook a review of remuneration and related policies for the workforce (see 'Workforce remuneration arrangements' for more information);
- the Committee reviewed the pension benefits for the Executive Directors and agreed that any new Executive Director hire will have benefits in line with that of the wider workforce (see 'Pension benefits' for more information);
- the Committee reviewed the existing shareholding requirements for the Executive Directors which, combined with existing bonus deferral and post-vesting holding periods, are considered sufficiently robust, but the Committee intends to review this as part of its review of the Remuneration Policy that will be put to shareholders in 2021 (see 'Shareholding requirements' for more information);
- the Group's incentive arrangements provide the Committee with the ability to override formulaic outcomes and enable recovery or withholding of sums or share awards in specific circumstances; and
- the Committee's Terms of Reference were reviewed and updated to comply with the 2018 Code.

Workforce remuneration arrangements

A new provision of the 2018 Code states that the Committee should review workforce remuneration and related policies and the alignment of incentives and rewards with culture and take these into account when setting the policy for Executive Director remuneration.

During the year, the Committee undertook a thorough 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 incentives 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.

As part of this review, the Committee also considered the results of a pay equity analysis review carried out by an independent third party, which had a particular focus on diversity and the initiatives that have been implemented as a result of this analysis.

The Committee concluded that the structure of remuneration throughout Indivior is clearly defined, simple, fair, and consistent and has been designed to drive performance and behaviors consistent with Indivior's purpose, strategy, and culture. Furthermore, the Human Resources team has worked with the Integrity & Compliance function to design a remuneration structure that includes risk mitigation measures to deter behaviors that are inconsistent with our culture and guiding principles; this includes the ability to reduce or cancel an individual's participation in certain programs in the event of misconduct or a compliance violation. The Group's malus and clawback provisions in respect of awards granted under the Deferred Bonus Plan and LTIP provide for awards to be scaled back or canceled in certain circumstances (which includes serious reputational damage for awards granted from 2018 onwards).

Pension benefits

The Committee has considered the pension benefits in place for the Executive Directors and how these compare to those available to the wider workforce. The Committee does not propose to make any changes to the existing benefits at this time, as it considers the existing benefits to be broadly aligned.

The Committee is mindful of the UK corporate governance environment and is committed to ensuring that any new Executive Director hire will have pension benefits in line with that of the wider workforce. Furthermore, we will review our approach to pensions for current Executive Director incumbents as part of our review of the Remuneration Policy, which will be submitted to shareholders for approval at the 2021 AGM.

Shareholding requirements

The Committee has considered the new requirement introduced under the 2018 Code for remuneration committees to develop formal policies for post-employment shareholding requirements. Our existing shareholding requirements are significantly higher than UK market practice at 500% of base salary and are further strengthened by two-year post-vesting holding periods for LTIP awards and a mandatory 25% two-year bonus deferral under the AIP.

The Committee is comfortable that the existing provisions, coupled with our leaver provisions, represent a sufficiently robust policy at this time. As with pension arrangements, we are committed to reviewing our approach on post-employment shareholdings as part of our review of the Remuneration Policy, which will be submitted to shareholders for approval at the 2021 AGM.

During the year, the Committee reviewed the progress of the Executive Directors and Executive Committee members against their shareholding requirements. At December 31, 2019, the Chief Executive Officer held shares with a value equivalent to 107% of salary and the Chief Financial & Operations Officer held shares with a value equivalent to 36% of salary.

The Chief Executive Officer has previously exceeded the shareholding requirement of 500% of salary, but the value of his holding had fallen below the requirement as a result of the decline in Indivior's share price. In line with the Group's shareholding requirements, he will not be expected to buy additional shares with his own funds to re-achieve the requirement, but will be expected to retain shares arising from future vestings or releases of shares to rebuild his holding. The Chief Financial & Operations Officer has until February 2022 (being five years from the date of appointment) to reach his shareholding requirement.

Whilst there was no obligation on the Executive Directors to buy shares in the market, both Shaun Thaxter and Mark Crossley purchased shares in the open market using their own funds to increase their personal holdings during the year.

All-employee plans

The Group operates a Sharesave Plan in the UK and an Employee Stock Purchase Plan in the US. The Sharesave Plan is open to all UK employees, and Employee Stock Purchase Plan is open to all US employees (except those who participate in the LTIP). The Committee has considered participation rates and noted that there remains good participation in both plans.

Shareholder engagement

We continue to value the feedback provided by our shareholders. During the year, we engaged with a number of our major shareholders to understand their views and potential concerns regarding our remuneration arrangements.

In particular, we wrote to a number of major shareholders to explain the changes to Mark Crossley's remuneration arrangements and the rationale for these changes, and I was pleased to note broad support for these.

2020 AGM

We hope you will agree that we have taken a fair and responsible approach to executive pay and hope to receive your support for the Directors' Remuneration Report at our AGM in May 2020.

Daniel J. Phelan

Chair of the Remuneration Committee

March 5, 2020

Annual report on remuneration

Contents

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 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 2019, and how the Committee intends to apply the Policy in 2020. 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 2020 AGM.

2018 UK Corporate Governance Code

Section 5 of the 2018 Code sets out standards of good practice in relation to remuneration. This section sets out how the Committee has applied the Principles and complied with the Provisions of Section 5. During the year, the Company complied with the Provisions of Section 5 with the exception of Provision 38 (pensions); further information regarding compliance with the 2018 Code can be found on pages 53 to 55.

Indivior's remuneration policies and practices are designed to support strategy and promote long-term sustainable success. Further information can be found in sections entitled 'Remuneration policies and practice' and 'Workforce remuneration arrangements' on pages 75 to 77. During the year, the Committee undertook a detailed review of workforce remuneration and related policies; further information can be found in the section entitled 'Workforce remuneration arrangements' on page 77.

All members of the Committee exercise independent judgment and discretion when authorizing remuneration outcomes. In considering 2019 outcomes, the Committee took into account performance and wider circumstances and determined to exercise negative discretion and override the formulaic outcome in respect of the 2017-2019 LTIP in light of the shareholder experience over the performance period. Further information can be found in the section entitled '2019 remuneration outcomes' on page 76.

All members of the Committee are considered independent for the purposes of the 2018 Code. 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. 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 Committee has delegated authority 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 and an overview of the role and responsibilities of the Committee is set out in the section entitled 'Roles and responsibilities' on page 80.

The remuneration of the Non-Executive Directors is reserved to the Board. The Chair and the Non-Executive Directors are not eligible to participate in the Company's annual bonus, long-term incentive, or pension schemes.

The Committee has appointed Deloitte LLP as its advisors; further information can be found in the section entitled 'Advice provided to the Committee' on page 80.

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. Further information can be found in the section entitled 'Shareholding requirements' on page 78.

The pension benefits for the Executive Directors are considered to be broadly aligned with the wider workforce; further information can be found in the section entitled 'Pension benefits' on page 77. Furthermore, the Committee will undertake a thorough review of the Remuneration Policy during 2020, which will be submitted to shareholders at the 2021 AGM. In particular, and as set out in the Chair's annual remuneration statement, the Committee will review the approach to both pensions for incumbent Executive Directors and post-employment shareholding requirements.

The service agreements for the Executive Directors are set out in a contract between them and the Company and provide for notice periods of 12 months.

The Remuneration Committee

As of December 31, 2019, the Remuneration Committee comprised four Non-Executive Directors. The members who served on the Committee during the year were as follows:

	Independent Non-Executive Director	Date appointed to Committee	Date stepped down from Committee	Scheduled meetings attended in 2019	Ad hoc meetings attended in 2019
Members (December 31, 2019)					
Daniel J. Phelan (Chair)	Yes	November 2014	–	4/5[1]	1/1
Graham Hetherington	Yes	November 2019	–	1/1	–
Lorna Parker	Yes	November 2014	–	5/5	1/1
Daniel Tassé	Yes	November 2017	–	5/5	1/1
Former members					
Tatjana May	Yes	February 2017	November 2019	4/4	1/1

1. Due to medical reasons, Daniel J. Phelan was unable to attend the Committee's meeting in July 2019. Daniel Tassé took the Chair at that meeting and reported to the Board following that meeting.

Meetings

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.

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.

Role and responsibilities

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. 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[1]; 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.

1. Senior management includes members of the Executive Committee and the Company Secretary.

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 £62.8k. 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 Chair and US-based Non-Executive Directors in respect of their UK taxable income and tax-return support in respect of the Executive Directors' UK taxable income.

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

Single total figure of remuneration for Executive Directors (audited)

The table below sets out the remuneration of the Executive Directors for the financial year ended December 31, 2019, and comparative figures for the financial year ended December 31, 2018.

		Shaun Thaxter		Mark Crossley	
		2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Fixed pay	Base salary	**821.6**	797.7	**528.3**[1]	494.4
	Taxable benefits[2]	**84.4**	60.0	**46.2**	33.0
	Pension benefits[3]	**156.4**	152.0	**23.8**	23.4
Total fixed pay		**1,062.4**	1,009.6	**598.3**	550.8
Variable pay	AIP[4]	**1,076.3**	0.0	**415.2**	0.0
	LTIP[5]	**0.0**	0.0	**0.0**	0.0
Total variable pay		**1,076.3**	0.0	**415.2**	0.0
Total pay		**2,138.7**	1,009.6	**1,013.6**	550.8

Note: Totals may not sum up due to rounding.

1. Mark Crossley's base salary was increased from $509.2k p.a. to $555.0k p.a. on August 1, 2019 in recognition of his increased responsibilities. His base salary for 2019 represents his pro-rated salary paid during the year.
2. Taxable benefits consist primarily of healthcare, car allowance, life and disability insurance and professional support for the completion of UK tax returns in respect of the UK taxable income.
3. Pension benefits in the year comprised profit-sharing contributions into the US-qualified 401(K) plan, 401(K) matching, contributions to a non-qualified plan and cash.
4. The AIP is paid 75% in cash and the remaining 25% is deferred into conditional shares for a period of two years.
5. The overall formulaic outcome for the 2017-2019 LTIP awards was 19.5% of maximum. However, the Committee exercised negative discretion to reduce LTIP amounts for the Executive Directors to zero. Further information is set out on pages 82 and 83.

Base salary

During the year, Mark Crossley took on additional responsibilities for manufacturing, supply, and procurement and was appointed Chief Financial & Operations Officer. As a result of the expansion of Mr Crossley's role, the Committee reviewed his remuneration arrangements and agreed to increase his base salary by 9% to reflect his increased responsibilities; this increase was effective from August 1, 2019.

Incentive outcomes for the year ended December 31, 2019 (audited)

AIP 2019

In line with the Remuneration Policy, the maximum AIP opportunity for the Chief Executive Officer was 200% of base salary and 120% of base salary for the Chief Financial & Operations Officer.

At the start of the year, the Committee set stretching performance targets in the context of the business plan for the year and taking account of external forecasts. These targets were set by reference to the key strategic drivers for the business: new product revenues for SUBLOCADE and PERSERIS in the US and prudent 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%	55	70	100	72	**21.5%**
US net revenue – PERSERIS	20%	5	10	15	6	**4.0%**
Cash management	40%	428	475	523	1,060	**40.0%**

In reaching its determination regarding the outturn in respect of the cash management measure, the Committee considered the relative outperformance of SUBOXONE Film in the US during the year, which had performed well ahead of the rates suggested by historical industry analogues. The Committee took this, and other factors, into account and concluded that absent this overperformance the maximum target would still have been achieved and consequently payout at maximum in respect of this element had been earned.

Overall performance therefore resulted in 65.5% of the maximum payable. The Committee considered that the operational performance of the Group had been solid and that the formulaic outcome of the 2019 AIP was an appropriate reflection of the underlying financial performance of the Group during the year.

Deferred Bonus Plan

Following the approval of the Remuneration Policy at the AGM in 2018, a Deferred Bonus Plan was introduced, which requires 25% of the outturn under the AIP to be compulsorily deferred into conditional shares. The deferred conditional share awards vest after two years subject to continued employment as well as malus provisions. Deferred conditional share awards in respect of the 2019 AIP will be awarded in March 2020.

2017–19 LTIP awards

Since the end of the year, the Committee has considered and reviewed the outturn of the conditional awards granted to the Executive Directors under the LTIP in February 2017. The vesting of these awards was conditional upon continued employment and the achievement of the following performance measures.

Key pipeline and product measure

The Committee set a number of milestones in respect of the key pipeline and product measure. The milestones related to the successful regulatory submissions and approvals of PERSERIS in the US and SUBLOCADE in key markets outside the US; points were allocated for each milestone based on market launch and prioritization plans. Five points needed to be achieved to meet threshold performance, seven points needed to be achieved to meet target performance, and for maximum performance, 13 points needed to be achieved (with straight-line vesting between each of these points).

The table below sets out the performance against each of these milestones:

	Regulatory submission				Regulatory approval				
Milestone	Target	Actual	Points allocated	Points achieved	Target	Actual	Points allocated	Points achieved	Total points achieved
PERSERIS US	Q3 '17	Q3 '17	2	2	H2 '18	H2 '18	2	2	4/4
SUBLOCADE									
‹ Canada	Q4 '17	Q2 '18	3	0	H2 '18	H2 '18	3	3	3/6
‹ Australia			–	–	H2 '19	H2 '19	1	1	1/1
‹ France			–	–	H1 '19	Awaiting	1	0	0/1
‹ Germany			–	–	H1 '19	Awaiting	1	0	0/1
‹ Italy			–	–	H2 '18	Awaiting	1	0	0/1
‹ UK			–	–	H1 '19	Awaiting	1	0	0/1
TOTAL			**5**	**2**			**10**	**6**	**8/15**

This resulted in 58.5% outturn in respect of the key pipeline and product measure (19.5% of maximum).

Relative TSR measures

Relative TSR was assessed over the three-year period from January 1, 2017, to December 31, 2019, with reference to two separate peer groups: 1) the constituents of the FTSE 250 (excluding investment trusts), and 2) the constituents of the S&P 1500 Pharmaceutical and Biotech Index. In respect of these measures, 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. Awards vest on a straight-line basis between median and upper quartile.

The TSR performance period ended on December 31, 2019, and Indivior was ranked below median in both peer groups and did not therefore 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.

LTIP overall outturn

Therefore, the overall formulaic outcome for the 2017-2019 LTIP awards was 19.5% of the maximum. However, in light of the shareholder experience over the same three-year period, the Committee considered it appropriate to exercise its negative discretion to override the formulaic outturn and reduce LTIP amounts for the Executive Directors to zero, notwithstanding that the 2017-2019 LTIP construct had operated as intended. The overall outcome is summarised in the table below:

Measure	Weighting	% of maximum
Key pipeline and product measure	33.3%	**19.5%**
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%**
Outcome following formulaic assessment		**19.5%**
Remuneration Committee negative discretion		**(19.5%)**
Final outturn		**0%**

The 2017-2019 LTIP awards consequently lapsed in full.

LTIP awards granted during the financial year (audited)

LTIP

Conditional awards were granted under the LTIP to the Executive Directors on March 5, 2019. 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 award was granted to Mark Crossley on August 8, 2019, to reflect his increased base salary for 2019 following the increase in his responsibilities. 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 award was the same price as that used in March 2019. The result of this was to ensure his 2019–2021 LTIP award (effected across two separate awards) remained at the reduced level of 325% of base salary. These awards will normally vest in March 2022 and will then be subject to a further two-year holding period; clawback provisions apply during this holding period.

	Date of award	No. of shares under award at maximum[1]	Closing share price at date of award	Face value $'000[2]	Performance period	Normal vesting date	Normal release date
Shaun Thaxter	Mar 5, 2019	1,905,294	108.4p	2,739	Jan 2019–Dec 2021	Mar 5, 2022	Mar 9, 2024
Mark Crossley	Aug 8, 2019	44,222	58.4p	34	Jan 2019–Dec 2021	Mar 5, 2022	Mar 9, 2024
	Mar 5, 2019	1,180,880	108.4p	1,698	Jan 2019–Dec 2021	Mar 5, 2022	Mar 9, 2024

1. The market value used to determine the number of shares subject to awards was 106.38p, being the average mid-market closing price of Indivior shares on the five business days immediately preceding the date of grant on March 5, 2019.
2. The face values of the awards 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, 2019 (GB£1:US$1.3263). Shaun Thaxter and Mark Crossley received awards with a value of 325% of base salary. Conditional awards include the right to receive an amount equal in value to any dividends payable on the number of vested shares between the award date 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%

Relative TSR performance against each of the comparator groups will be measured over three financial years (2019–2021).

For the Chief Executive Officer, 15% of the maximum award will vest for Indivior being ranked median in comparison to the peer group, and 100% of the maximum award will vest for Indivior being ranked at the upper quartile or above. For the Chief Financial & Operations Officer, 12.5% of the maximum award will vest for Indivior being ranked median in comparison to the peer group, and 100% of the maximum award will vest for Indivior being ranked at the upper quartile or above. The awards will vest on a straight-line basis between median and upper quartile, with none of the award vesting if Indivior is ranked below median. The Committee considers that these measures 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.

Executive Directors' shareholding and share interests (audited)

In line with Indivior's Remuneration Policy, Executive Directors are required to build a shareholding with a value equivalent to 500% of base salary. They have five years from the date of listing or the date of appointment, whichever is later, 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.

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 the date of this report. Shaun Thaxter had previously achieved the shareholding requirement, but the value of his shareholding has fallen below the requirement as a result of the decline in the Company's share price. There have been no changes in the interests of the Directors in the shares of Indivior PLC between December 31, 2019 and the date of this report.

	Number of shares owned outright				Conditional awards held	Options held			
	At December 31, 2019	Vested and subject to two-year post-vesting holding period at December 31, 2019	At December 31, 2018	Vested and subject to two-year post-vesting holding period at December 31, 2018	Unvested and subject to performance conditions and continued employment	Vested but not exercised[1]	Shareholding requirement (% of base salary)	Shareholding at December 31, 2019 (% of base salary)[2]	Date by which shareholding requirement to be achieved
Shaun Thaxter	**1,609,334**	–	1,509,334	–	2,634,911	921,461	500%	107%	Dec 2019
Mark Crossley	**346,663**	–	283,372	–	1,677,311	210,619	500%	36%	Feb 2022

1. Shaun Thaxter and Mark Crossley hold vested but unexercised market-value options over 921,461 and 210,619 shares respectively. These options were granted under the rules of the LTIP in December 2014 (on demerger) at an option price of 111.0p per share. The options vested on May 11, 2016, are scheduled to lapse on December 28, 2024.
2. In line with Indivior's 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, 2019 (42.6p), and the US/UK exchange rate over the same period (GB£1:US$1.2854).

Outstanding awards under the LTIP

Details of conditional awards over shares granted to the Executive Directors subject to performance conditions are shown below. These awards were granted under the LTIP. In accordance with The Companies (Miscellaneous Reporting) Regulations 2018, the table also shows the illustrative future value of the awards assuming share price appreciation of 50% over the performance period.

	Date of award	No. of shares under award at maximum	Performance period	Normal vesting date	Normal release date[1]	Illustrative future value assuming 50% share price appreciation over the performance period $'000
Shaun Thaxter	Mar 5, 2019	1,905,294	Jan 2019–Dec 2021	Mar 5, 2022	Mar 5, 2024	$4,317.4[2]
	Mar 9, 2018	729,617	Jan 2018–Dec 2020	Mar 9, 2021	Mar 9, 2023	$5,842.4[3]
Mark Crossley	Aug 8, 2019	44,222	Jan 2019–Dec 2021	Mar 5, 2022	Mar 5, 2024	$100.2[2]
	Mar 5, 2019	1,180,880	Jan 2019–Dec 2021	Mar 5, 2022	Mar 5, 2024	$2,675.9[2]
	Mar 9, 2018	452,209	Jan 2018–Dec 2020	Mar 9, 2021	Mar 9, 2023	$3,621.1[3]

1. Awards granted to the Executive Directors under the LTIP are subject to a two-year post-vesting holding period.
2. The illustrative future value of the awards have been calculated by reference to the share price at the beginning of the performance period (January 2, 2019: 113.9p), increased by an illustrative 50% share price appreciation and converted to US$ using the GB£/US$ exchange rate on December 31, 2019 (GB£1:US$1.3263)
3. The illustrative future value of the awards have been calculated by reference to the share price at the beginning of the performance period (January 2, 2018: 402.5p), increased by an illustrative 50% share price appreciation and converted to US$ using the GB£/US$ exchange rate on December 31, 2019 (GB£1:US$1.3263)

Payments to past Directors (audited)

There were no payments made to past Directors.

Payments for loss of office (audited)

There were no payments for loss of office.

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.

Service agreements

The Executive Directors have service agreements that set out the contract between them and the Company.

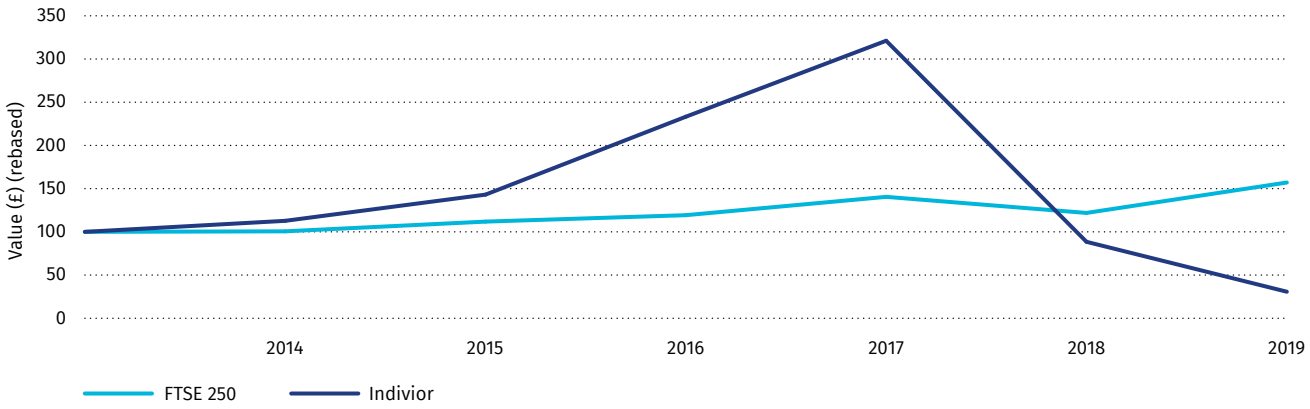
	Date of appointment	Notice period from Company	Notice period from individual	Expiry of current term
Shaun Thaxter	November 4, 2014	12 months	12 months	Rolling contract
Mark Crossley	February 21, 2017	12 months	12 months	Rolling contract

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, 2019. 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, 2019.



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, 2019, is set out in the table below. Historical data is not provided prior to 2014 when the Group was a division of Reckitt Benckiser Group (RB). Shaun Thaxter was the Chief Executive Officer throughout the period.

Year	Single figure of total remuneration ($'000)	AIP (outturn as a % of maximum)	LTIP (outturn as a % of maximum)
2019	2,138.7	65.5%	0.0%
2018	1,009.6	0.0%	0.0%
2017	9,215.7	78.5%	73.5%
2016	5,024.8	94.5%	100%
2015	4,317.9	94.5%	93.3%
2014	1,968.1	100%[1]	n/a

1. Indivior was a division of 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.

Percentage change in Chief Executive Officer remuneration

The following table illustrates the change in Chief Executive Officer base salary, taxable benefits, and annual bonus between 2018 and 2019, 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.

	Chief Executive Officer (% change 2018–2019)	Other employees (% change 2018–2019)
Base salary	3%	3%
Taxable benefits	41%	0.5%
Annual bonus (AIP)	100%[1]	133%

1. Shaun Thaxter did not receive an annual bonus in 2018.

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.

Relative importance of spend on pay

The following table shows total employee pay compared with shareholder distributions and research and development expenses for 2019 and 2018. Research and development expenses has been selected as a comparator as this measure is considered to be an indicator of investment in the future performance of the business.

	2019 $m	2018 $m	% change
Total employee pay	**172**	214	-20%
Shareholder distributions[1]	**–**	–	n/a
Research and development expenses[2]	**53**	67	-21%

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.
2. Research and development expenses (for further information refer to Note 4). Research and development expenses in 2018 excluded exceptional items charged during the year.

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 10-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 2020.

Implementation of Executive Director Remuneration Policy for 2020

Base salary

Base salaries are reviewed taking into account competitive practice for similar roles in the Company's remuneration peer group. During 2019, Mark Crossley took on additional responsibilities for manufacturing, supply, and procurement and was appointed Chief Financial & Operations Officer. He was awarded a 9% increase in base salary to reflect these additional responsibilities, effective August 1, 2019. The Executive Directors received a 3% salary increase, in line with the average merit increase provided to the wider workforce in both the UK and US with effect from January 1, 2020.

The base salaries of the Executive Directors as at January 1, 2020, and January 1, 2019, are set out below.

Base salary	As at January 1, 2020 $'000	As at January 1, 2019 $'000	% increase
Shaun Thaxter	846.3	821.6	3.0%
Mark Crossley	571.7	509.2	12.3%

Pension benefits

No changes have been made to the pension arrangements for 2020. The Chief Executive Officer will receive pension contributions (or equivalent cash allowances) of 17.5% of salary, plus any Company matching on 401(K) elected deferrals. This is made up of profit-sharing contributions of 4% of pay directed into the Indivior Inc. Profit Sharing and 401(K) plan, with any outstanding balance between these contributions and the 17.5% of annual base salary paid in cash and/or the deferred compensation account.

The Chief Financial & Operations Officer, Mark Crossley, will receive pension contributions of profit-sharing contributions of 4% of pay directed into the Indivior Inc. Profit Sharing and 401(K) plan, plus any Company match of 75% on elected deferrals up to 4.5% of pay. The Indivior Inc. Profit Sharing and 401(K) plan is governed by the plan limits, as set by the US Internal Revenue Service (IRS).

The Executive Directors do not have a prospective entitlement to a defined benefit pension.

AIP 2020

No changes have been made to the opportunity for the Chief Executive Officer under the AIP for 2020; there remains a maximum bonus opportunity of 200% of base salary. Following review by the Committee, the maximum bonus opportunity for the Chief Financial & Operations Officer has been increased from 120% of base salary to 160% of base salary from 2020 onwards.

The Committee has considered the key strategic drivers for the business in 2020 and has aligned the performance measures for the 2020 AIP with these drivers. Bonuses for 2020 will be based on the following measures and weightings:

Measure	Weighting
US net revenue – SUBLOCADE	40%
US net revenue – PERSERIS	20%
Cash management[1]	40%

1. As an additional underpin, if the Group violates its debt covenants, no award will be paid in respect of the cash management portion of the annual bonus.

We have not disclosed the actual performance targets for 2020, as we consider them 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.

LTIP

Under our Remuneration Policy, the Executive Directors would ordinarily be granted annual LTIP awards with a value of 500% of base salary. For 2019 awards, the Committee carefully considered LTIP quantum in the context of the material decline in the Company's share price in 2018 and determined that 2019 awards would be reduced by 35%, resulting in awards of 325% of salary for the Executive Directors. For 2020 awards, the Committee once again carefully considered LTIP quantum in the context of the share price decline in 2019 and determined that it was appropriate to reduce awards further to 225% of base salary for Executive Directors, a reduction of around 30% from 2019 award levels.

The Committee also considered LTIP metrics in the current business context and determined that performance measures for 2020-2022 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, as was the case for the LTIP awards granted in 2019. 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.

For the Chief Executive Officer, 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 Indivior being ranked at upper quartile or above. For the Chief Financial & Operations Officer, 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 Indivior being ranked at upper quartile or above. Awards 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, 2020 LTIP awards will be subject to an additional two-year holding period following the end of the three-year performance period.

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, 2019.

	2019 '000			2018 '000		
	Fees[1]	**Benefits[2]**	**Total remuneration**	Fees[1]	Benefits[3]	Total remuneration
Howard Pien	**$396.9**	**$2.3**	**$399.2**	$396.9	$2.3	$399.2
Peter Bains[4]	**£31.3**	**–**	**£31.3**	–	–	–
Graham Hetherington[5]	**£12.5**	**–**	**£12.5**	–	–	–
Tatjana May	**£75.0**	**–**	**£75.0**	£75.0	–	£75.0
A. Thomas McLellan	**$119.1**	**$2.1**	**$121.2**	$108.3	$2.2	$110.5
Lorna Parker	**£85.0**	**–**	**£85.0**	£85.0	–	£85.0
Daniel J. Phelan	**$122.7**	**$2.1**	**$124.8**	$122.7	$2.2	$124.8
Daniel Tassé	**$143.1**	**$2.0**	**$145.2**	$137.1	$2.1	$139.3
Former Directors						
Yvonne Greenstreet[6]	**$30.7**	**$2.3**	**$33.0**	$122.7	$2.2	$124.8
Chris Schade[7]	**$71.6**	**$2.1**	**$73.7**	$122.7	$2.1	$124.8
Lizabeth Zlatkus[8]	**$72.1**	**$2.0**	**$74.2**	$108.3	$2.1	$110.4

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:US1.4434) has been used to translate UK amounts into US dollars, effectively setting fees at that time, both on 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 rate for 2019 (GB£1:US1.2767).
3. The benefits paid in 2018 have been restated to reflect 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 rate for 2018 (GB£1:US1.3362).
4. Peter Bains was appointed a Director of the Company on August 1, 2019; the fee shown is from the date of appointment to December 31, 2019.
5. Graham Hetherington was appointed a Director of the Company on November 1, 2019; the fee shown is from the date of appointment to December 31, 2019.
6. Yvonne Greenstreet stepped down from the Board on March 31, 2019; the fee shown is to the date of termination.
7. Chris Schade stepped down from the Board on July 31, 2019; the 2019 fee shown is to the date of termination.
8. Lizabeth Zlatkus stepped down from the Board on August 31, 2019; the 2019 fee shown is to the date of termination.

Implementation of Non-Executive Director Remuneration Policy for 2020

Chair and Non-Executive Directors' fees

The fees paid to the Chair and Non-Executive Directors are reviewed on a biennial basis and were previously reviewed by the Board in November 2016, after which there was no increase. The fees were reviewed again in November 2018 in line with the normal cycle, again after which there was no increase. Fees have therefore stayed at the same level since the date of listing in December 2014, and are intended to stay at that level until the next review in November 2020. Since 2016, a fixed exchange rate (GB£:US$1.4434) has been used to translate UK amounts into US dollars, effectively setting fees at that time, both on a UK and US basis.

Details of these fees are set out in the table below.

	Fees at January 1, 2020 £'000	Fees at January 1, 2019 £'000	**Fees at January 1, 2020 $'000**	Fees at January 1, 2019 $'000	% increase
Chair	**275.0**	275.0	**396.9**	396.9	–
Non-Executive Director	**55.0**	55.0	**79.4**	79.4	–
Senior Independent Director	**20.0**	20.0	**28.9**	28.9	–
Chair of Audit Committee	**20.0**	20.0	**28.9**	28.9	–
Chair of Remuneration Committee	**20.0**	20.0	**28.9**	28.9	–
Chair of Science & Policy Committee	**20.0**	20.0	**28.9**	28.9	–
Chair of Nomination & Governance Committee	**20.0**	20.0	**28.9**	28.9	–
Member of Audit Committee	**10.0**	10.0	**14.4**	14.4	–
Member of Remuneration Committee	**10.0**	10.0	**14.4**	14.4	–
Member of Science & Policy Committee	**10.0**	10.0	**14.4**	14.4	–
Member of Nomination & Governance Committee	**10.0**	10.0	**14.4**	14.4	–

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, 2019 (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 5, 2020	**Total number of shares held at December 31, 2019**	Total number of shares held at December 31, 2018
Howard Pien	**146,219**	**146,219**	46,219
Peter Bains	**54,000**	**54,000**	–
Graham Hetherington[1]	**50,000**	**–**	–
Tatjana May	**22,309**	**22,309**	–
A. Thomas McLellan	**7,546**	**7,546**	7,546
Lorna Parker	**25,890**	**25,890**	6,079
Daniel J. Phelan	**60,318**	**60,318**	10,318
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, 2018
Former Directors		
Yvonne Greenstreet	**6,017**	6,017
Chris Schade	**5,911**	5,911
Lizabeth Zlatkus	**696**	696

1. Graham Hetherington purchased 20,000 shares on February 24, 2020 and a further 30,000 shares on March 2, 2020.

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, 2019 in years	Notice period
Howard Pien	November, 2014	November, 2020	5	1 month
Peter Bains	August, 2019	July, 2022	0	1 month
Graham Hetherington	November, 2019	November, 2022	0	1 month
Tatjana May	February, 2017	January, 2023	2	1 month
A. Thomas McLellan	November, 2014	November, 2020	5	1 month
Lorna Parker	November, 2014	November, 2020	5	1 month
Daniel J. Phelan	November, 2014	November, 2020	5	1 month
Daniel Tassé	November, 2014	November, 2020	5	1 month

Summary of voting outcomes for the Remuneration Policy and 2018 Remuneration Report

At the AGM held on May 8, 2019, 95.4% of shareholders voted in favor of the Directors' Remuneration Report.

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 Directors' Remuneration Report (2019 AGM)	417,424,081	95.4%	20,133,651	4.6%	93,843,985[1]
Approve the Remuneration Policy (2018 AGM)	563,892,577	94.3%	34,156,066	5.7%	113,809

1. The Board noted the level of abstention in relation to this and a number of other resolutions at the 2019 AGM and has engaged with shareholders to understand their reason for withholding their votes.

Summary Remuneration Policy

This section of the report sets out a summary of the Remuneration Policy that was approved by shareholders at the AGM on May 16, 2018, and became effective on that date. No changes are proposed for 2020. It is intended that the Policy will remain effective for a period of three years, i.e. until 2021. The full Policy can be found in the Directors' Remuneration Report in the 2017 Annual Report on the Company's website: www.indivior.com.

Summary policy table – Executive Directors

Remuneration element	Operation
Base salary	Base salaries are normally reviewed annually, with any increase normally being applied with effect from January 1 each year. Base salary levels/increases take account of: ‹ the competitive practice in the Group's remuneration peer group. ‹ the scope and responsibility of the position. ‹ individual performance. ‹ salary increases awarded across the Group as a whole.
Pension benefits	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.
Benefits	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. 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. The Company provides Directors' and Officers' liability insurance, and an indemnity to the extent permitted by law.
Annual Incentive Plan (AIP)	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. 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 cancelled in certain circumstances. Dividend equivalents may be paid in cash or additional shares on deferred share awards up to the end of the deferral period, where relevant. The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards (including to zero) to ensure alignment of pay with performance, e.g. in the event performance is impacted by unforeseen circumstances outside of management control.
Long-Term Incentive Plan (LTIP)	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 from 2016 onwards 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. 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 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. Dividend equivalents may be paid in cash or additional shares on LTIP awards that vest up to the end of the post-vesting holding period, where relevant. 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 performance of the Group.
All-employee share plans	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.

Daniel J. Phelan
Chair of the Remuneration Committee
March 5, 2020

Directors' Report

The Directors present their Annual Report together with the audited consolidated financial statements for the year ended December 31, 2019.

Corporate Governance Statement

The Directors' Report on pages 92 to 94 which includes the Corporate Governance Statement on pages 46 to 91, together with the Strategic Report on pages 3 to 45, when taken together constitute the management report as required by DTR 4.1.8R.

The Statement of Directors' Responsibilities on pages 95 to 96 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 24 to 25)
Financial risk management	Strategic Report (pages 39 to 45)
Greenhouse gas emissions	Strategic Report (page 27)

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 107. Profit for the financial year attributable to equity shareholders amounted to $134m.

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, 2019. 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 ongoing litigation, the US government's allegations and the need to establish more diverse revenue streams in light of generic entry into the market.

Directors and their interests

The Directors of the Company who served during the financial year ended December 31, 2019 and up to the date of signing the financial statements appear on pages 48 and 49. 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 75 to 91.

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 relevant statutes, to any directions given by special resolution and the Articles of Association. 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 93.

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 2020 AGM. Details of unexpired terms of Directors' service contracts are set out in the Directors' Remuneration Report on page 90.

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 provide 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 20 to 23 of the Strategic Report. Further information regarding the Board's engagement with the workforce can be found on page 60.

Shares

Share capital

Details of the Company's share capital are set out in Note 25 on page 139.

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, 2019, the Company had 730,787,719 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 Depository Receipt ('ADR') program in the US, however with effect from Monday, December 2, 2019 the ADR Program was closed to new issuances. For further information please go to www.adr.com.

Authority to allot shares

At the 2020 AGM, the Directors will ask shareholders to renew the authority last granted to them at the 2019 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 2021 AGM.

Two separate special resolutions will be proposed at the 2020 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. The authorities sought are in line with institutional shareholder guidance.

Authority to purchase own shares

At the 2019 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, 2019 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 2020 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, 2019 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:

Name of shareholder	**At March 5, 2020 (% of total voting rights)**	At December 31, 2019 (% of total voting rights)
Standard Life Aberdeen	**15.77%**	15.77%
Scopia Capital Management	**9.98%**	9.98%
Old Mutual Global Investors (UK) Limited	**8.02%**	8.02%
Artemis Investment Management	**5.30%**	5.30%
FIL Limited	**5.01%**	n/a
Newtyn Management	**4.83%**	4.83%
Norges Bank	**3.18%**	3.18%

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.

Emerging and principal risks and uncertainties

The emerging and principal risks and uncertainties facing the Group have been reviewed by the Directors and are detailed on pages 39 to 44, where information is also provided on the performance of the Directors in actively managing those risks.

Greenhouse gas emissions

Disclosures concerning the Group's greenhouse gas emissions are contained within the 'Managing our business responsibly' section of the Strategic Report, on page 27, and form part of the Directors' Report disclosures.

Workforce

Our workforce includes employees, interns and contingent workers. During the year under review, the Group employed an average of 824 people worldwide (2018: 1,024). 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 28.

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 are 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 2019 (2018: 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. The Group had a branch in Greece, which formally deregistered on January 10, 2019.

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 97 and 106.

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 75 to 91.

Annual General Meeting ('AGM')

The AGM will be held at 3.00pm (UK time) on Thursday, May 7, 2020 at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG. 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.

Strategic Report

The Strategic Report set out on pages 3 to 45 was approved by the Board on March 5, 2020.

By Order of the Board

Kathryn Hudson
Company Secretary of Indivior PLC

234 Bath Road,
Slough, Berkshire, SL1 4EE

Company registration number:
09237894

March 5, 2020

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 Financial Reporting Standards as adopted by the European Union ('IFRS's'), 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). 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 applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 and Accounts, 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 and Accounts, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Parent Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' and applicable law).
- give a true and fair view of the assets, liabilities, financial position and loss of the 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 92 to 94.

Going concern

The Group's business model, strategy, and viability assessment are set out in the Strategic Report on pages 3 to 45, along with the principal risks that could threaten the Group's business model, future performance, solvency or liquidity and the Group's risk management strategy. The Group's financial position, cash flows, liquidity position and financial assets and liabilities are discussed in the notes to the Group financial statements, along with the Group's objectives, policies and processes for managing its financial risks, and the Group's exposure to liquidity risk and capital risk.

The Directors have given the going concern assessment due consideration and have concluded that it is appropriate to prepare the Group financial statements on a going concern basis.

The Directors have considered the Group's strategic plan, in particular with reference to the period through June 2021.

As disclosed in the Notes 21 and 23 of the Group financial statements, the Group carries a provision of $438m, substantially all relating to the Department of Justice (DoJ) litigation matter. While the Directors believe the Group has strong defences to the government's charges and will vigorously defend itself, they will still endeavour to pursue a settlement. If a settlement cannot be reached, the final court outcome relating to the DoJ indictment is not expected to impact the Group during the going concern period over the next 12 months. However, an unfavourable outcome from legal proceedings (including the Western District of Virginia indictment and the Agreed Protective Order), or potential exclusion from participating in US federal healthcare programs would negatively impact the financial position and long-term viability of the Group including the ability to comply with debt covenants. The final resolution of the Group's legal proceedings as disclosed in Note 23 of the Group's financial statements may be materially higher than the amount provided, require payment over a shorter period or could adversely impact the ongoing business operation as noted above which together with the future of SUBLOCADE and PERSERIS to meet revenue growth expectations and/or lower than forecast revenue for SUBOXONE Film, could impact the Group's ability to operate.

The Directors have already taken significant steps to reduce the cost base of the business and manage its capital structure to ensure the Group will comply with the Term Loan covenant as specified in Note 19. A combination of the above risks may require additional measures to be taken such as further cost reductions. The above factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. However, the Directors believe the Group has sufficient liquidity and the ability to carry out any further measures that may be necessary for the Group to continue as a going concern for at least the next twelve months.

Accordingly, the Directors continue to adopt the going concern basis for accounting in preparing these financial statements. The viability statement is on page 45.

By Order of the Board

Kathryn Hudson
Company Secretary of Indivior PLC

234 Bath Road
Slough, Berkshire, SL1 4EE

Company Registration number: 9237894

March 5, 2020

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 2019 and of the Group's profit and cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- 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 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the Financial Statements, included within the Annual Report, which comprise: the Consolidated balance sheet and the Parent Company balance sheet as at 31 December 2019; the Consolidated income statement and the Consolidated statement of comprehensive income; the Consolidated cash flow statement; and the Consolidated statement of changes in equity and the Parent Company statement 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.

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 or the Parent Company.

Other than those disclosed in Note 6 to the Financial Statements, we have provided no non-audit services to the Group or the Parent Company in the period from 1 January 2019 to 31 December 2019.

Emphasis of matter - Group - Outcome of litigation

In forming our opinion on the Group Financial Statements, which is not modified, we draw your attention to Notes 2, 21 and 23 that describe the uncertain outcome of the ongoing litigation by the U.S. Department of Justice (DoJ), Federal Trade Commission and other matters. While the Directors believe the Group has strong defences to the U.S. government's charges and will vigorously defend itself, they will still endeavour to pursue a settlement. The Group carries a provision of $438m, substantially all relating to the DoJ litigation matters. The final outcome of the DoJ litigation and the aggregate settlement amount for all of the other outstanding matters referred to may be materially higher than this provision and could result in exclusion from participation in US federal healthcare programs.

Material uncertainty related to going concern – Group and Parent Company

In forming our opinion on the Group Financial Statements, which is not modified, we have considered the adequacy of the disclosure made in Note 2 of the Group Financial Statements and Note 1 of the Parent Company Financial Statements that describes the uncertain outcome of the ongoing litigation by the DoJ, Federal Trade Commission and other matters. If a settlement cannot be reached, the final court outcome relating to the DoJ indictment is not expected to impact the Group during the going concern period over the next 12 months. However, an unfavourable outcome from legal proceedings (including the Western District of Virginia Indictment and the agreed First Protective Order), or potential exclusion from participating in US federal healthcare programs would negatively impact the financial position and long-term viability of the Group including the ability to comply with debt covenants. The final resolution of the Group's legal proceedings as disclosed in Note 23 may be materially higher than the amount provided, require payment over a shorter period or could adversely impact the Group's ability to operate, which would be further adversely impacted in the event of:

- the failure of SUBLOCADE and PERSERIS to meet revenue growth expectations; and/or
- lower than forecast revenue of SUBOXONE Film.

The above 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.

These conditions, set out in Note 2 to the Group Financial Statements and Note 1 to the Parent Company Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Parent Company's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Group and/or Parent Company were unable to continue as a going concern.

Explanation of material uncertainty:

The Directors have already taken significant steps to reduce the cost base of the business and manage its capital structure to ensure the Group will comply with the Term Loan covenant as specified in Note 19. A combination of the above risks may require additional measures to be taken such as further cost reductions. The Directors believe the Group and Parent Company have sufficient liquidity and ability to carry out further measures that may be necessary for the Group to continue as a going concern for at least the next 12 months. As explained in Note 2 to the Group Financial Statements and Note 1 to the Parent Company Financial Statements, the above factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Parent Company's abilities to continue as a going concern.

The Directors believe that they are able to carry out the necessary additional measures and that the Group and Parent Company can continue as a going concern for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis for accounting in preparing these Financial Statements. However, given the risks associated with the matters outlined above, the Directors have drawn attention to this in disclosing a material uncertainty relating to going concern in the basis of preparation to the Financial Statements.

What audit procedures we performed:

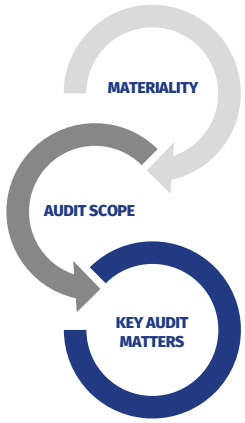
In concluding there is a material uncertainty, our audit procedures assessed the impact of a final aggregate settlement amount for all of the outstanding legal matters that is materially higher than the current provision; the failure of SUBLOCADE and PERSERIS to meet revenue growth expectations; and lower than forecast revenue of SUBOXONE Film.

In assessing the impact of the above scenarios, which are referred to in Note 2 to the Group Financial Statements and Note 1 to the Parent Company Financial Statements, we performed the following procedures on the Directors' assessment that the Group and Parent Company will continue as a going concern:

- agreed the underlying cash flow projections to management approved forecasts, assessed how these forecasts are compiled, and assessed the accuracy of management's forecasts by reviewing third-party data for the SUBOXONE Film, SUBLOCADE and PERSERIS revenue streams;
- evaluated the key assumptions within management's forecasts including 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 as detailed further within the recoverability of assets key audit matter below;
- 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;
- assessed the impact of either increased lump sum payments or a different payment pattern as a result of the settlement of the legal proceedings, combined with lower SUBOXONE Film, SUBLOCADE and PERSERIS revenue and a higher level of damages required to be paid to generic competition than currently provided against the debt covenants in place as explained in Note 19;
- assessed whether the downside model prepared by management appropriately considered the risks facing the business as identified in the principal risk section on pages 39 to 44;
- considered the impact that the agreed First Protective Order agreed with the DoJ on 26 February 2020 would have on the Group's ability to continue as a going concern; 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.

Our audit approach

Overview



- Overall Group materiality: $7.8m based on 1% of total net revenue (2018: $15.9m based on profit before tax adjusted for exceptional items).
- Overall Parent Company materiality: $14.6m (2018: $14.7m), based on 1% of total assets.

- We conducted work in two key territories, being the US and UK. This included full scope audits at three components and specific Financial Statement line item audit procedures at one further component.
- The components where we performed audit work, taken together with our central corporate functions, accounted for 90% of the Group's net revenue and 85% of the Group's profit before tax adjusted for exceptional items.

- Risk of misstatement relating to ongoing litigation and investigative matters and the related provisions (refer to Notes 2, 21 and 23) (Group)
- Significant judgements and estimates in sales rebates, discounts and returns adjustments recognised primarily in the US business (refer to Note 2) (Group)
- Recoverability of assets (Group)
- Carrying value of investments in subsidiaries (refer to Note 2 of the Parent Company Financial Statements) (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

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, U.S. Food and Drug Administration and the European Medicines Agency) (see page 44 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 Financial Statements including, but not limited to, the Companies Act 2006 and US, UK and European tax legislation. 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 referred to in the scoping section of our report below, 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, impairment of intangible assets, other 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 and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it. 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. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Risk of misstatement relating to ongoing litigation and investigative matters and the related provisions – Group **Refer to the Audit Committee report on page 66 and to Notes 2, 21 and 23 to the Consolidated Financial Statements** The pharmaceutical industry is a highly regulated industry. Compliance is required across the industry, however, with the US representing (75%) 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. On 9 April 2019, a federal grand jury in the Western District of Virginia indicted Indivior PLC and Indivior Inc. on charges of health care fraud, wire fraud, mail fraud, and conspiracy, in connection with the marketing and promotion practices, paediatric safety claims, and overprescribing of SUBOXONE Film and/or SUBOXONE Tablet by certain physicians. The DoJ is seeking to recover $3 billion in monetary forfeitures and all assets derived from the commission of the alleged offenses. The Directors believe it has strong defences to the government's charges and will vigorously defend themselves. On 26 February 2020, the Company agreed a First Protective Order with the DoJ. The agreed Protective Order requires Indivior to seek court approval prior to engaging in various transactions outside the ordinary course of business greater than $5m, provide monthly financial reporting and maintain at least $600m in cash and cash equivalents. Further details are set out within Note 23. 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 reported profit and balance sheet position. As referred to in Notes 2, 21 and 23, the Group carries a provision of $438m in respect of litigation and investigative matters at 31 December 2019 (31 December 2018 – $438m). In arriving at this balance, management has applied a payment structure and discount rate to determine the present value as reported. Substantially all of the provision relates to the US DoJ litigation. The Group remains open to resolving the matter, although it cannot predict with any certainty whether, when, or at what cost it will reach an ultimate resolution, but it could have a material impact on the Group. Therefore, the final settlement amounts may be materially higher than the $438m provision maintained or require payment over a shorter period. The Group also believes that it has strong defences in the antitrust and other litigation matters and is actively litigating these matters.	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 provisions had been recorded in the Group Financial Statements, we substantively tested the amount 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 and enquiring with external and internal legal counsel; and ‹ assessing management's probability weighting, assumed payment structure, including evaluating the discount rate utilised. We assessed the impact that applying different payment arrangements and discount rate assumptions would have on the provision, noting immaterial variations to management's provision balance. With regards to the DoJ indictment, we enquired with internal and external legal counsel to understand the progress of discussions with the DoJ and HHS. These discussions included the potential impact of the indictment including the potential exclusion from participation in US federal healthcare programs. In conjunction with our consideration of the Group's ability to continue as a going concern, we also assessed the implications of the Protective Order agreed in February 2020. 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 identify 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 breeches 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 the disclosures in Notes 2, 21 and 23 were in accordance with the requirements of IFRSs as adopted by the European Union. We consider that the disclosures in respect of the outstanding litigation and investigative matters are of such importance that they are fundamental to understanding the Financial Statements and we therefore included reference to the disclosures in the 'Outcome of litigation' emphasis of matter above.

Significant judgements and estimates in sales rebates, discounts and returns adjustments recognised primarily in the US business – Group
Refer to the Audit Committee report on page 66 and to Notes 2 and 3 to the Consolidated Financial Statements

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.

As a result, revenue recognised on sales to wholesale and retail distributors is subject to a final determination of the net sales price in the form of rebates, discounts and sales returns. 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.

We focused on this area as the process for calculating sales rebates, discounts and return accruals involves the use of large volumes of data, being sales volumes and discounts from multiple sources, which, taken together, can be subjective and at risk of management manipulation or bias.

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. In addition, given the impact of generic intrusion in 2019, we focused on management's assessment of the impact of generics on sales returns.

We obtained the accruals calculation for sales rebates, discounts and sales returns and tested the inputs into the calculations by comparing them with:

- rates included in sales contracts and agreements with third parties;
- rebate invoices received during the year, on a sample basis, in order to assess the accuracy of the Directors' estimate of volumes by channel; and
- recent changes in government pricing regulations.

We performed look back tests that compared accruals recognised in previous periods to actual rebates, discounts or returns received in order to test the historical accuracy in calculating these accruals.

We deployed our U.S. 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 U.S. government pricing regulations.

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 (including interpretations of new government pricing regulation policies) 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.

We assessed the reasonableness of management's sales returns provision in light of the generic entry during the year, by analysing the actual returns experience in 2019. We considered the year-end inventory holding levels at both wholesalers and pharmacies as compared to the expected forecast sales. We considered management's assumptions utilised to be reasonable in light of the 2019 activity and the level of information available at the year-end.

In determining the appropriateness of the revenue recognition policy applied by the Directors in calculating sales rebates, discounts and sales returns under contractual and regulatory requirements, we note there is judgement taken regarding these items. From the evidence obtained we found the assumptions, methodology and policies used to be appropriate.

We evaluated whether management's revenue recognition policies applied were consistent with IFRSs as adopted by the European Union, noting no differences.

Recoverability of assets – Group
Refer to the Audit Committee report on page 66 and to Notes 2, 11, 15 and 16 to the Consolidated Financial Statements

At 31 December 2019, the Group held intangible assets of $72m (2018: $84m) and long-term prepaid expenses within other assets of $23m (2018: $33m), both of which are accounted for at amortised cost less impairment and are assessed for impairment if impairment indicators exist. At 31 December 2019, the Group held inventories of $73m (2018: $78m) and 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 recent developments in the Group's business, including:

- a decline in SUBOXONE Film revenue following the 'at-risk' launch of generic buprenorphine/naloxone sublingual film product in the year;
- the market acceptance of SUBLOCADE and PERSERIS being slower than expected; and
- cost reduction contingency plans, including changes to the product pipeline.

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 were deemed to be impaired at 31 December 2019. Long-term prepaid expenses were impaired due to supply chain restructuring in 2019. Inventory write-off and losses of $22m were recorded in 2019 based on expiration dates and sales forecast associated with SUBLOCADE and PERSERIS in line with the Group policy.

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 'at-risk' generic intrusion in the year, lower than expected sales of SUBLOCADE and PERSERIS and changes to expectations for the products' 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.

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 that the 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;
- We utilised our tax specialists to support us in our assessment of the tax rate and transfer pricing assumptions based on current transfer pricing agreements; 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 and discount rate. Based on our testing, we consider management's conclusion that no impairment was required to be appropriate.

We assessed whether the inventory held at 31 December 2019 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 2019.

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 detailed above. We have also assessed management's disclosures within the Group Financial Statements and consider them to be appropriate.

Carrying value of investments in subsidiaries – Parent Company
Refer to Note 2 of the Parent Company Financial Statements

Investments in subsidiaries of $1,437m million (2018: $1,437m) are accounted for at cost less impairment in the Parent Company's balance sheet at 31 December 2019.

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.

At 31 December 2019, 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.

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. At 31 December 2019 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 and the net assets of its subsidiaries are also significantly below the carrying value. As these are both impairment indicators, management prepared a VIU model to support the book value of the investment held.

We evaluated the mathematical accuracy of management's model, agreed to ten-year 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 ten-year forecasts back to Board presentations and compared the underlying figures within management's model with these presentations. We tested the reasonableness of key assumptions in the model which included revenue assumptions for management's key products (SUBOXONE Film, SUBLOCADE, and PERSERIS) including price, LoT, BMAT market growth and LAI market share. In addition, we assessed management's assumptions relating to working capital, costs, the timing and extent of litigation proceedings and the discount rate. We challenged all of management's key assumptions and obtained evidence to substantiate the assumptions within the model:

‹ We utilised our work over recoverability of assets as noted above for SUBLOCADE and PERSERIS to support our assessment of the accuracy of the revenue key assumptions and forecasts, working capital, costs and the discount rate;

‹ We evaluated management's risk weighted scenarios in relation to the Group's legal provision based on various outcomes; and

‹ We held calls with and received confirmations from internal and external legal counsel. We confirmed that management's impairment model appropriately reflected the potential outcomes as noted from these communications.

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 management, including the judgements and estimates disclosures, were appropriate.

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 management's 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 38 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 two in the UK that required a full scope audit due to its 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 and UK 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. These US procedures were supplemented by procedures performed on certain UK and European operations by PwC staff based in the UK.

Our Group engagement team's involvement in the audits of the components included site visits where the component auditors' planned response to key audit matters was discussed, particularly regarding sales rebates, discounts and returns in the US and certain asset recoverability considerations in the UK. The Group engagement team involvement also included component auditor working paper reviews in the US and UK, regular conference calls, and attendance at both the US and UK component audit closing meetings.

Taken together, the components and corporate functions where we conducted audit procedures accounted for 90% of the Group's net revenues and 85% 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

	Group Financial Statements	Parent Company Financial Statements
Overall materiality	$7.8m (2018: $15.9m).	$14.6m (2018: $14.7m).
How we determined it	1% of total net revenue (2018: 5% of adjusted profit before tax).	1% of total assets.
Rationale for benchmark applied	Due to the changes in the business in 2019, driven by the 'at risk' generic entry of buprenorphine/naloxone film in February 2019 and the subsequent reduction in SUBOXONE Film revenues, the original forecast results for 2019 were expected to be a loss. As the market focus this year is on the Group's revenues rather than profitability, including the success of SUBLOCADE and PERSERIS, we have considered net revenue to be a more appropriate benchmark for materiality for 2019. Had revenue been the benchmark for 2018, the materiality would have been $10.1m.	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. Therefore, 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 and $6.9m (2018: between $3.5m and $12.5m). Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit of the Group Financial Statements of above $0.8m (2018: $0.8m) and $0.7m (2018: $0.7m) in respect of our audit of the Parent Company as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the Group's and the Parent Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the Financial Statements.	We have nothing material to add or to draw attention to other than the material uncertainty we have described in the material uncertainty related to going concern section above. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to 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 the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

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 2019 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements. (CA06)

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. *(CA06)*

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 40 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.

We also have nothing material to add to the Directors' explanation on page 45 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their 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 on page 45 of the Annual Report regarding the possible scenarios that may occur where the uptake of both SUBLOCADE and PERSERIS falls significantly below expectations, the amount and/or timing of payments relating to legal proceedings is materially worse than planned or the Group is excluded from participation in US federal healthcare programs, in which circumstances the Group's viability may be impacted during the assessment period.

Other than drawing attention to the disclosures referred to above, we have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit. (Listing Rules).

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 95, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Parent Company obtained in the course of performing our audit.
- The section of the Annual Report on page 62 to 69 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- 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.

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. *(CA06)*

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 in respect of the Financial Statements set out on page 95, 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.

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 received 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 Directors 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 six years, covering the years ended 31 December 2014 to 31 December 2019.

Sarah Quinn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

5 March 2020

Consolidated income statement

For the year ended December 31	Notes	2019 $m	2018 $m
Net revenues	3	**785**	1,005
Cost of sales		**(140)**	(128)
Gross profit		**645**	877
Selling, general and administrative expenses	4	**(414)**	(494)
Research and development expenses	4	**(53)**	(91)
Operating profit		**178**	292
Operating profit before exceptional items	5	**202**	332
Exceptional items	4	**(24)**	(40)
Finance income	8	**24**	17
Finance expense	8	**(22)**	(31)
Net finance income/(expense)	8	**2**	(14)
Profit before taxation		**180**	278
Income tax expense	9	**(46)**	(3)
Taxation before exceptional items	9	**(28)**	(46)
Exceptional items within taxation	4	**(18)**	43
Net income		**134**	275
Earnings per ordinary share (cents)			
Basic earnings per share	10	**18**	38
Diluted earnings per share	10	**18**	37

Consolidated statement of comprehensive income

For the year ended December 31	2019 $m	2018 $m
Net income	**134**	275
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent years:		
Net exchange adjustments on foreign currency translation	**9**	(18)
Other comprehensive income	**9**	(18)
Total comprehensive income	**143**	257

As at December 31	Notes	2019 $m	2018 $m
Assets			
Non-current assets			
Intangible assets	11	**72**	84
Property, plant and equipment	12	**60**	57
Right-of-use assets	13	**47**	–
Deferred tax assets	14	**40**	44
Other assets	16	**73**	33
		292	218
Current assets			
Inventories	15	**73**	78
Trade and other receivables	16	**227**	287
Current tax receivable		**–**	40
Cash and cash equivalents	18	**1,060**	924
		1,360	1,329
Total assets		**1,652**	1,547
Liabilities			
Current liabilities			
Borrowings	19	**(4)**	(4)
Provisions	21	**(71)**	(69)
Trade and other payables	24	**(623)**	(721)
Lease liabilities	13	**(5)**	–
Current tax liabilities		**(39)**	(24)
		(742)	(818)
Non-current liabilities			
Borrowings	19	**(233)**	(237)
Provisions	21	**(417)**	(424)
Lease liabilities	13	**(51)**	–
Other non-current liabilities		**–**	(2)
		(701)	(663)
Total liabilities		**(1,443)**	(1,481)
Net assets/(liabilities)		**209**	66
Equity			
Capital and reserves			
Share capital	25	**73**	73
Share premium		**5**	5
Other reserves	26	**(1,295)**	(1,295)
Foreign currency translation reserve	26	**(23)**	(32)
Retained earnings		**1,449**	1,315
Total equity		**209**	66

The financial statements on pages 107 to 142 were approved by the Board of Directors on March 5, 2020 and signed on its behalf by:

Shaun Thaxter
Director

Mark Crossley
Director

Consolidated statement of changes in equity

	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, 2018		72	2	(1,295)	(14)	1,032	(203)
Comprehensive income							
Net income		–	–	–	–	275	275
Other comprehensive income		–	–	–	(18)	–	(18)
Total comprehensive income		–	–	–	(18)	275	257
Transactions recognized directly in equity							
Share-based payments	27	1	3	–	–	15	19
Deferred taxation on share-based payments	14	–	–	–	–	(7)	(7)
Total transactions recognized directly in equity		1	3	–	–	8	12
Balance at December 31, 2018		73	5	(1,295)	(32)	1,315	66
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**

For the year ended December 31	Notes	2019 $m	2018 $m
Cash flows from operating activities			
Operating profit		**178**	292
Depreciation, amortization and impairment	11, 12	**20**	40
Gain on disposal of intangible assets		**(4)**	(37)
Depreciation of right-of-use assets		**8**	–
Share-based payments	27	**3**	15
Impacts from foreign exchange movements		**2**	(12)
Decrease/(Increase) in trade and other receivables		**62**	(33)
Increase in other assets		**(39)**	–
Decrease/(Increase) in inventories		**7**	(31)
(Decrease)/Increase in trade and other payables		**(101)**	58
(Decrease)/Increase in provisions		**(8)**	35
		128	327
Cash generated from operations			
Interest paid		**(17)**	(25)
Interest received		**22**	17
Tax refunded/(paid)		**18**	(16)
Net cash inflow from operating activities		**151**	303
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(7)**	(11)
Proceeds from lease incentives		**1**	–
Purchase of intangible assets	11	**–**	(30)
Proceeds from disposal of intangible assets	11	**4**	37
Net cash outflow from investing activities		**(2)**	(4)
Cash flows from financing activities			
Repayment of borrowings	19	**(4)**	(240)
Payment of lease liabilities		**(9)**	–
Proceeds from the issuance of ordinary shares		**–**	3
Net cash outflow from financing activities		**(13)**	(237)
Net increase in cash and cash equivalents		**136**	62
Cash and cash equivalents at beginning of the year	18	**924**	863
Exchange difference		**–**	(1)
Cash and cash equivalents at end of the year	18	**1,060**	924

1. General information

Indivior PLC (the "Company") and its subsidiaries (together, the "Group") are 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 was incorporated and domiciled in the United Kingdom on September 26, 2014 and is the holding company for the Group.

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 under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union and the Companies Act 2006 (the Act) applicable to companies reporting under IFRS.

The financial statements are presented in US$.

Subject to the following matter, after making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least one year from the financial statements date. However, as disclosed in Notes 21 and 23, the Group carries a provision of $438m, substantially all relating to the Department of Justice (DoJ) litigation matters. While the Directors believe the Group has strong defences to the government's charges and will vigorously defend itself, they will still endeavour to pursue a settlement. If a settlement cannot be reached, the final court outcome relating to the DoJ indictment is not expected to impact the Group during the going concern period over the next 12 months. However, an unfavorable outcome from legal proceedings (including the Western District of Virginia Indictment), or potential exclusion from participating in US Federal Health Care Programs would negatively impact the financial position and long-term viability of the Group including the ability to comply with debt covenants. The final resolution of the Group's legal proceedings as disclosed in Note 23 may be materially higher than the amount provided, require payment over a shorter period or could adversely impact the ongoing business operation as noted above which, together with the failure of SUBLOCADE and PERSERIS to meet revenue growth expectations and/or lower than forecast revenue of SUBOXONE Film, could impact the Group's ability to operate. The Directors have already taken significant steps to reduce the cost base of the business and manage its capital structure to ensure the Group will comply with the Term Loan covenant as specified in Note 19. A combination of the above risks may require additional measures to be taken such as further cost reductions. The above factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. However, the Directors believe the Group has sufficient liquidity and the ability to carry out any further measures that may be necessary for the Group to continue as a going concern for at least the next twelve months.

Adoption of new and revised standards

The following new IFRS standard has been adopted by Indivior from January 1, 2019:

IFRS 16 Leases

IFRS 16 Leases substantially changed the financial statements as the majority of leases for which the Group is the lessee became on-balance sheet liabilities with corresponding right-of-use assets on the balance sheet. The lease liability reflects the net present value of the remaining lease payments, and the right-of-use asset corresponds to the lease liability, adjusted for payments made before the commencement date, lease incentives and other items related to the lease agreement. The standard replaces IAS 17 Leases.

On adoption, the Group recognized right-of-use ("ROU") assets and lease liabilities in relation to items previously classified as 'operating leases' under the principles of IAS 17 Leases. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of lease payments which are discounted using the applicable incremental borrowing rate as of January 1, 2019. The Group applied the modified retrospective approach, which required the recognition of the cumulative effect of initially applying IFRS 16, as of January 1, 2019, to the retained earnings. Comparatives for the 2018 financial year were not restated.

In applying IFRS 16 for the first time and going forward, the Group used the following practical expedients permitted by the standard:

- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- The reliance on a previous assessment of whether a lease sis onerous;
- The accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases; and
- Application of a single discount rate to leases with similar characteristics, which will continue, which will continue going forward.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.8%.

As at January 1, 2019, the Group recognized $27m of right-of-use assets, $33m of lease liabilities and an adjustment to beginning retained earnings of $2m. The remaining $4m related to deferred tax and previously recognized straight-line lease liability. For the leases in place at January 1, 2019, the calculated impact to 2019 was an $8m reduction in lease expense, a $7m increase to depreciation of right-of-use assets and $2m increase in finance expense. Cash flow from operations increased by $6m due to certain lease expenses no longer being recognized as operating cash outflows, but this was offset by a $7m increase in cash used in financing activities due to repayments and interest on the principal of lease liabilities.

2. Basis of preparation and changes in accounting policy (continued)

IFRIC 23 Interpretation Uncertainty over income tax treatment

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

The Group adopted IFRIC 23 in 2019, and there was no impact to the financials as a result of this.

New accounting standards issued but not yet effective

The following standard has been issued but is not yet effective:

The IASB issued amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures. These relate to interbank offered rates (IBORs) reform and were endorsed by the EU on 6 January 2020. The amended standards will be effective for the Group as of January 1, 2020. The replacement of benchmark interest rates such as LIBOR and other IBORs is a priority for global regulators. The amendments provide relief from applying specific hedge accounting requirements to hedge relationships directly affected by IBOR reform and have the effect that IBOR reform should generally not cause hedge accounting to terminate. The impact from adoption is expected to be immaterial.

IFRS 3 Business Combination amendments

The IASB issued an amendment to IFRS 3 Business Combinations that revised the definition of a business, which assists entities with the evaluation of when an asset or group of assets acquired or disposed of should be considered a business. This amended standard, although still pending endorsement, would be effective for the Group as of January 1, 2020 and is applicable to transactions entered into on or after January 1, 2020 if it is endorsed. The amended standard allows an entity to apply an optional concentration test, on a transaction-by-transaction basis, 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. If this optional concentration test is met, the entity may choose to consider the transaction an acquisition of an asset or set of assets. During the year, the European Financial Reporting Advisory Group (EFRAG) amended its guidance on the expected date of endorsement, and the European Commission is expected to endorse the change during 2020, with application required for accounting periods beginning on or after 1 January 2020. Accordingly, this amendment will be monitored going forward. The Group does not expect the adoption of this amended standard (when endorsed) to have a significant impact on the consolidated financial statements in future periods. However, this will depend on the facts and circumstances of future transactions and if the Group decides to apply the optional concentration test in the assessment of whether an acquired set of assets or activities is or is not a business combination.

There are no other IFRS standards or interpretations not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

The consolidated financial statements include the results of the Company and all of its subsidiaries. Subsidiaries are those 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 has the ability to use its power over the investee to affect its returns.

Inter-company transactions, balances and unrealized income and expenses on transactions between Group companies have been eliminated on consolidation. All subsidiaries have year-ends which are co-terminus with the Group's. Subsidiaries' accounting policies have been changed where necessary to ensure consistency 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). The consolidated financial statements are presented in US dollars, which is the Group's presentation currency.

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:

	2019	2018
GBP year-end exchange rate	**1.3263**	1.2746
GBP average exchange rate	**1.2768**	1.3362
EUR year-end exchange rate	**1.1228**	1.1451
EUR average exchange rate	**1.1198**	1.1819

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 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 a number of estimates and assumptions regarding the future and significant judgments in applying the Group's accounting policies.

2. Basis of preparation and changes in accounting policy (continued)

Key estimates and assumptions

These key 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. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. The key estimates and assumptions used in the financial statements are set out below.

Provisions for returns, discounts, incentives and rebates

The Group offers various types of reductions from list prices on its products. In particular, 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 on the basis of 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 on the basis of contractual sales terms and reliable historical data. The Group's historical data was supplemented with expectations of returns resulting from the launch of generic buprenorphine/naloxone film in the US. The estimates are recognized in the period in which the underlying sales are recognized, as a reduction of sales revenue.

A 3% variation in our provision for rebates would impact net revenue by $13 million. A 3% variation in product returns would impact net revenue by approximately $1 million. For more details of accruals for returns, discounts, incentives and rebates, see Note 24 to the consolidated financial statements.

Critical judgments

The following are the critical judgments, that the Directors have made in the process of applying the Group's accounting policies, that have the most significant effect on the amounts recognised in the Group's financial statements:

Provisions for litigation and IP related claims

The Group may be involved in litigation, arbitration or other legal proceedings. These proceedings typically are related to product liability claims, intellectual property rights, compliance and trade practices, commercial claims and employment and wrongful discharge claims. The Directors makes judgements as to whether there is sufficient information to make a reliable estimate of the likely outcome of the legal proceedings and other expenses arising from claims against the Group.

Provisions, when made, are valued on the basis of the Directors' best estimates taking into account 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 the settlement or litigation strategy, amount, timing of payments, and discounting. Given the inherent uncertainties related to these estimates and assumptions, the actual outflows resulting from the realization of those risks could differ materially from the Group's estimates. For more details of provisions for litigation and IP related claims, see Note 21 to the consolidated financial statements. For more details of all the outstanding legal proceedings, see Note 23 to the consolidated financial statements.

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 predominately 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 net revenues to third parties, operating expenses by function, and financial results 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.

3. Segment information (continued)

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 aggregate future sales levels, 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.

For the year ended December 31, 2019	**Net revenue from sale of goods $m**	**Non-current assets $m**
United States	**589**	**68**
Rest of World	**196**	**184**
Total	**785**	**252**

For the year ended December 31, 2018	$m	$m
United States	790	62
Rest of World	215	112
Total	1,005	174

On a disaggregated basis, the Group's net revenue by major product line:

For the year ended December 31	**2019 $m**	2018 $m
SUBLOCADE®	**72**	12
Sublingual/Other	**713**	993
Total	**785**	1,005

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	**2019 %**	2018 %
Customer A	**21%**	24%
Customer B	**20%**	22%
Customer C	**20%**	25%

4. Operating costs and expenses

Accounting policies

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 in the year in which it is 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;
- the availability of adequate technical, financial and other resources 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.

4. Operating costs and expenses (continued)

Amounts capitalized are amortized over the useful life of the developed product.

An internally generated intangible asset arising from the Group's development activities is recognized only if the following conditions are also met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

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™. The Group commenced amortisation of SUBLOCADE™ following receipt of regulatory approval in November 2017 and PERSERIS™ in July 2018.

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.

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 table below sets out selected operating costs and expenses information.

	Notes	**2019 $m**	2018 $m
Research & development expenses[1]		**(53)**	(91)
Selling and general expenses		**(199)**	(205)
Administrative expenses[2]		**(196)**	(271)
Depreciation and amortization[3]	11, 12	**(19)**	(13)
Operating lease rentals[4]		**–**	(5)
Selling, general and administrative expenses		**(414)**	(494)

1. 2018 R&D expenses include $24m of impairment costs that have been classified as exceptional as outlined in the table below.
2. Administrative expenses include exceptional costs in the current and prior year as outlined in table below. Prior year administrative expenses also included non-exceptional expenses of $4m related to the ongoing protection of the company's intellectual property. These costs were not considered exceptional as they primarily related to non-litigation expenses for the ongoing protection of the Group's prospective revenues.
3. Additional depreciation and amortization of $9m (2018: $3m) for intangibles and ROU assets is included within cost of sales.
4. Following the group's adoption of IFRS 16 Leases on January 1, 2019, operating lease rentals have been reclassified to the balance sheet as lease liabilities with a portion being recorded as interest on the P&L.

4. Operating costs and expenses (continued)

Exceptional items

	2019 $m	2018 $m
Other operating income[1]	**4**	37
Restructuring costs[2]	**(20)**	(13)
Legal expenses/provision[3]	**(8)**	(40)
Intangible impairment (R&D)[4]	**–**	(24)
Total exceptional items before taxes	**(24)**	(40)
Tax on exceptional items	**4**	8
Exceptional tax items[5]	**(22)**	35
Total exceptional items within taxation	**(18)**	43
Total exceptional items	**(42)**	3

1. Exceptional income in both years relate to the proceeds received from the out-licensing of nasal naloxone opioid overdose patents which are included within SG&A.
2. Restructuring costs relate to the cost saving initiative to offset the financial impact of recent adverse U.S. market developments. These consist primarily of supply chain restructuring (in 2019), redundancy and related costs (in both years). These are included in SG&A.
3. Legal expenses in both years relate to potential redress for ongoing intellectual property related litigation with DRL and Alvogen Pharmaceuticals. These are included within SG&A.
4. In 2018, R&D expenses include $24m of impairment charges related to the Arbaclofen Placarbil and lead ADDEX compounds for which development has ceased due to challenges in the Phase 1 and preclinical studies, respectively, thereby reduction of their probability of success below hurdle rates for further investment.
5. The tax expense of $22m in 2019 primarily consists of $34m of tax expense relating to a reversal of development credits (relating to orphan drug designation) claimed and reported as exceptional in prior years, offset by a tax benefit of $11m due to regulation changes stemming from US tax reform. The prior year included a benefit of $34m for the booking of development credits, and $1m related to the impact of the 2017 US tax reform rate change (Refer to Notes 9 and 23).

5. Adjusted results

The Directors and management team use adjusted results and measures to give greater 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.

Reconciliation of operating profit to adjusted operating profit:

	Notes	2019 $m	2018 $m
Operating profit		**178**	292
Exceptional selling, general and administrative expenses	4	**24**	16
Exceptional research and development expenses	4	**–**	24
Adjusted operating profit		**202**	332

Reconciliation of profit before taxation to adjusted profit before taxation:

	Notes	2019 $m	2018 $m
Profit before taxation		**180**	278
Exceptional selling, general and administrative expenses	4	**24**	16
Exceptional research and development expenses	4	**–**	24
Adjusted profit before taxation		**204**	318

5. Adjusted results (continued)

Reconciliation of net income to adjusted net income:

	Notes	2019 $m	2018 $m
Net income		**134**	275
Exceptional selling, general and administrative expenses	4	**24**	16
Exceptional research and development expenses	4	**–**	24
Exceptional items within taxation	4	**18**	(43)
Adjusted net income		**176**	272

Reconciliation of earnings per share to adjusted earnings per share:

	Notes	2019 cents	2018 cents
Earnings per share	10	**18**	38
Exceptional selling, general and administrative expenses		**3**	2
Exceptional research and development expenses		**–**	3
Exceptional items within taxation		**3**	(6)
Adjusted earnings per share	10	**24**	37
Weighted average number of shares (thousands)	10	**730,235**	727,148

Reconciliation of net cash:

	2019 $m	2018 $m
Net cash at beginning of year	**681**	376
Net increase in cash and cash equivalents	**136**	61
Net repayment of borrowings	**4**	240
Exchange adjustments	**–**	4
Net cash at end of year	**821**	681

Net cash is presented as it is relevant to our Term Loan maximum leverage ratio. These do not include lease liabilities of $56m.

6. Auditors' remuneration

	2019 $m	2018 $m
Audit of Parent Company and consolidated financial statements:		
Audit of the Group's Annual Report and financial statements	**1.4**	1.2
Audit of the Group's subsidiaries	**0.3**	0.4
Audit services	**1.7**	1.6
Audit-related assurance services	**0.4**	0.8
Other non-audit assurance services	**–**	–
Total auditors' remuneration	**2.1**	2.4

Total fees charged for audit-related assurance services and other non-audit assurance services in the year relating to the Indivior Group or any of its subsidiaries were $0.4m (2018: $0.8m). Audit-related assurance services were services pertained primarily to the performance of quarterly reviews.

Subsequent to the completion of the audit of the 2018 Consolidated Financial Statements, additional audit fees for subsidiaries amounting to $0.2m were incurred, which have been included in the 2018 fee analysis above.

7. Employees

Accounting policies

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	2019 $m	2018 $m
The total employment costs, including Directors, were:			
Wages and salaries		**(139)**	(161)
Social security costs		**(22)**	(29)
Other pension costs		**(8)**	(9)
Share-based payments	27	**(3)**	(15)
Total Staff Costs		**(172)**	(214)

Key management personnel is defined as the Board of Directors and Executive Committee. Details of the Board of Directors' emoluments are included in the Directors' Remuneration Report on pages 75 to 91, which forms part of the financial statements.

Compensation awarded to other key management is as follows:

	2019 $m	2018 $m
Short-term employee benefits	**10**	6
Total compensation awarded to key management	**10**	6

(b) Staff numbers

The average monthly number of persons employed by the Group, including Directors, during the year was:

	2019	2018
Operations	**562**	657
Management	**172**	231
Research and development	**90**	136
Average number of employees	**824**	1,024

8. Net finance income/(expense)

Accounting policy

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 income	2019 $m	2018 $m
Interest income on cash and cash equivalents	**24**	17
Total finance income	**24**	17
Finance expense		
Interest payable on borrowings	**(17)**	(28)
Amortization of finance charges	**–**	(3)
Interest expense on lease liabilities	**(3)**	–
Other finance expense*	**(2)**	–
Total finance expense	**(22)**	(31)
Net finance income/(expense)	**2**	(14)

* Relates to interest on legal expense exceptional items. More details in Note 21.

9. Income tax expense

Accounting policy

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.

	2019 $m	2018 $m
Current tax	**(30)**	(58)
Adjustments for current tax of prior years	**(8)**	62
Total current tax	**(38)**	4
Origination and reversal of temporary differences	**–**	22
Adjustments for changes in tax rates	**–**	2
Adjustments for prior year deferred tax	**(8)**	(31)
Total deferred tax	**(8)**	(7)
Tax on profit	**(46)**	(3)

The standard rate of corporation tax in the UK is 19% for the year ended 31 December 2019. The Group's profits for the year ended December 31, 2019 are taxed at an effective rate of 26% (2018: 1%).

9. Income tax expense (continued)

The total tax charge for the year can be reconciled to the accounting profit as follows:

	2019 $m	2018 $m
Profit before taxation	**180**	278
Tax at the notional UK corporation tax rate of 19% (2018: 19%)	**34**	53
Effects of:		
Tax at rates other than the UK corporation tax rate	**4**	6
Permanent differences	**2**	(9)
R&D tax credit	**(1)**	(1)
UK Patent Box	**(11)**	(16)
Adjustments in respect of prior years	**(4)**	3
Development tax credits claimed for prior years	**34**	(34)
Adjustments to amounts carried in respect of unresolved tax matters	**(14)**	(2)
Impact of changes in tax rates	**–**	(2)
Share awards	**2**	5
Income tax expense	**46**	3

The reported effective tax rate of 26% (2018: 1%) was impacted by:

- Permanent difference tax expense of $2m (2018 benefit of $9m). 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. In the year, the permanent differences included expense of $2m (2018: $9m benefit) relating to net interest income not taxable.
- The prior year adjustments relate to tax accrual to tax return true up of $4m benefit (2018: $3m expense).
- In the current year, a reserve was established against the developmental credits (relating to orphan drug designation) of $34m that were booked in the prior period, due to uncertainty regarding the eligibility of these credits (relating to orphan drug designation). Refer to Note 23.
- A current year release of uncertain tax provisions of $11m benefit is due to US regulations issued during the year clarifying tax treatment on prior-year items and a $2m benefit due to expiry of the statute of limitations. The 2018 benefit related to release of uncertain tax provisions of $2m due to expiry of the statute of limitations.

Excluding the impact of exceptional items, the effective tax rate for the year ended December 31, 2019 was 14% (2018: 15%).

	2019 $m	2018 $m
Income tax expense	**46**	3
Tax on exceptional pre-tax expense	**4**	8
Development tax credits (provided for)/claimed for prior years	**(34)**	34
Adjustments to amounts carried in respect of unresolved tax matters	**12**	(1)
Impact of changes in tax rates	**–**	2
Income tax expense excluding exceptional items	**28**	46

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 judgements 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, the nature of the uncertain tax positions is 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 judgement, 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, 2019 with a further reduction to 17% from April 1, 2020.

Other tax matters

The European Commission has announced its intention to open a State Aid investigation into the UK's controlled foreign company ("CFC") financing exemption. At 31 December 2019, the Group has benefited from the UK controlled foreign company financing exemption by approximately $24m; however, at present the Group believes no provision is required in respect of this matter.

The UK decision to withdraw from the European Union ('EU') may have a material effect on our taxes. Whilst the UK left the EU on the January 31, 2020, the impact of the withdrawal will not be known until both the EU and the UK develop the exit plan and the related changes in tax laws are enacted. The UK has entered into a transition period and has until December 31, 2020 to negotiate and conclude additional arrangements. We will adjust our current and deferred income taxes when tax law changes related to the UK withdrawal are substantively enacted and/or when EU law ceases to apply in the UK.

10. Earnings per share

	2019 cents	2018 cents
Basic earnings per share	**18**	38
Diluted earnings per share	**18**	37
Adjusted basic earnings per share	**24**	37
Adjusted diluted earnings per share	**23**	36

Basic

Basic earnings per share is calculated by dividing profit (net 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 earnings per share is calculated similarly to the basic 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	**2019 thousands**	2018 thousands
On a basic basis	**730,235**	727,148
Dilution for share awards and options	**25,123**	23,994
On a diluted basis	**755,358**	751,142

Adjusted earnings per share

The Directors believe that earnings per share, adjusted for the impact of exceptional items after the appropriate tax amount, provides more meaningful information on underlying trends to shareholders in respect of earnings per share. Reconciliations of net income to adjusted net income and earnings per share to adjusted earnings per share are included in Note 5.

11. Intangible assets

Accounting policy

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 probability of success.

	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
Additions	–	–	–	–	–
Transfers	–	–	–	–	–
Disposals and asset write-offs	–	–	–	–	–
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
Impairment charge	–	–	–	–	–
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**

11. Intangible assets (continued)

	Acquired distribution rights $m	Products in development $m	Marketed products $m	Software $m	Total $m
Cost					
At January 1, 2018	234	40	24	37	335
Additions	–	29	–	1	30
Transfers	–	(30)	30	–	–
Disposals and asset write-offs	–	–	–	–	–
Exchange adjustments	(15)	(4)	–	–	(19)
At December 31, 2018	219	35	54	38	346
Accumulated amortization and impairment					
At January 1, 2018	234	–	–	9	243
Amortization charge	–	–	3	7	10
Impairment charge	–	24	–	–	24
Exchange adjustments	(15)	1	(1)	–	(15)
At December 31, 2018	219	25	2	16	262
Net book amount at December 31, 2018	–	10	52	22	84

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. In 2018, impairment charges of $24m were recognised within R&D in relation to the Arbaclofen Placarbil and lead ADDEX compounds for which development ceased due to challenges in the Phase 1 and preclinical studies, respectively, thereby reducing their probability of success below hurdle rates for further investment. Once approved in their primary market, products in development are transferred to marketed products. There were no new primary market product approvals in 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 which had a nil cost within intangibles.

Marketed products

Marketed products include approved product rights which are amortised 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. There were no impairments recognized in the year.

The Group received regulatory approval for SUBLOCADE in November 2017 and PERSERIS in July 2018. Amortisation expense of $5m (2018: $3m) was recognised in Cost of sales.

Software

Acquired computer software licenses and related implementation costs are capitalized at cost. These costs are amortized on a straight-line basis over a period of up to five years.

12. Property, plant and equipment

Accounting policies

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, 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**

12. Property, plant and equipment (continued)

	Land and buildings $m	Plant and equipment $m	Total $m
Cost			
At January 1, 2018	45	56	101
Additions	5	6	11
Exchange adjustment	(2)	(1)	(3)
At December 31, 2018	48	61	109
Accumulated depreciation and impairment			
At January 1, 2018	7	40	47
Charge for the year	3	3	6
Exchange adjustment	(1)	–	(1)
At December 31, 2018	9	43	52
Net book amount at December 31, 2018	39	18	57

Depreciation expense is included in cost of goods sold, selling, general and administrative expenses, and R&D expenses within the income statement. $1m of accelerated depreciation relating to restructuring costs was classified as exceptional.

Additions in the year relate primarily to manufacturing equipment and office building refits.

13. Leases and right-of-use assets

Accounting policies

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 that the balance sheet carrying amount may not be recoverable using cash flow projections for the useful life.

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.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a change to the lease terms or expected payments under the lease, or a modification 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, equipment and cars. 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 $28m have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

Reconciliation of lease commitments disclosed on December 31, 2018, and lease liability recorded on January 1, 2019 is as follows:

	$m
Operating lease commitments as of December 31, 2018	**39**
Recognition exemption for short-term and low-value leases	**–**
Undiscounted future lease payments as of January 1, 2019	**39**
Effect of discounting	**(6)**
Total lease payments	**33**

The following table summarizes movements of the right-of-use assets in 2019:

	Land and buildings $m	Plant and equipment $m	Total $m
Cost			
At January 1, 2019	15	12	27
Additions	6	23	29
Lease incentives	(1)	–	(1)
At December 31, 2019	**20**	**35**	**55**
Accumulated depreciation and impairment			
At January 1, 2019	–	–	–
Charge for the year	(3)	(5)	(8)
At December 31, 2019	(3)	(5)	(8)
Net book amount at December 31, 2019	**17**	**30**	**47**

Depreciation expense of $5m (2018: nil) is included in SG&A and $3m (2018: nil) in cost of sales within the income statement.

Additions in the year relate primarily to equipment, office space, and vehicle leases.

The lease liabilities at December 31, 2019, by maturity were as follows:

	2019 $m
Within one year	**5**
Later than one and less than five years	**26**
More than five years	**25**
Total lease liabilities	**56**
Less: current portion of lease liabilities	**(5)**
Non-current portion of lease liabilities	**51**

The following table provides additional disclosures related to right-of-use assets and lease liabilities:

	2019 $m
Interest expense on lease liabilities	**3**
Expense on short-term and low-value leases	**–**
Payments of lease liabilities	**6**
Total lease payments	**9**

14. Deferred tax

Accounting policy

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 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 unrealised 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 it is probable the temporary difference will not 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	Intangible assets $m	Short-term temporary differences $m	Share-based payments $m	Other $m	Total $m
At January 1, 2018	13	7	14	21	3	58
(Charged)/Credited to the income statement	2	(7)	5	(10)	3	(7)
Charged directly to equity	–	–	–	(7)	–	(7)
Exchange differences	(1)	–	–	1	–	–
At December 31, 2018	14	–	19	5	6	44
Charged to the income statement	(2)	–	–	(2)	(4)	(8)
(Charged)/Credit directly to equity	–	–	–	(1)	5	4
At December 31, 2019	**12**	**–**	**19**	**2**	**7**	**40**

The Group has not recognized deferred tax assets ("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 unrecognised DTAs in respect of earlier periods is $9m (2018: $9m tax benefit) and the unrecognised DTA on interest expense is $5m (2018: $nil). Both the losses and interest expense have unlimited carry-forward period.

To the extent that dividends remitted from overseas subsidiaries are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for unremitted earnings of Group companies overseas as these are considered permanently employed in the business of these companies. A large proportion of Group profits outside of the UK are realized in the US and we expect that we can rely on the 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

Accounting policy

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 labour 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:

	2019 $m	2018 $m
Raw materials, stores and consumables	**28**	31
Work in progress	**22**	24
Finished goods and goods held for resale	**23**	23
Total inventories, net	**73**	78

The cost of inventories recognized as an expense and included as cost of sales amounted to $140m (2018: $128m). This includes inventory write-offs and losses of $22m (2018: $8m) recognized in cost of sales. The increase was primarily driven by provisions based on expiration dates and sales forecast associated with SUBLOCADE and PERSERIS inventory in line with the Group policy. The inventory provision (reflected in the carrying amounts above) at December 31, 2019 was $23m (2018: $30m).

16. Trade and other receivables

Accounting policy

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 of the trade receivable. These provisions represent the difference between the trade receivable's 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 their customers and considers that the receivables are still recoverable.

Current assets	**2019 $m**	2018 $m
Trade receivables	**194**	271
Less: provision for ECL	**(2)**	(2)
Trade receivables – net	**192**	269
Other receivables	**12**	9
Prepayments	**23**	9
Total current receivables	**227**	287

16. Trade and other receivables (continued)

The aging of past due trade receivables as of December 31 is as follows:

	2019 $m	2018 $m
Up to three months past due	**17**	6
Three to six months past due	**1**	1
Over six months past due	**1**	1
	19	8
Neither past due nor impaired	**175**	263
Provision for impairment of receivables	**(2)**	(2)
Trade receivables – net	**192**	269

As at December 31, 2019, trade receivables were assessed for impairment, and the amount of provision at December 31, 2019 was $2m (2018: $2m). A portion of the receivables may be recovered due to the nature and historical collection of trade receivables.

The other receivables balance does not contain impaired assets. They consist of items including reclaimable turnover tax and are from a broad range of countries within the Group.

The increase in prepayments was primarily driven by costs related to the US direct-to-customer advertising campaign.

The Group's trade receivables are denominated in the following currencies:

	2019 $m	2018 $m
Sterling	**5**	8
Euro	**21**	22
US dollar	**151**	228
Other currencies	**17**	13
Total trade receivables	**194**	271

Other non-current assets

	2019 $m	2018 $m
Long-term prepaid expenses	**23**	33
Other non-current assets	**50**	–
Total other non-current assets	**73**	33

Long-term prepaid expenses relate primarily to payments for contract manufacturing capacity and other non-current assets relate to surety bond (see Note 23).

The decrease in long-term prepaid expenses was driven by impairment related to supply chain restructuring and was considered to be exceptional (see Note 4).

The increase in non-current assets was driven by the surety bond put in place in the year.

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's financial assets and liabilities include cash and cash equivalents, borrowings, trade receivables and trade payables as set out in Notes 18, 19, 16 and 24 respectively. The carrying value less impairment provision of current borrowings, cash, trade receivables 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 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.

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, 2019, Indivior had $4m (2018: $4m) of borrowings repayable within one year and $1,060m (2018: $924m) 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, and trade receivables. 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 is limited given that the balances consist of amounts due from customers, primarily wholesalers and distributors, for whom there is no significant history of default. Outside the US, no customer accounts for more than 5% of the 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 61% of the Group sales in 2019 (2018: 71%). At December 31, 2019, the Group had trade receivables due from these three wholesalers totalling $127m (2018: $212m). 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, 'Trade and other receivables').

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 (refer to Note 19).

Total equity includes share capital, reserves and retained earnings as shown in the consolidated balance sheet.

	Note	**2019 $m**	2018 $m
Net cash	19	**821**	681
Total equity		**209**	66
		1,030	747

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 $821m (2018: $681m) to maintain an appropriate level of financial flexibility.

18. Cash and cash equivalents

Accounting policy

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.

	2019 $m	2018 $m
Cash and cash equivalents	**1,060**	924
	1,060	924

There were no bank overdrafts in the current or prior year.

19. Financial liabilities – borrowings

Accounting policy

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	2019 $m	2018 $m
Term loan	**(4)**	(4)
	(4)	(4)

Non-current	2019 $m	2018 $m
Term loan	**(233)**	(237)
	(233)	(237)

Analysis of net cash	2019 $m	2018 $m
Cash and cash equivalents	**1,060**	924
Borrowings[1]	**(239)**	(243)
	821	681

1. Borrowings reflect the outstanding principal amount drawn, before debt issuance cost of $2m (2018: $2m). These do not include lease liabilities of $56m.

Reconciliation of net cash	2019 $m	2018 $m
Net cash at beginning of year	**681**	376
Net increase in cash and cash equivalents	**136**	61
Net repayment of borrowings	**4**	240
Exchange adjustments	**–**	4
Net cash at end of year	**821**	681

Net cash is presented as it is relevant to our term loan maximum leverage ratio. These do not include lease liabilities of $56m.

The term loan was trading at approximately 93% of par value at December 31, 2019.

19. Financial liabilities – borrowings (continued)

The terms of the loan in effect at December 31, 2019 are as follows:

	Currency	Carrying Value $m	Nominal interest margin	Maturity	Annual Amortization	Maximum leverage ratio
Term loan facility	USD	239	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 in 2020.

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 debt	**2019 $m**	2018 $m
Bank loans and overdrafts payable due (including interest):		
Within one year or on demand	**20**	21
Bank loans payable due:		
Later than one and less than five years	**265**	288
More than five years	**–**	–
Gross borrowings (including interest)	**285**	309

Analysis of changes in liabilities from financing activities

	At January 1, 2019 $m	Cash flows $m	Profit and loss $m	Additions $m	Reclassifications $m	At December 31, 2019 $m
Current borrowings	(4)	4	–	–	(4)	(4)
Non-current borrowings	(237)	–	–	–	4	(233)
Lease liabilities	(33)	9	(3)	(29)	–	(56)
Interest payable	(3)	17	(17)	–	–	(3)
Total liabilities from financing activities	(277)	30	(20)	(29)	–	(296)

20. Commitments

Accounting policy

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, 2019, the Group had no material PP&E or Intangible asset commitments for future periods.

21. Provisions

Accounting policy

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, 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 a series of 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.

	Litigation/ investigative matters $m	IP related matters $m	Restructuring costs $m	Retirement benefit costs $m	Total provisions $m
At January 1, 2018	438	19	–	2	459
Charged to the income statement	–	43	13	1	57
Utilized during the year	–	(17)	(5)	–	(22)
Exchange adjustments	–	(1)	–	–	(1)
At December 31, 2018	438	44	8	3	493
Charged to income statement	–	9	8	–	17
Utilized during the year	–	(8)	(14)	–	(22)
Exchange adjustments	–	–	–	–	–
At December 31, 2019	**438**	**45**	**2**	**3**	**488**
Provisions – current	69	–	2	–	71
Provisions – non-current	369	45	–	3	417
At December 31, 2019	**438**	**45**	**2**	**3**	**488**
Provisions – current	52	9	8	–	69
Provisions – non-current	386	35	–	3	424
At December 31, 2018	438	44	8	3	493

Discounting did not materially impact the roll-forward of provisions as the estimated timing of payments has shifted during the period.

The Group is involved in legal and intellectual property disputes as described in Note 23, Legal Proceedings.

The Group carries a provision for investigative and antitrust litigation matters of $438m. Substantially all of the provision relates to the DoJ litigation, described in Note 23 under "Western District of Virginia Indictment." The Group remains open to resolving the matter, although it cannot predict with any certainty whether, when, or at what cost it will reach an ultimate resolution.

The final resolution may be materially higher than this provision which, together with lower than forecast revenue of SUBOXONE or the failure for SUBLOCADE and PERSERIS to meet revenue growth expectations or potential exclusion from participating in US Federal Health Care Programs, could impact the Group's ability to operate. The Directors have already taken significant steps to reduce the cost base of the business and manage its capital structure. A combination of the above risks may require additional measures to be taken such as further cost reductions.

The Group believes that it has strong defences in the antitrust and other litigations and is actively litigating these matters. Indivior cannot predict with any certainty whether, when, or at what cost it will reach ultimate resolution of the antitrust and other litigation matters.

The Group carries provisions totalling $45m for intellectual property related matters, all of which relate to potential redress for ongoing intellectual property related litigation with DRL and Alvogen, and have been recognized as exceptional costs (see Note 4).

The restructuring provision relates to the cost-saving initiative announced and implemented in 2018 and 2019 to offset the financial impact of recent adverse US market developments. These consist primarily of redundancy and related costs, the majority of which are expected to be utilized within one year.

22. Contingent liabilities

Other than the disputes for which provisions have been made as disclosed in Note 21, 'Provisions for liabilities and charges' or as separately disclosed in Note 9, 'Income tax expense' under 'Other tax matters', reliable estimates could not be made of the potential range of cost required to settle legal or intellectual property disputes where the possibility of losses is less than probable but more than remote. Descriptions of the significant tax, legal and other disputes to which the Group is a party are set out in Note 9, 'Income tax expense' and Note 23, 'Legal Proceedings'.

23. Legal proceedings

Litigation/Investigative matters

Western District of Virginia Indictment

On April 9, 2019, a federal grand jury in the Western District of Virginia indicted Indivior PLC and Indivior Inc. on charges of health care 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. DoJ is seeking to recover $3bn in monetary forfeitures and all assets derived from the commission of the alleged offenses. Indivior believes it has strong defenses to the government's charges and will vigorously defend itself. On August 14, 2019, in response to Indivior's Motion to Dismiss the original indictment, DoJ obtained a Superseding Indictment that did not add to or change the charges, but changed certain factual allegations. On November 14, 2019, the Court denied the Motion to Dismiss the original indictment, and on December 19, 2019, Indivior filed a Motion to Dismiss the superseding indictment, which is pending before the Court. On January 29, 2020, DoJ filed an Application For Post-Indictment Protective Order seeking to prevent transactions in the assets sought to be forfeited in the superseding indictment, transactions not in the ordinary course of business and transactions of a value of more than $1m without prior court approval, and to require defendants to maintain $438m in a financial account, and for other relief. The parties reached a resolution with respect to the Application and an Agreed First Protective Order was entered by the court on February 26, 2020. The Agreed Protective Order requires Indivior to seek court approval prior to engaging in various transactions outside the ordinary course of business greater than $5m, provide monthly financial reporting in arrears and cash-flow forecasting, and maintain cash and cash equivalents at a minimum level of $600m. Indivior is authorized to continue engaging in ordinary course transactions related to intercompany obligations, payments made in accordance with its secured credit obligations, payments to goods and service vendors, payments of employee and related costs, and other similar transactions consistent with Indivior's ordinary past practices. It is not possible to predict with any certainty the potential impact of this litigation or to quantify the ultimate cost of a verdict or resolution, but it could have a material impact on the Group.

State subpoenas and civil investigative demands

On October 12, 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.

On November 16, 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.

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 sales and marketing activity by the Company. The Group is in discussions aimed toward resolving this matter.

On July 1, 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.

23. Legal proceedings (continued)

FTC investigation and antitrust litigation

The U.S. Federal Trade Commission's investigation remains pending. Litigation regarding privilege claims has now been resolved. Indivior has produced certain documents that it had previously withheld as privileged; other such documents have not been produced.

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. Pre-trial proceedings were coordinated. The fact and expert discovery periods have closed. On September 27, 2019, the court certified a class of direct purchasers of branded Suboxone® Tablets. The same day, the court also certified, with respect to specified issues, a class of end-payor plaintiffs. The court denied certification of a putative "nationwide injunctive class" of end-payor plaintiffs. On November 4, 2019, the Court of Appeals for the Third Circuit granted Indivior's petition for permission to appeal the certification of the direct purchaser class; this appeal is pending. The District Court ordered that scheduling for submissions of summary judgment motions and for trial will be set after the Third Circuit's ruling on class certification.

Opioid Class Action Litigation

In February 2019, Indivior, along with other manufacturers of opioid products, was first named but not served in one of the national multi-district litigation cases brought by state and local governments and public health agencies in the Northern District of Ohio, alleging misleading marketing messages. Thereafter, Indivior was named in additional cases brought in both federal and state courts by additional state and local government entities as well as individual plaintiffs. To date, there are 292 lawsuits pending against Indivior. The vast majority of these cases (280) have been consolidated and are pending in the multi-district litigation in the Northern District of Ohio. There is currently one case pending in the Fourth Circuit Court of Appeals on appeal from a decision to remand the case to Virginia state court, where the case originated. An additional seven cases filed in Virginia state courts have been removed to federal district courts by defendants seeking to consolidate those cases in the multi-district litigation. Indivior has also been named in one case in the Commonwealth of Pennsylvania, two cases in the Commonwealth of Virginia and one case in the State of Arizona. All proceedings in the multi-district litigation pending in the Northern District of Ohio and Pennsylvania state court have been stayed. The cases pending in Virginia and Arizona state courts are proceeding with litigation and the Company will be vigorously defending against these complaints.

Securities Class Action Litigation

On April 23, 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. On July 30, 2019, the Court granted Mr. Van Dorp's motion for appointment as lead plaintiff on behalf of the putative class. On September 30, 2019, Mr. Van Dorp filed an amended complaint on behalf of the putative class. On November 29, 2019, the Defendants filed a motion to dismiss the amended complaint. This motion is pending.

Intellectual property related matters

ANDA litigation and inter parties review

On December 18, 2019, Indivior settled its SUBOXONE Film patent litigation against Aveva Drug Delivery Systems, Inc. ("Aveva"), the terms of which are confidential. So far as Indivior is aware, FDA to date has not granted tentative or final approval for Aveva's generic buprenorphine/naloxone film product.

On October 24, 2017, Actavis Laboratories UT, Inc. ("Actavis," formerly known as Watson Laboratories Inc.) received tentative approval from FDA for its 8mg/2mg generic product under its Abbreviated New Drug Application (ANDA) No. 204383 and on November 15, 2017, it received tentative approval for its 12mg/3mg generic product under ANDA No. 207087. Actavis is currently enjoined from launching a generic buprenorphine/naloxone film product until April 2024 based on a June 3, 2016 ruling by the United States District Court for the District of Delaware finding the asserted claims of the '514 Patent valid and infringed. That ruling was affirmed by the Court of Appeals for the Federal Circuit ("CAFC") on July 12, 2019. Litigation against Actavis in the District of Delaware on the '305 and '454 patents was dismissed on September 16, 2019.

On August 31, 2017, the United States District Court for the District of Delaware found that asserted claims of the '150 Patent, U.S. Patent No. 8,900,497 ("the '497 Patent") and the '514 Patent are valid but not infringed by Dr. Reddy's Laboratories, S.A. and Dr. Reddy's Laboratories Inc. (collectively, "DRL"). Indivior appealed the rulings as to the '514 and '150 patents, and on July 12, 2019, the CAFC upheld the District Court ruling, finding the patents not invalid but also not infringed by DRL. DRL has requested that the District of Delaware award it attorneys' fees and costs, and Indivior has opposed that request. A hearing on DRL's request took place on February 12, 2020, and a decision is pending before the court.

23. Legal proceedings (continued)

Litigation against DRL is currently pending in the District of New Jersey regarding the '454 and '305 Patents. DRL received final FDA approval for all four strengths of its generic buprenorphine/naloxone film product on June 14, 2018, and immediately launched its generic buprenorphine/naloxone film product "at-risk." On July 13, 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. On November 20, 2018, the CAFC issued a decision vacating the PI against DRL. Indivior's motion for rehearing and rehearing en banc was denied on February 4, 2019, and the mandate issued on February 19, 2019. DRL is no longer prevented from selling, offering to sell, or importing their generic buprenorphine/naloxone sublingual film products. DRL has re-launched its generic product, and any sales in the U.S. are on an "at-risk" basis, subject to the outcome of the ongoing litigation in the District of New Jersey. On June 18, 2019, DRL filed a motion for leave to file their first amended Answer, Affirmative Defenses, and Counterclaims to add counterclaims for anticompetitive conduct by Indivior in violation of federal antitrust laws and for recovery against Indivior' sureties for damages resulting from the injunction that was issued against DRL. The motion was granted by the Magistrate Judge on November 20, 2019. Indivior appealed that ruling to the District Court Judge on December 4, 2019 and a decision is still pending with the court. The Court held a claim construction hearing in October of 2019, and entered its ruling in November of 2019. In light of the claim construction, the parties filed a Stipulated Order and Judgment of non-infringement on the '305 Patent, which was entered by the Court on January 7, 2020.

On November 13, 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. Indivior filed its Patent Owner's Response on the granted petition in September 2019. DRL filed its Reply on December 10, 2019. Indivior filed its Patent Owner's Sur-Reply on January 21, 2020. Oral argument is set for March 3, 2020. A final decision on the IPR is expected in or about June of 2020.

Teva Pharmaceuticals USA, Inc. ("Teva") filed a 505(b)(2) New Drug Application (NDA) for a 16mg/4mg strength of buprenorphine/naloxone film (CASSIPA™). Indivior, Aquestive Pharmaceuticals (formerly known as MonoSol Rx) and Teva agreed that infringement of the '514, '497, and '150 patents by Teva's 16mg/4mg dosage strength would be governed by the infringement ruling as to DRL's 8mg/2mg dosage strength that was the subject of the trial in November 2016. Accordingly, the non-infringement ruling by the District of Delaware in the DRL case means that the Teva 16mg/4mg dosage strength has been found not to infringe those patents. Indivior appealed the November 2016 DRL ruling as to the '514 and '150 patents, and on July 12, 2019, the CAFC upheld the District Court finding of noninfringement. Teva received final approval from the FDA for CASSIPA on September 7, 2018 and has agreed to be bound by the decision in the District of New Jersey DRL case for the '454 and '305 Patents. Teva was therefore able to launch CASSIPA at-risk as of February 19, 2019, when the CAFC issued a mandate vacating the PI against DRL. Any sales of CASSIPA in the U.S. would be on an "at-risk" basis, subject to the outcome of the ongoing litigation against Teva and DRL in the District of New Jersey.

Trial against Alvogen Pine Brook, Inc. ("Alvogen") in the lawsuit involving the '514 and '497 Patents took place in September 2017. The trial was limited to the issue of infringement because Alvogen did not challenge the validity of either patent. On March 22, 2018, the United States District Court for the District of Delaware ruled both patents were not infringed by Alvogen. Indivior appealed this ruling, and on July 12, 2019, the CAFC upheld the noninfringement judgments. Alvogen has requested that the District of Delaware award it attorneys' fees and costs, and Indivior has opposed that request. A hearing on Alvogen's request took place on February 12, 2020, and a decision is pending before the court.

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 Sates, 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. On June 21, 2019, Alvogen filed a motion for recovery on the bond for improper restraints and asked that the court set a schedule for an accounting of damages. Indivior filed its opposition on July 15, 2019 and Alvogen filed a reply on July 29, 2019. This motion was denied on November 5, 2019. On August 9, 2019, Alvogen filed a motion for leave to file an amended Answer to Complaint and Separate Defenses and Counterclaims to add counter claims alleging anticompetitive conduct by Indivior in violation of federal and state antitrust laws. The motion was granted by the Magistrate Judge on November 20, 2019. Indivior appealed that ruling to the District Court Judge on December 4, 2019, and a decision is still pending with the court. The Court held a claim construction hearing in October of 2019, and the Court entered its ruling in November of 2019. In light of the claim construction, the parties filed a Stipulated Order and Judgment of non-infringement on the '305 Patent, which was signed by the Court on January 9, 2020.

By a Court order dated August 22, 2016, Indivior's SUBOXONE Film patent litigation against Sandoz was dismissed without prejudice because Sandoz is no longer pursuing Paragraph IV certifications for its proposed generic formulations of SUBOXONE® Film. Sandoz launched an authorized generic version of SUBOXONE Film on February 19, 2019.

23. Legal proceedings (continued)

On September 25, 2017, Indivior settled its SUBOXONE Film patent litigation against Mylan Technologies Inc.; Mylan Pharmaceutics Inc.; and Mylan N.V. ("Mylan"), the terms of which are confidential. Mylan received final FDA approval for its generic version of the 8mg/2mg buprenorphine/naloxone film product on June 14, 2018. Mylan launched its generic version on or about February 22, 2019.

On May 11, 2018, Indivior settled its SUBOXONE Film patent litigation against Par Pharmaceutical, Inc. ("Par"). Under the terms of the settlement agreement, Par can launch its generic buprenorphine/naloxone film product on January 1, 2023, or earlier under certain circumstances. Other terms of the settlement agreement are confidential. So far as Indivior is aware, FDA to date has not granted tentative or final approval for Par's generic buprenorphine/naloxone film product.

Regulatory exclusivity related matters

Braeburn Inc. v. FDA and Indivior Inc.

On December 21, 2018, Braeburn Inc. received tentative approval for its injectable depot buprenorphine product, Brixadi™. FDA did not grant final approval to Braeburn because it determined that the monthly version of Brixadi™ was blocked until November 30, 2020 by Indivior's three-year exclusivity period for injectable depot buprenorphine products that are approved to treat moderate to severe opioid use disorder.

On April 9, 2019, Braeburn Inc. sued the FDA in the United States District Court for the District of Columbia, asking the Court for an order holding unlawful, vacating, and setting aside FDA's decision that the three-year exclusivity period granted to SUBLOCADE bars approval of its monthly Brixadi product. Indivior moved to intervene on April 11, 2019, and that motion was granted on April 12, 2019. Braeburn moved for summary judgment on May 13, 2019, and both the FDA and Indivior filed cross-motions for summary judgment on June 3, 2019. The court heard oral argument on the parties' cross-motions on July 15, 2019.

On July 22, 2019, the U.S. District Court for the District of Columbia granted Braeburn's motion for summary judgment, and vacated FDA's initial three-year exclusivity decision. The Court remanded the issue for FDA "to reconsider, with deliberate speed, Braeburn's application for final approval of Brixadi Monthly."

On November 7, 2019, FDA issued a decision concluding that the 3-year exclusivity recognized for SUBLOCADE precludes final approval of Brixadi monthly until November 30, 2020.

Braeburn Citizen Petition

On April 5, 2019, Braeburn submitted a Citizen Petition to the FDA asking that FDA revoke the Orphan Drug Designation that previously was granted to Indivior and applied to SUBLOCADE, and that the FDA further refuse to grant Orphan Drug Exclusivity to SUBLOCADE. Indivior submitted a response to this Citizen Petition on July 24, 2019. Braeburn submitted two additional supplements on August 27, 2019. Indivior submitted a response to those supplements on October 4, 2019. On October 9, 2019, FDA issued an interim response stating that it was still considering the petition because it raises significant issues requiring extensive review and analysis by Agency officials, and it would respond to the petition as soon as the Agency has reached a decision. Braeburn submitted additional comments on October 11, 2019.

FDA issued a response on November 7, 2019, revoking the orphan drug designation for buprenorphine for "treatment of opiate addiction in opiate users" because the Agency had determined that buprenorphine was not eligible for orphan drug designation at the time it was requested. See Notes 4 and 9 for more information.

24. Trade and other payables

	2019 $m	2018 $m
Sales returns and rebates	**(460)**	(510)
Trade payables	**(39)**	(47)
Accruals and other payables	**(110)**	(146)
Other tax and social security payable	**(11)**	(15)
Interest payable	**(3)**	(3)
	(623)	(721)

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 customers. 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:

	2019 $m	2018 $m
Sterling	**31**	62
Euros	**26**	21
US dollar	**555**	629
Other currencies	**11**	9
	623	721

25. Share capital

Accounting policy

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	Issue price $	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**

Issued and fully paid	Equity ordinary shares	Issue price $	Nominal value $m
At January 1, 2018	721,462,733	0.10	72
Allotments	6,978,920	0.10	1
At December 31, 2018	728,441,653		73

Allotment of ordinary shares

During the year, 2,346,066 ordinary shares (2018: 6,978,920) were allotted to satisfy vestings/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

Accounting policy

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

Legacy Award – Indivior LTIP

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 considered the vesting of these awards, taking into account the performance of RB and Indivior over the vesting period, weighted one-third on RB's performance and two-thirds on Indivior's performance. The Committee concluded that 93.33% of the Award would vest in May 2016.

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 that the vesting of the 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 the Executive Directors are subject to a further two-year post-vesting period.

The LTIP opportunity 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.

27. Share-based payments (continued)

Other employee plans

The Company 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

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.

At the end of the year, the maximum number of shares that could vest under the Group's LTIP was:

	Legacy (LTIP) millions	LTIP millions	Total millions
Outstanding at January 2018	2	24	26
Awarded	–	6	6
Vested/Exercised	–	(6)	(6)
Forfeited	–	(3)	(3)
Outstanding at December 2018	2	21	23
Awarded	–	13	13
Vested/Exercised	–	(1)	(1)
Forfeited	–	(10)	(10)
Outstanding at December 2019	**2**	**23**	**25**

Charged to income statement

The expense charged to the income statement for share-based payments is as follows:

	2019 $m	2018 $m
Granted in current year	**3**	6
Granted in prior years	**12**	12
Unvested awards due to unmet performance conditions	**(12)**	(3)
Total share-based expense for the year	**3**	15

28. Related party transactions

Key management compensation is disclosed in Note 7a.

The subsidiaries included in the consolidated financial statements at December 31, 2019 are disclosed in Note 2 to the Parent Company financial statements.

Income statement	**2019[2] $m**	2018 $m	2017 $m	2016 $m
Revenue from continuing operations	**785**	1,005	1,093	1,058
Operating profit	**178**	292	193	149
Net finance income/(expense)	**2**	(14)	(56)	(51)
Profit on ordinary activities before tax	**180**	278	137	98
Tax on profit on ordinary activities	**(46)**	(3)	(79)	(63)
Net income	**134**	275	58	35
Balance sheet				
Net assets/(liabilities)	**209**	66	(203)	(295)
Net working capital[1]	**(323)**	(356)	(335)	(390)
Statistics				
Reported basis				
Operating margin	**22.7%**	29.1%	17.7%	14.1%
Tax rate	**25.6%**	1.1%	57.7%	64.3%
Diluted earnings per share (cents)	**18**	37	8	5

1. Net working capital includes inventories and trade and other receivables less trade and other payables.
2. The 2019 balances reflect the adoption of IFRS 16 (See Notes 2 and 13). The 2018, 2017 and 2016 balances have not been restated.

Parent Company balance sheet

As at December 31	Note	2019 $m	2018 $m
Fixed assets			
Investments in subsidiaries	2	**1,437**	1,437
Deferred tax	3	**2**	5
Current assets			
Debtors due within one year	4, 5	**26**	54
Cash and cash equivalents		**–**	6
		26	60
Creditors due within one year	6	**–**	33
Total assets less current liabilities		**1,465**	1,469
Creditors due after one year	6	**–**	–
Net assets		**1,465**	1,469
Equity			
Share capital	7	**73**	73
Share premium		**5**	5
Retained earnings		**1,387**	1,391
Total equity		**1,465**	1,469

The financial statements on pages 143 to 150 were approved by the Board of Directors on March 5, 2020 and signed on its behalf by:

Shaun Thaxter
Director

Mark Crossley
Director

Parent Company statement of changes in equity

	Notes	Share capital $m	Share premium $m	Retained earnings $m	Total equity $m
Balance at January 1, 2018		**72**	**2**	**1,411**	**1,485**
Comprehensive income					
Net loss		–	–	(28)	(28)
Other comprehensive income		–	–	–	–
Total comprehensive income		**–**	**–**	**(28)**	**(28)**
Transactions with owners					
Share-based payments	8	1	3	15	19
Deferred taxation on share-based payments		–	–	(7)	(7)
Total transactions recognized directly in equity		**1**	**3**	**8**	**12**
Balance at December 31, 2018		**73**	**5**	**1,391**	**1,469**
Balance at January 1, 2019		**73**	**5**	**1,391**	**1,469**
Comprehensive income					
Net loss		–	–	(6)	(6)
Other comprehensive income		–	–	–	–
Total comprehensive income		**–**	**–**	**(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**

The Parent Company financial statements of Indivior PLC (the "Company") for the year ended December 31, 2019 were authorized for issue by the Board of Directors on March 5, 2020 and the balance sheet was signed on the Board's behalf by Shaun Thaxter and Mark Crossley. Indivior PLC is an investment holding company and is a public limited company incorporated and domiciled in England and Wales. The address of the registered office and company number are given on page 151.

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 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, 2019. 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:

	2019	2018
GBP year-end exchange rate	**1.3263**	1.2746
GBP average exchange rate	**1.2768**	1.3362

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') is 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 financial statements are prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006 ('the Act') and applicable UK accounting standards. Subject to the following matter, after making appropriate enquiries, the Directors have a reasonable expectation that the Group and Parent Company has adequate resources to continue in operational existence for at least one year from the financial statements date. However, as disclosed in Notes 21 and 23 to the Group financial statements, the Group carries a provision of $438m, substantially all relating to the Department of Justice (DoJ) litigation matters. While the Directors believe the Group has strong defences to the government's charges and will vigorously defend itself, they will still endeavour to pursue a settlement. If a settlement cannot be reached, the final court outcome relating to the DoJ indictment is not expected to impact the Group or Company during the going concern period over the next 12 months. However, an unfavorable outcome from legal proceedings (including the Western District of Virginia Indictment), or potential exclusion from participating in US Federal Health Care Programs would negatively impact the financial position and long-term viability of the Group and the Company including the ability to comply with debt covenants. The final resolution of the Group's legal proceedings as disclosed in Note 23 may be materially higher than the amount provided, require payment over a shorter period or could adversely impact the ongoing business operation as noted above which, together with the failure of SUBLOCADE and PERSERIS to meet revenue growth expectations and/or lower than forecast revenue of SUBOXONE Film, could impact the Group's ability to operate. The Directors have already taken significant steps to reduce the cost base of the business and manage its capital structure to ensure the Group will comply with the Term Loan covenant as specified in Note 19 of the Group accounts. A combination of the above risks may require additional measures to be taken such as further cost reductions. These conditions may impact the Parent Company's ability to recover amounts owed from subsidiaries and the value of the Parent Company's fixed asset investments in shares in subsidiaries. As such, the above factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Parent Company's ability to continue as a going concern. However, the Directors believe the Group and Parent Company have sufficient liquidity and the ability to carry out any further measures that may be necessary for the Group and Parent Company to continue as a going concern for at least the next 12 months. The financial statements do not include the adjustments that would result if the Group and Parent Company were unable to continue as a going concern.

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.

1. Accounting policies (continued)

f. 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 16 and IFRIC 23 are new accounting standards that are effective from January 1, 2019 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 in bank and in hand

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 recognised at amortised cost. See Note 17 for more information on the Group's policies on Financial Instruments.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is recognised in profit or loss.

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Investments are shown at cost less provision for impairment in value. A review for 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 may not be recoverable. The considerations made by the Company regarding whether investments are impaired requires significant estimate.

As noted within the above basis of preparation there are a number of uncertainties that could 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.

Note 2 reflects further details on the key estimates utilized by management in concluding whether the investments are impaired.

2. Investments in subsidiaries

Accounting policy

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'.

	2019 $m	2018 $m
At January 1	**1,437**	1,437
At December 31	**1,437**	1,437

As at December 31, 2019, Indivior's market capitalisation of $378m was below the company's investments in subsidiaries value of $1,437m indicating a potential impairment. In addition, during the year, the launch of generic buprenorphine/naloxone sublingual film and slower uptake of SUBLOCADE led to lower revenues. On April 9, 2019, Indivior Inc. and Indivior PLC were indicted by a grand jury in the Western District of Virginia. The DoJ is seeking the forfeiture of all assets derived from the commission of the alleged offenses, including but not limited to $3bn. As these events could impact the Company's ability to recover amounts owed by subsidiaries 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 there has been an impairment indicator;
- 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 Group 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 nine 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 CGU'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, using a value in use methodology based on discounted future expected cash flows. 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, 2019, 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, No5, 3rd Middle East Ring Road, Chaoyang District, Beijing, China	In liquidation	Ordinary shares 100
Indivior Belgium SRL	Belgium	Avenue Louise 221, 1050 Bruxelles, 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, 110,00, 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 de los Gamos n° 1, Edificio Negocenter, 28224 (MADRID), Pozuelo de Alarcón, 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 125, North Chesterfield VA 23235, United States	Finance company	US 1$ shares 100
Indivior Finance S.àr.l	Luxembourg	21 Fort Elisabeth, L1463 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 finance 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	Finance company	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	Finance company	Ordinary shares 100
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 1.06.07A, 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, Amoreiras, 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	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States.	Dormant company	Common stock 100
Indivior UK Limited	England and Wales	The Chapleo Building, Henry Boot Way, Priory Park, Hull, HU4 7DY, United Kingdom	Operating company	Ordinary shares 100
Indivior UK Finance Limited	England and Wales	234 Bath Road, Slough, Berkshire. SL1 4EE, United Kingdom	Operating company	Ordinary shares 100
Indivior UK Finance Lending Limited	England and Wales	234 Bath Road, Slough, Berkshire. SL1 4EE, United Kingdom	Operating company	Ordinary shares 100
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 and 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.

With the exception of Indivior Global Holdings Limited, none of the above subsidiaries is held directly by Indivior PLC.

3. Deferred tax assets

	2019 $m	2018 $m
Deferred tax assets	**2**	5
	2	5

Deferred tax assets all relate to share awards. Refer to Note 14 of the Group financial statements for further details.

4. Debtors due within one year

IFRS 9 has been adopted from January 2018 onwards. The recoverability of all amounts owed from group undertakings has been assessed in accordance with IFRS 9 and no impairment was identified and thus, no provision was required. The amounts owed from group undertakings were determined to be low credit risk. Hence, the loss allowance is therefore limited to 12 month expected credit losses. In 2019, there have been no credit losses (2018: nil).

	2019 $m	2018 $m
Amounts owed by subsidiaries	**23**	53
Corporate tax receivable	**2**	1
Prepayments and other receivables	**1**	–
	26	54

Amounts owed by Group undertakings are unsecured and are repayable on demand. Amounts owed by Group undertakings include an intercompany loan for $9m, for which interest is payable at a rate of 2.8%.

5. Financial instruments

	2019 $m	2018 $m
Financial assets:		
Financial assets that are debt instruments measured at amortized cost	**23**	53
Financial assets measured at fair value through profit and loss	**–**	7
	23	60

6. Creditors

	2019 $m	2018 $m
Amounts falling due after one year:		
Amounts owed to subsidiaries	**–**	–
Amounts falling due within one year:		
Amounts owed to subsidiaries	**–**	33
	–	33

Amounts owed to Group undertakings are unsecured and are repayable on demand.

7. Share Capital

Further information on the share capital of the Company can be found in Note 25 of the notes to the Group financial statements.

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 to the Group financial statements.

10. Auditors' remuneration

The fee charged for the statutory audit of the Company was $0.03m (2018: $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.

Information for shareholders

Useful contacts

Registered address

Indivior PLC
234 Bath Road, Slough, Berkshire,
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

Annual General Meeting ('AGM')

The AGM will be held at 3.00pm on May 7, 2020 at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG. 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.

Shareholders are entitled to attend and vote at the AGM. Shareholders who are registered for eComms, and receive shareholder documents electronically, are permitted to cast their AGM vote electronically.

Documents on display

Copies of Directors' service contracts, Articles of Association and Terms of Reference will be available for inspection by shareholders at the AGM.

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 £50). 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 £35. 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). 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.

American Depositary Receipts

In addition to having its securities listed on the London Stock Exchange, Indivior sponsors a Level 1 American Depositary Receipt program in the US. These 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) 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/information/contact-us

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.

Shareholder analysis

Analysis of shareholder bands at December 31, 2019

Range	No. of Shareholders	%	No. of Shares	%
1 - 1,000	9,080	76.47	2,889,886	0.39
1,001 - 5,000	2,065	17.39	4,152,556	0.57
5,001 - 10,000	219	1.84	1,538,400	0.21
10,001 - 100,000	270	2.27	8,443,615	1.16
100,001 - 999,999,999	241	2.03	713,763,262	97.67
Total	**11,875**	**100%**	**730,787,719**	**100%**

Analysis of shareholder categories as at December 31, 2019

	Holdings	%	No. of Shares	%
Individuals	10,566	88.98	10,907,272	1.49
Bank or nominees	1,182	9.95	594,543,051	81.36
Investment trust	14	0.12	14,113	0.01
Insurance company	2	0.02	22,867	0.01
Other company	86	0.72	8,621,955	1.18
Pension trust	2	0.02	6,501	0.01
Other corporate body	23	0.19	116,671,960	15.94
Total	**11,875**	**100%**	**730,787,719**	**100%**

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.

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 ongoing litigation, the U.S. government's allegations and the need to establish more diverse revenue streams in light of generic entry into the market.

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.

Key dates

First quarter financial results announcement	April 30, 2020
Annual General Meeting	May 7, 2020
Half year financial results announcement	July 30, 2020
Third quarter financial results announcement	October 29, 2020

Note: dates may be subject to change

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.

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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.

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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.