2024
Annual Report

The Pension Sceme
for the Pharmacy Sector

Contents

Introduction

About the pension scheme

The Pension Scheme for the Pharmacy Sector (POA) manages the pension entitlements of employees in pharmacies in Norway.

The Pension Scheme for the Pharmacy Sector was established in 1953 and is a statutory collective pension scheme. This means that eligible dispensing pharmacists and permanent employees in pharmacies are both entitled and obliged to become members of the pension scheme. In addition to the employees at 1,055 pharmacies, the scheme has members from other businesses that are closely associated with the pharmacy sector, and whose employers have specifically applied for membership.

Administration

The Norwegian Act on the Pension Scheme for the Pharmacy Sector stipulates that the scheme will be managed by the Norwegian Public Service Pension Fund in accordance with regulations issued by the Norwegian Ministry of Labour and Social Inclusion (AID). POA must comply with the Norwegian Financial Institutions Act and the Norwegian Insurance Activities Act, as long as these do not conflict with the provisions of the Norwegian Pharmacy Pension Scheme Act. The pension scheme must also at all times fulfil the capital requirements applicable to pension undertakings subject to the Financial Institutions Act and the Insurance Activities Act.

The Board of Directors of the Pension Scheme for the Pharmacy Sector is the scheme's decision-making body. The Board is headed by the CEO of the Norwegian Public Service Pension Fund and has four additional members, each with a personal deputy.

The Board is appointed by the Norwegian Ministry of Labour and Social Inclusion with a four-year mandate following nominations from the members' employers' associations and the employee unions. Two of the appointed Board members represent employers, while pharmacists and technical personnel are each represented by one Board member.

Board of Directors 2024

1. Chair: Tomas Berg, CEO of the Norwegian Public Service Pension Fund
2. Kristin Juliussen, Director of Analysis and Investigation at the Spekter Employers' Association
3. Trond A. Teisberg, Chief Negotiator at the Federation of Norwegian Enterprise (Virke)
4. Kjell Morten Aune, Special Adviser at Parat/ Norwegian Association of Pharmacy Technicians
5. Greta Torbergsen, Secretary General of the Norwegian Association of Pharmacists

The general manager is Kari Lund.

Pension benefits

The Pension Scheme for the Pharmacy Sector comprises retirement pensions, contractual pensions (AFP), and disability pensions. Upon the death of a member, dependants may be entitled to dependants' pensions.

The retirement pension in the scheme is a defined-benefit pension. The total retirement pension from the Norwegian National Insurance Scheme and POA constitutes 66 per cent of the pension basis on full qualification (360 months), before life expectancy adjustment. The life expectancy adjustment may result in a pension lower than 66 per cent.

The annual cohorts up to and including 1958 have an individual guarantee that nevertheless ensures 66 per cent of the pension basis at the age of 67 after 30 years of qualification, subject to certain conditions. The 1959-1962 annual cohorts also have an individual guarantee, but for these cohorts the guarantee supplement is gradually reduced. The pension basis is maximised to ten times the basic amount of the Norwegian National Insurance Scheme. The pension is coordinated with the Norwegian National Insurance Scheme (gross pension). The Board determines the annual adjustment of the pensions, and also sets the premium rate. More information about the various benefits can be found at spk.no/apotekordningen.

The Pension Scheme for the Pharmacy Sector is a statutory collective pension scheme and the regulations are closely linked to public service pensions. As from 1 January 2020, the Storting has adopted a new model for public service pensions for the annual cohorts as from 1963, but POA is not subject to these regulatory adjustments.

New premium model

During 2024, a major process was carried out to develop a new premium model for the invoicing of costs linked to the retirement pension, dependants' pension and disability pension products, in addition to administration costs and the new premium element 'interest rate guarantee premium'. The interest rate guarantee premium is a premium to guarantee a given rate of return on the assets. The new model was introduced from the first invoice of 2025. There are no major changes in how the premium is invoiced to the pharmacies. The premium will continue to be invoiced as a rate multiplied by the pension-qualifying income and the rate will remain unchanged in 2025 at 18.1%.

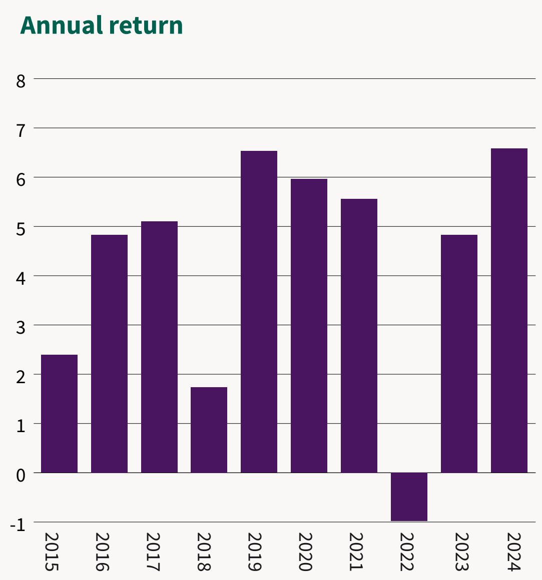
Key figures

Key figures 2024

		2024	2023	2022
Customers and members				
Employers in the pension scheme (no. of pharmacies)	Number	1,055	1,045	1,046
Members	Number	29,601	28,404	23,624
Actively employed members*	Number	10,467	10,353	8,903
Pensioners**	Number	5,829	5,695	6,438
Persons with entitlements from previous positions*	Number	13,305	12,356	8,283
Occupational pensions (In NOK thousand)				
Accrued pension entitlements		11,107,645	10,385,461	9,726,510
Pension premium		959,251	911,526	859,772
Pensions paid		500,456	445,981	425,104
Investment management				
Funds in the Pharmacy Scheme	NOK million	15,546	14,204	13,144
Annual return on funds (value-adjusted)	Per cent	6.6	4.8	-1.0

* Prior to 2023, only members who worked at least 20 per cent counted. As from 2023, there is no limit to the work percentage.
** Prior to 2023, members with rights from previous employment and earnings for under 3 years were counted as retirement pensioners as from 67 years of age. As from 2023, these are counted as “Persons with rights from previous employment”.

Investment management

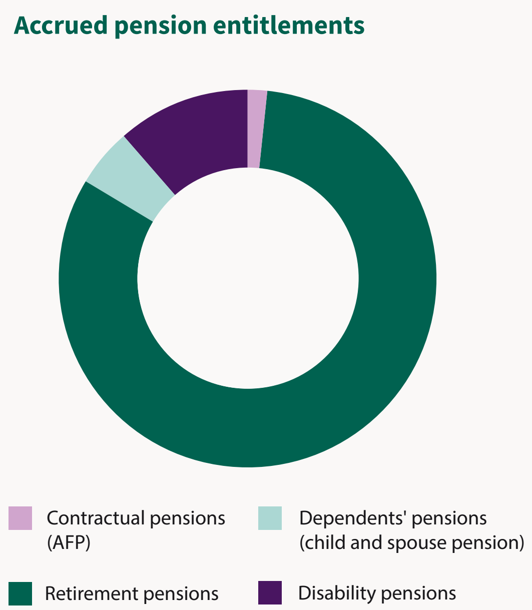


The assets of the Pension Scheme for the Pharmacy Sector are invested in available-for-sale and hold-to-maturity bonds, Nordic shares, real estate, foreign equity funds, alternative investment funds and loans to members.

The value-adjusted return for 2024 was 6.58 per cent. The average return for the past ten-year period was 4.25 per cent.

Read more on page 30.

Pension rights



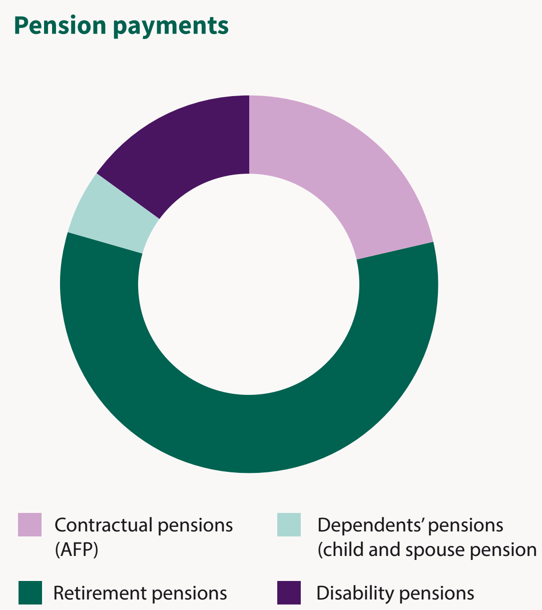
Accrued pension entitlements (in NOK thousand)

Contractual pensions (AFP)	193,259
Retirement pensions	9,095,988
Dependants' pensions (child and spouse pension)	556,767
Disability pensions	1,261,631
Total	**11,107,645**

Accrued pension entitlements in the scheme increased by NOK 722 million from 31 December 2023 to 31 December 2024. Retirement pensions (including AFP) account for 84 per cent of the accrued pension entitlements of NOK 11.1 billion.

Read more on page 28.

Pensions paid



Pension payments (in NOK thousand)

Contractual pensions (AFP)	107,484
Retirement pensions	291,384
Dependants' pensions (child and spouse pension)	27,653
Disability pensions	73,936
Total	**500,456**

Pension payments for the Pharmacy Scheme increased by NOK 54 million from 2023 to 2024. Retirement pensions (including AFP) account for 79 per cent of the total pension payments of NOK 500 million.

More statistics on pages 32-34.

Annual Report 2024

Annual Report 2024

For the Pension Scheme for the Pharmacy Sector

The Pension Scheme for the Pharmacy Sector (POA) achieved a result of NOK 1,280 million in 2024. The value-adjusted return on the total portfolio was 6.58 per cent. The solvency of the Pension Scheme for the Pharmacy Sector remained largely unchanged during 2024.

Organisation

The Pension Scheme for the Pharmacy Sector is managed through the Norwegian Public Service Pension Fund, Oslo. At the end of 2024, the pension scheme had three permanent employees. All employees are investment managers, and all are men. Ongoing follow-up of the employees is carried out by the Norwegian Public Service Pension Fund.

No discrimination may occur on the grounds of gender, race, age or ethnic background in the Pension Scheme for the Pharmacy Sector.

The members of the Board are appointed by the Norwegian Ministry of Labour and Social Inclusion. The Board of Directors is headed by the CEO of the Norwegian Public Service Pension Fund. The other Board members represent the Federation of Norwegian Enterprise (Virke), the Spekter Employers' Association, the Norwegian Association of Pharmacists and Parat/the Norwegian Association of Pharmacy Technicians. As at 31 December 2024, the Board had five members: two women and three men. During the year, the Board of the pension scheme held six Board meetings and dealt with 52 items of business.

No insurance has been taken out for members of the Board or for the general manager for their possible liability towards the undertaking and any third parties.

Sustainability/Corporate Social Responsibility

The pension scheme has guidelines for sustainable investments. For funds managed internally, this entails applying principles for active ownership and the exclusion of companies.

No investments may be made in, or loans extended to, companies that are in infringement of the conduct or product criteria set by the Board. In this connection, POA relies on the exclusion lists of the Government Pension Fund Global (GPFG) and KLP. In overall terms, these two exclusion lists cover POA's investment universe.

For external management mandates, the manager is required to have explicit, formalised and transparent ESG processes.

The pension scheme's operations do not affect the external environment.

Members, contributions and benefit payments

At year-end 2024, employees at 1,055 pharmacies were members of the pension scheme. This represents an increase of ten pharmacies compared with the year-end 2023. The pension scheme also includes members who are not pharmacy employees, but who work in other positions associated with the pharmacy sector. The fund had a total of 10,467 actively contributing members, as well as 5,829 current pensioners at the end of the year. This is an increase of 114 and 152 respectively compared with 2023.

Employees at pharmacies have mandatory membership of the pension scheme according to the more detailed provisions provided in the Act on the Pension Scheme for the Pharmacy Sector. Employees in other positions related to the pharmacy sector can apply for membership and can also apply for withdrawal.

In 2024, NOK 942 million was paid in premiums, compared with NOK 902 million in 2023. In addition, NOK 502 million was paid out in pensions, compared with NOK 446 million in 2023.

The premium rate was 18.1 per cent in 2024. The premium is divided between employees and employers. Employees paid a premium of 3.4 per cent of the contribution base, while employers paid a premium of 14.7 per cent.

Ongoing retirement pensions and dependants' pensions for persons over the age of 67 were adjusted by 3.72 per cent in 2024. Ongoing disability pensions and dependence' pensions for persons under the age of 67 were adjusted by 4.56 per cent.

Risk management

In the overarching strategy, the Board has established a framework for risk tolerance for the strategy period, and outlined relevant measures in the event of the adopted targets not being met. The framework has been established in the form of target levels for solvency capital adequacy (SCA).

As a basis for assessing and following up the risks within the pension scheme, an annual report has been prepared by an independent actuary and the function that is responsible for risk management. In addition, the status of the risk picture for POA is reported quarterly through the year.

Financial risk

The most important financial risk factor for POA at present is market risk, and interest rate development and the development of share values in particular. Risk management on the investment side and risk management in relation to the actuarial provisions reserves are viewed together. The actuarial reserves are liabilities with a long time frame. The capital is therefore also invested in a long-term perspective.

The Board has adopted an investment strategy that clearly delineates which risks may be taken and which investments may be made. The strategy outlines that capital should be invested with a long-term perspective and with a moderate level of risk.

In the opinion of the Board, the scheme's investment strategy and authorisation structure provide a good level of control of the management of the scheme's assets.

Insurance risk

The actuarial reserves compiled for 2024 are based on the actuarial assumptions for mortality in the case of longevity risk, and mortality for risk of death, from the basic elements in K2013. The assumed disability rates are based on the K1963 calculation basis, boosted by a factor of 2.5. The calculation rate is 3.0 per cent.

Result

The profit for the year is NOK 1,280 million. The equivalent result in 2023 was a loss of profit of NOK 129 million. The realisation of gains allocated to the securities adjustment reserve and returns on investments contributed to the higher profit in 2024.

Net profit related to financial assets stood at NOK 949 million in 2024. This includes changes in unrealised gains and losses. Rising interest rates over the past year have resulted in a weakly negative return on fixed rate bonds with a long maturity, but with the exception of this, all asset classes contributed to a positive result for financial assets in 2024. The net result related to financial assets was positive in the amount of NOK 651 million in 2023.

In 2024, a total increase in pension liabilities (the premium reserve) of NOK 722 million was recorded. Growth in the total number of members, as well as salary increases and the adjustment of current pensions, all contributed to the increase in liabilities.

This year's profit of NOK 1,280 million will be allocated to other retained earnings.

Financial position

As at 31 December 2024, the Pension Scheme for the Pharmacy Sector had assets totalling NOK 15,820 million.

Other retained earnings totalled NOK 4,044 million at year-end. This is an increase of NOK 1,280 million from 2023. The pension scheme calculates the solvency margin requirement based on the rules that apply to private pension funds. As at 31 December 2024, the calculated solvency margin requirement totalled NOK 391 million. The solvency margin requirement must be covered by other retained earnings.

The scheme's free equity consists of other retained earnings in excess of the solvency margin requirement. Free equity totalled NOK 3,653 million at the end of 2024. This is necessary buffer capital to cover random risks that are not covered by the premium. By comparison, free equity totalled NOK 2,399 million at the end of 2023.

As at 31 December 2024, NOK 596 million in net unrealised capital gains was allocated to the securities adjustment reserve. The securities adjustment reserve serves as a buffer against possible future falling market prices.

The buffer capital was strengthened somewhat during 2024. The positive return on the securities portfolio contributed to this strengthening. The return (value-adjusted) of 6.58 per cent in 2024 is better than the comparable reference index, and also surpasses the assumptions made at the beginning of the year.

The pension scheme calculates capital requirements based on binding capital requirements from the Norwegian Financial Supervisory Authority (Simplified Solvency Capital Requirements). The calculations are made under rules similar to those applying to private pension funds. The solvency capital requirement must cover the risk of loss of the pension fund's buffer capital and demonstrates the scheme's ability to withstand losses without threatening the scheme's continued operations. For calculation of the simplified solvency capital requirement, until 2032 pension companies can use a transitional rule for calculation of the fair value for insurance liabilities.

As at 31 December 2024, the buffer capital fulfils the capital requirement based on calculations of simplified solvency capital requirements using the transitional rule (solvency capital coverage of 203 per cent). The calculations show that the pension scheme also has a satisfactory financial position without recourse to the transitional rule (solvency capital coverage of 195 per cent).

Summary

The annual financial statements have been prepared under the going concern assumption. As at 31 December 2024, the pension scheme had set aside technical reserves in accordance with the provisions of Act No. 11 of 26 June 1953 on the Pension Scheme for the Pharmacy Sector.

In the opinion of the Board, the annual financial statements for the Pension Scheme for the Pharmacy Sector provide a satisfactory basis for assessing the results of the pension scheme's operations during 2024 and the scheme's financial position at year-end. The Board considers the financial position at the end of the year to be satisfactory. The requirements concerning the going concern assumption are thereby satisfied.

Oslo, 25 March 2025

Tomas Berg (Chair)

Kristin Juliussen

Greta Torbergsen

Trond Teisberg

Kjell Morten Aune

Kari Lund
General Manager

Financial statements and notes

Income Statement

	Note	2024	2023
TECHNICAL ACCOUNTS			
Premium income			
Premium income	14	959,251,889	911,526,300
Net income from investments in the collective portfolio			
Interest income and dividends, etc. from financial assets		442,006,980	449,828,461
Net operating income from real estate fund		72,085,605	66,264,976
Value adjustments on investments		-635,872,716	285,438,369
Realised profit and loss on investments		1,039,785,005	-172,530,401
Total net income from investments in the collective portfolio	**18**	**918,004,874**	**629,001,405**
Insurance benefits			
Pensions paid	15	500,456,254	445,980,859
Recognised changes in insurance liabilities			
Change in premium reserve	11	722,183,886	658,951,542
Change in special liabilities	12	-9,959,894	-9,959,894
Change in securities adjustment reserve		-644,215,801	288,627,168
Total recognised changes in insurance liabilities		**68,008,191**	**937,618,816**
Insurance-related operating costs			
Administrative costs	16	36,975,451	29,402,569
Insurance-related administrative costs	17	21,993,660	18,770,835
Total insurance-related operating costs		**58,969,111**	**48,173,404**
Technical result		**1,249,823,207**	**108,754,626**

	Note	2024	2023
NON-TECHNICAL ACCOUNTS			
Net income from investments in company portfolio			
Interest income and dividends, etc. from financial assets		14,996,435	15,521,024
Net operating income from real estate fund		2,445,724	2,286,428
Value adjustments on investments		-21,573,922	9,848,856
Realised profit and loss on investments		35,277,879	-5,953,044
Total net income from investments in the company portfolio	**18**	**31,146,116**	**21,703,265**
Other income			
Interest income on bank deposits, operations		149,799	86,232
Administrative costs and other costs linked to the company portfolio			
Administrative costs	16	1,255,899	1,048,493
Non-technical result		**30,040,017**	**20,741,003**
Comprehensive income		**1,279,863,224**	**129,495,629**
Transfers and allocations			
Allocated to/transferred from(-) other retained earnings	19	1,279,863,224	129,495,629
Total allocations		**1,279,863,224**	**129,495,629**

Balance Sheet/Assets

	Note	31.12.2024	31.12.2023
ASSETS IN COMPANY PORTFOLIO			
Investments			
Financial assets valued at amortised cost			
Fixed-income securities	2	86,031,456	109,727,850
Mortgage loans	3	830,256	1,191,418
Total financial assets valued at amortised cost		**86,861,711**	**110,919,268**
Financial assets measured at fair value			
Shares and mutual funds	4, 7	95,771,745	104,236,138
Fixed-income securities	5, 7	125,995,811	123,867,858
Financial derivatives	6, 7	0	2,150,009
Bank deposits		2,499,112	5,142,250
Total financial assets at fair value		**224,266,668**	**235,396,255**
Total investments in company portfolio		**311,128,379**	**346,315,524**
Receivables			
Receivables related to premium income	9	243,403,178	223,782,148
Total receivables		**243,403,178**	**223,782,148**
Other assets			
Bank deposits, operations	8	20,541,130	9,035,244
Prepaid expenses and accrued income			
Accrued non-invoiced premiums		8,100,000	8,600,000
Accrued dividends		4,157,278	3,655,350
Total prepaid expenses and accrued income		**12,257,278**	**12,255,350**
Total assets in company portfolio		**587,329,965**	**591,388,266**

	Note	31.12.2024	31.12.2023
ASSETS IN CLIENT PORTFOLIOS			
Investments in collective portfolio			
Financial assets valued at amortised cost			
Fixed-income securities	2	4,212,081,393	4,394,201,541
Mortgage loans	3	40,649,130	47,711,978
Total financial assets valued at amortised cost		**4,252,730,523**	**4,441,913,519**
Financial assets measured at fair value			
Shares and mutual funds	4, 7	4,688,963,864	4,174,278,441
Fixed-income securities	5, 7	6,168,727,536	4,960,457,465
Financial derivatives	6, 7	0	86,100,038
Bank deposits		122,355,981	205,928,430
Total financial assets at fair value		**10,980,047,381**	**9,426,764,374**
Total investments in collective portfolio		**15,232,777,904**	**13,868,677,893**
Total assets in client portfolios		**15,232,777,904**	**13,868,677,893**
Total assets		**15,820,107,869**	**14,460,066,158**

Balance Sheet/Equity and liabilities

	Note	31.12.2024	31.12.2023
Retained earnings			
Other accrued dividends	10, 13	4,044,034,878	2,764,171,655
Total retained earnings		**4,044,034,878**	**2,764,171,655**
Insurance liabilities			
Premium reserve	11	11,107,645,028	10,385,461,142
Special liability – for regulation of pensions	12	21,091,310	31,051,204
Securities adjustment reserve		595,975,932	1,240,191,733
Total insurance liabilities		**11,724,712,270**	**11,656,704,079**
Liabilities in company portfolio			
Financial liabilities measured at fair value			
Financial derivatives	6, 7	601,258	0
Expenses and income accrued			
Accrued expenses		1,527,723	4,227,298
Other current liabilities			
Liabilities to broker		0	32,000,000
Liabilities in client portfolios			
Financial liabilities measured at fair value			
Financial derivatives	6, 7	29,437,446	0
Expenses and income accrued			
Accrued expenses		19,794,294	2,963,126
Total equity and liabilities		**15,820,107,869**	**14,460,066,158**

Oslo, 25 March 2025

Tomas Berg (Chair)

Kristin Juliussen

Greta Torbergsen

Trond Teisberg

Kjell Morten Aune

Kari Lund (General Manager)

Statement of changes in equity

	Other accrued dividends	Total equity
Equity 01.01.2023	**2,634,676,026**	**2,634,676,026**
Comprehensive income 2023	129,495,629	129,495,629
Equity 31.12.2023	**2,764,171,655**	**2,764,171,655**
Comprehensive income 2024	1,279,863,224	1,279,863,224
Equity 31.12.2024	**4,044,034,878**	**4,044,034,878**

Cash flow statement

	2024	2023
Premiums paid	941,607,479	901,504,063
Pensions paid	-502,016,205	-445,980,859
Change in mortgage loans	7,438,651	10,734,729
Interest payments	406,392,306	387,289,060
Dividend payments	101,884,774	116,846,219
Payments relating to operations	-46,093,418	-51,151,708
Net cash flow from operating activities (A)	**909,213,587**	**919,241,504**
Net payments/disbursements on purchase/sale of investments	-983,923,288	-945,174,555
Net cash flow from investing activities (B)	**-983,923,288**	**-945,174,555**
Payment of other equity	0	0
Net cash flow from financing activities (C)	**0**	**0**
Net cash flow in the period (A+B+C)	**-74,709,701**	**-25,933,050**
Cash and cash equivalents at 01.01	**220,105,924**	**246,038,974**
Cash and cash equivalents at 31.12	**145,396,223**	**220,105,924**

Notes

Note 1 | Accounting Policies

As far as appropriate, the financial statements are presented in accordance with good accounting practice, the Norwegian Accounting Act and Regulation no. 1457 of 20 December 2011 on the annual accounts of pension enterprises. The information in the notes is prepared in accordance with Chapter 5 of the Norwegian Annual Accounting Regulations.

Pension premiums

Pension premiums are recorded as income as they accrue. Pension premiums are paid quarterly in arrears.

Interest income

Interest is recorded as income as it accrues.

Measurement at amortised cost

Bonds and assets in the loans and receivables portfolio are valued at cost price, adjusted for recognised premium/discount and expected credit loss. The premium/discount at the acquisition date is recognised in the income statement over the bond's remaining life.

Mortgages are booked at nominal value as at the balance sheet date.

Measurement at fair value

Shares and mutual fund units

Fair value is equivalent to market value. Market value is based on the closing listed price in 2024.

Shares in real estate funds are included in shares and mutual funds. The mutual fund shares are assessed at market value as at the balance sheet date. The market value is based on independent valuations of the properties.

Shares and mutual funds also include units in infrastructure funds and speciality funds. The funds have calculated the value of the mutual fund units as at the balance sheet date in accordance with the industry standard.

Bonds

Changes in value are recognised in the income statement. Fair value is equivalent to the market value. Market value is equivalent to the tax assessment value for 2024.

Financial derivatives

Fair value is equivalent to market value.

Foreign currency

Bank deposits, together with receivables and liabilities denominated in foreign currencies, are recorded using exchange rates as at the balance sheet date.

Insurance liabilities

The calculations are based on the assumption that the pension scheme will continue to operate for as long as obligations exist towards its members as at the balance sheet date. Accordingly, account has been taken of all potential pension benefits provided for in the Act on the Pension Scheme for the Pharmacy Sector, both current benefits and benefits that may be relevant in the future. Account has also been taken of the contractual pension scheme (AFP) that allows for the drawing of a pension from the age of 62, subject to certain criteria.

The cash value of all scheme members' pensions has been calculated on the basis of membership status as at the balance sheet date. This calculation has been carried out using standardised actuarial principles, and allowance has been made for discounting and calculation of risk. The calculations are based on a linear accrual of pension benefits from initial employment until retirement, subject to adjustment for any additional periods during which the member may previously have accrued pension entitlements.

The actuarial assumptions for mortality in the case of longevity risk and mortality for risk of death are based on the basic elements in K2013 with initial mortality and reduction (12;10), i.e. the parameters stated in the letter from the Norwegian FSA of 8 March 2013.

The assumed rates of disability are based on the K1963 calculation basis, boosted by a factor of 2.5.

The calculation rate is 3.0 per cent.

Securities adjustment reserve

Securities valued at fair value are considered to be a single portfolio. The total of the market value minus the acquisition cost is the unrealised gain or loss on the portfolio. Any net unrealised gain in the collective portfolio is allocated to the securities adjustment reserve. Any net unrealised loss is recognised as an expense in the income statement. POA is a special law scheme and has no profit-sharing like other pension funds. Thus, the distinction between realised and unrealised gains and provisions to the securities adjustment reserve has no practical significance for POA. From 2025, the securities adjustment reserve in the collective portfolio will become part of a new buffer fund.

Retained earnings

Retained earnings consist of other retained earnings. Other retained earnings comprise the pension scheme's excess capital in relation to the pension scheme's commitments. As a minimum, this equity must cover the estimated solvency margin requirement. The solvency margin requirement is described in more detail in Note 10. Other retained earnings in excess of the solvency margin requirement/minimum capital requirement are defined as free equity. There are no guidelines limiting the application of free equity in the Pension Scheme for the Pharmacy Sector.

Tax status

Tax status In a statement from 1998, the former Oslo Tax Office concluded that the Pension Scheme for the Pharmacy Sector is a tax-free institution. The pension scheme's financial statements therefore do not include any tax charge.

Note 2 | Fixed-income securities at amortised cost

Figures in NOK thousands

Issuer	Par value	Cost price	Book value	Market value
Government-guaranteed	0	0	0	**0**
Banking/finance	625,000	624,508	624,811	602,591
Municipality/county	25,000	23,835	24,582	22,620
Industry	3,330,503	3,281,685	3,220,113	3,228,345
Energy	340,000	342,238	339,779	324,549
Bonds held to maturity:	**4,320,503**	**4,272,266**	**4,209,285**	**4,178,104**
Interest earned			93,913	93,913
Provision for expected credit loss			-5,086	
Total book value	**4,320,503**	**4,272,266**	**4,298,112**	**4,272,017**

Of which, proportion in the collective portfolio			4,212,081
Of which, proportion in the company portfolio			86,031

Assessment of expected losses	31.12.2023	31.12.2024	Change
One year's expected loss	2,574	2,512	-62
Expected losses for the duration of the bond	3,367	2,574	-793
Total loss provision	**5,941**	**5,086**	**-855**

All bonds measured at amortised cost are acquired for the purpose of collecting fixed cash flows throughout the duration of the bond. The portfolio of bonds measured at amortised cost has a stabilising effect on POA's total return in relation to the risk of short-term price fluctuations, and strict requirements are made of both credit quality and the interest on these bonds. The effective average yield on bonds classified as held to maturity is more than four per cent.

On assessing future credit losses, the bonds are assessed individually. POA's investment strategy requires that bonds measured at amortised cost have a credit quality (or implicit credit quality) equivalent to a minimum of BBB on the acquisition date. The basis for the assessment of the probability of losses is S&P's assessments of loss probabilities for different rating classes. For bonds without a rating, the basis is a prudent self-assessment of implicit rating. The majority of unrated bonds are assigned to the BBB category. The basis for the assessment of probable losses is standard recovery rates for different rating classes, but for each bond we have also assessed specific aspects of the bond that can lead to higher or lower recovery. A significant portion of POA's amortised cost portfolio is against mortgages in real estate or other collateral in the form of guarantees or similar that positively affect recovery.

During the year, one of the bonds in the portfolio measured at amortised cost defaulted. POA and the other creditor have jointly taken over the property, which served as collateral for the bond. The bond was subsequently split off in a separate recovery portfolio and has been measured at residual value after the security has been separated off. The ownership interest in the property is organised through a private limited company and is included in POA's share investments; see Note 4.

In the rest of the portfolio of bonds measured at amortised cost, one bond with a significant increase in credit risk since the acquisition date was identified. The bond is not defaulted. For this bond, the expected credit loss has been assessed for the duration of the bond. For all other bonds, the expected credit loss against a one-year horizon is the basis for the loss provision.

Note 3 | Mortgage loans

As from 1 June 2022, the mortgage scheme for members of the pension scheme was discontinued for new loan applications. Members who already had a mortgage will retain this mortgage for the remaining term. Mortgages are booked at nominal value as at the balance sheet date. No losses have been written off in recent years. As a result, combined with the portfolio's remaining size and that the loans are against real estate mortgages, no amount has been allocated to cover future credit losses on this portfolio.

Borrowers with mortgage loans are partially covered by credit insurance, for which the pension scheme has self-insurance arrangements. No provisions have been made for potential claims as at the balance sheet date, since the number of claims and the amounts relating to them have been low in recent years.

Specification of the loan portfolio:

	Mortgage loans
Number	**65**
Amount	41,593,989
First due date	-217,176
Interest earned	102,573
Total	**41,479,386**
Of which, proportion in the collective portfolio:	40,649,130
Of which, proportion in the company portfolio:	830,256

The interest rate on mortgage loans increased from 4.50 per cent at the start of 2024 to 5.30 per cent at the end of the year.

Note 4 | Shares/mutual fund units

Shares

Company	**Cost price**	**Book value**
Af Gruppen Ord	8,460,832	14,840,000
Aker Bp Asa	13,921,133	11,528,400
Borregaard Asa	8,630,850	26,448,000
Dof Group Asa	12,916,160	19,438,127
Europris Asa	6,583,711	18,175,000
Hexagon Composites	18,760,753	31,850,000
Kid	7,904,676	14,740,000
Newco OEB	59,200	59,200,000
Mowi	12,411,130	12,469,258
Odfjell Drilling Ltd	10,685,211	11,542,500
Salmar	7,444,101	7,026,500
Schibsted Asa Cl A	14,496,980	15,840,000
Sparebanken Midt Norge	13,457,222	20,558,400
Storebrand Asa	16,855,207	22,422,000
Sparebank 1 Sor-Norge Asa	5,310,002	10,938,266
Vãr Energi Asa	17,317,641	16,409,850
Yara International	13,986,018	11,129,600
Total Norwegian shares	**189,200,828**	**324,555,901**
Autostore Holdings Ltd.	15,368,889	7,777,000
Ctt Systems Ab	6,987,018	7,223,808
Carlsberg A/S -B	12,458,015	10,031,110
Dsv As	18,332,986	25,369,321
Essity B	11,121,848	14,899,347
Frontline Plc	16,139,465	10,958,500
Hexagon Ab	10,718,469	10,533,083
Huhtamaki Oyj	9,497,842	9,385,742
Investor Ab B-Aksjer	11,168,918	37,622,926
Nordea Bank Abp	10,802,933	10,700,438
Novo Nordisk As-B	6,959,862	37,629,666
Sampo Oyj-A	15,012,301	18,564,205
Subsea 7 S.A	22,311,477	36,020,000
Volvo Ab-B	16,062,774	33,144,166
Roivant Sciences Ltd	1,676,514	1,706,813
Total foreign shares	**184,619,310**	**271,566,124**
Total individual shares	**373,820,138**	**596,122,024**

Equity funds

Fund	Cost price	Book value
Amx Ucits Icav-Intech-Glb Defensive Eqty Us Dollar B Accumulating Shares Usd	1,229,810,000	1,402,407,436
Total foreign equity shares	**1,229,810,000**	**1,402,407,436**

Hedge funds/Speciality funds

Fund	Cost price	Book value
Archmore Infrastructure Debt Platform Sca-Sica V-Sif	12,573,913	10,300,279
Cheyne Real Estate Credit (Crech) Fund Iv Loans Scs Sicav-Sif Class 1A	27,543,574	39,197,901
Cheyne Real Estate Credit (Crech) Fund V - Scs Sicaf - Sif Class 1A	13,875,259	20,033,333
Cheyne Real Estate Credit Holdings Vi	303,875,168	402,980,610
Pareto Real Estate Credit Fund Scsp	499,670,750	530,845,965
Hdusqvt A-1769	499,761	1,874,484
Total foreign hedge funds/speciality funds	**858,038,425**	**1,005,232,572**

Real estate funds

Fund	Cost price	Book value
Aberdeen Eiendomsfond Norge I AS	3,175,833	3,517,864
Aberdeen Eiendomsfond Norge I IS	306,296,790	348,259,605
Pareto Eiendomsfelleskap AS/IS	577,771,231	799,509,968
Union Core Real Estate Fund AS	6,750,000	6,624,294
Union Core Real Estate Fund IS	668,250,001	623,061,847
Total real estate funds	**1,562,243,855**	**1,780,973,578**
Total shares and mutual funds	**4,023,912,417**	**4,784,735,609**
Of which, proportion in the collective portfolio	**3,943,369,385**	**4,688,963,864**
Of which, proportion in the company portfolio	**80,543,033**	**95,771,745**

The portfolio of individual shares primarily consists of shares listed on the main market of the Oslo Stock Exchange, Euronext Expand Oslo and Euronext Growth Oslo, as well as shares listed on Nasdaq Nordic, which includes the stock exchanges in Copenhagen, Stockholm and Helsinki. Limits have been imposed on the proportion of total assets that can be invested in shares in a single company, as well as for the overall maximum risk on the management of individual shares. The benchmark index for the Nordic equity portfolio in 2024 was the MSCI All Country World Index measured in local currency.

In addition to shares listed on the Nordic stock exchanges, POA has two share investments which are derived from ownership of other investments at the end of the year. One item concerns a dividend from an American share from a hedge fund investment. The other item concerns ownership in a private limited company which owns a property in Bodø. The property was pledged as security for a bond in the portfolio of bonds measured at amortised cost, and was taken over by the creditors, including POA, after the bond defaulted.

The AMX UCITS ICAV Intech Global Defensive Equity fund is a global equity fund which invests in both developed and emerging markets. The aim of the fund is to achieve growth in invested capital with less variation in return than the benchmark index - MSCI All Country World Index.

At the year-end, the investments in speciality funds consist of six funds – a hedge fund, three funds which invest in real estate mortgages, a fund which invests in credit bonds with property mortgages, and a fund which invests in infrastructure.

Property investments consist of shares in DEAS Eiendomsfond Norge I IS/AS (formerly), Pareto Eiendomsfellesskap AS/IS and Union Core Real Estate Fund IS/AS. The investments are booked at market value as at the balance sheet date. The market value of the shares are calculated based on independent valuations of the properties.

Note 5 | Fixed-income securities at fair value

Issuer	Cost price	Market value
Banking and finance	1,911,268,500	1,919,150,263
Municipality/county	810,840,650	749,822,980
Government-guaranteed	1,063,165,700	1,030,986,562
Industry	1,795,383,202	1,753,949,238
Subordinated loans	759,009,000	772,131,738
Total fixed-income securities classified as financial current assets	**6,339,667,052**	**6,226,040,781**
Interest earned		68,682,566
Total	**6,339,667,052**	**6,294,723,347**
Of which, proportion in the collective portfolio		6,168,727,536
Of which, proportion in the company portfolio		125,995,811

The fixed-income securities portfolio classified as financial current assets consists of fixed-income securities listed on the Oslo Stock Exchange, Oslo ABM and Nordic Nasdaq (Stockholm), as well as unlisted securities. All fixed-income securities classified as financial current assets are denominated in NOK, with the exception of six denominated in EUR and three in SEK. Fixed-income securities issued in foreign currencies are currency hedged.

Note 6 | Financial derivatives

The purpose of using derivatives in asset management is to increase the effectiveness of the management of fund assets, including the potential to hedge investments. In principle, the pension scheme can only invest in listed (standardised) derivatives. The underlying securities must be securities in which the scheme can invest in accordance with applicable guidelines. Non-standardised (OTC) derivatives may only be used by POA for foreign currency forward contracts, as well as Forward Rate Agreements (FRA) and interest rate swaps to a limited extent.

As at As at 31 December 2024, there were investments in the following derivatives:

Currency purchased	Currency sold	Nominal amount in NOK	Fair value in NOK
NOK	EUR	-540,412,714	441,819
NOK	USD	-1,043,067,604	-23,387,638
NOK	GBP	-601,921,400	-5,378,446
NOK	SEK	-244,205,700	-1,579,948
NOK	DKK	-85,553,280	-134,489
Total foreign currency forward contracts		**-2,515,160,698**	**-30,038,703**
Total capitalised derivatives:		**-2,515,160,698**	**-30,038,703**
Of which, proportion in the collective portfolio (debt)			-29,437,446
Of which, proportion in the company portfolio (debt)			-601,258

In addition to hedging currency exposure using foreign exchange forward contracts, POA hedged the foreign equity investments using equity options to a limited extent. These hedging arrangements were recognised in the financial statements at just under NOK 4 million in 2024.

Note 7 | Financial instruments measured at fair value

In accordance with the Norwegian Act relating to annual accounts for pension companies, financial instruments measured at fair value must be classified with regard to how fair value is measured. Such classification gives an indication of the relative uncertainty related to measurement of the different levels.

The regulation defines three calculation levels for how fair value is measured:

1. Fair value is measured using listed prices in active markets for identical financial instruments. No adjustment is made for these prices.
2. Fair value is measured using other observable input than the listed prices used in level 1, either directly (prices) or indirectly (derived from prices).
3. Fair value is measured using input which is not based on observable market data (non-observable input).

Fair value hierarchy of financial instruments measured at fair value:

	31.12.2024	Level 1	Level 2	Level 3
Shares and mutual funds	4,784,735,610	536,922,024	1,402,407,436	2,845,406,150
Bonds	6,226,040,781		6,226,040,781	
Financial derivatives	-30,038,703		-30,038,703	
Total	**10,980,737,688**	**536,922,024**	**7,598,409,514**	**2,845,406,150**

Note 8 | Bank deposits

Of bank deposits related to operations of NOK 20,541,130 as at 31 December 2024, NOK 299,517 concerns restricted tax deduction funds.

As security for various derivative positions, the pension scheme is obliged to provide collateral in the form of locked-in bank deposits held in margin accounts. As at 31 December 2024, NOK 35,790,044 comprises restricted deposits.

Note 9 | Receivables related to premium income –- loss on receivables

Receivables had a book value of NOK 243,403,178 and consisted of:

	31.12.2024	31.12.2023
Receivables related to premium income:	241,659,926	223,657,633
Receivables related to refund pensions:	1,559,951	0
Receivable related to loans:	233,801	317,132
Provision for potential loss:	-50,500	-192,617
Total accounts receivable:	**243,403,178**	**223,782,148**

Receivables are posted at nominal value on the balance sheet date. Provision has been made for expected losses on receivables. Book losses on receivables are specified as follows:

	2024	2023
Realised loss on receivables:	4,905	0
Change in provision for expected loss:	-142,117	-197,622
Recorded loss on receivables:	**-137,212**	**-197,622**

Note 10 | Solvency margin requirement

The pension scheme has calculated the solvency margin requirement using rules similar to those applicable to private pension funds in accordance with the administrative regulations from the Norwegian Ministry of Labour and Social Inclusion with effect from 2011. As at 31 December 2024, the solvency margin requirement is estimated to amount to NOK 390,889,200. The basis for calculation of the solvency margin requirement is as follows *(figures in NOK thousands)*:

	Calculation basis	Calculation factor	Calculated solvency margin requirement
Premium reserve for retirement pensions:	9,265,581	4.00%	370,623
Mortality risk (uncovered risk, gross):	190,754	0.30%	572
Disability pension and premium exemption (gross risk premiums):	75,745	26.00%	19,694
Total solvency margin requirement as at 31.12.2024:			**390,889**

The solvency margin requirement must be covered by other retained earnings. Other retained earnings, less the solvency margin requirement, but with the addition of the securities adjustment reserve, total NOK 4,249,121,610. This constitutes the scheme's buffer capital.

For comparison, the calculation basis for the solvency margin requirement as at 31 Dcember 2023 was as follows *(figures in NOK thousands)*:

	Calculation basis	Calculation factor	Calculated solvency margin requirement
Premium reserve for retirement pensions:	8,637,472	4.00%	345,499
Mortality risk (uncovered risk, gross):	243,083	0.30%	729
Disability pension and premium exemption (gross risk premiums):	71,311	26.00%	18,541
Total solvency margin requirement as at 31.12.2023:			**364,769**

Note 11 | Premium reserve

The Pension Scheme for the Pharmacy Sector is only obliged to perform a technical calculation of future insurance liabilities every five years. The Board has nonetheless decided to perform such technical calculations annually. The results of these calculations are also used for accounting purposes.

The premium reserve is calculated as the present value of accrued pension entitlements as at the balance sheet date. The premium reserve must cover future pension entitlements accrued at the balance sheet date by the scheme's members. For the pension recipients, the premium reserve is the current value of remaining pension payments. Wherever possible the provision amount has been calculated in accordance with the guidelines applicable to private sector pension funds.

The actuarial assumptions for mortality in the case of longevity risk and mortality for risk of death are based on the basic elements in K2013.

The assumed disability rates are based on the K1963 calculation basis, boosted by a factor of 2.5.

The calculation rate is 3 per cent.

The administration reserve takes account of the expected future costs associated with the payment of pensions. The administration reserve is not calculated individually, but forms part of the premium reserve. The Pension Scheme for the Pharmacy Sector has opted to make provision for these future costs in the order of 4 per cent of calculated pension liabilities. Provision has been made in respect of current pensioners, actively contributing members and former employees with deferred pensions (i.e. employees who have left member-qualifying positions and have earned pension entitlements).

Note 12 | Special liability – for adjustment of pensions

A one-off settlement was performed for the calculated costs of future regulation of pensions that withdrew from the pension scheme with effect from 1 January 2017 and 1 January 2018. The one-off settlement in 2017 amounted to NOK 87,883,720, while the one-off settlement in 2018 amounted to NOK 11,715,220. The one-off settlements were allocated as a special liability in the balance sheet.

The actual cost for the regulation of pensions each year is reflected in the premium reserve. The special allocation for the calculated adjustment cost is, therefore, reduced annually by 1/10 of the original amount. Remaining special obligation as at 31 December 2024 is NOK 21,091,310.

Note 13 | Simplified solvency capital requirement

The binding capital requirement – simplified solvency capital requirement – for pension funds is a simplified version of the Solvency II regulations that apply to insurance companies and is based on the Norwegian Financial Supervisory Authority's stress test, with some adjustments.

The simplified solvency capital requirement as at 31 December 2024 amounts to NOK 2,187 million (NOK 1,891 million as at 31 December 2023). The calculated liable capital exceeds the simplified solvency capital requirement by NOK 2,246 million (NOK 1,840 million in 2023). This gives a solvency capital ratio of 203 per cent (197 per cent in 2023). In the calculation of buffer capital, consideration has been made of the transitional rule from the Norwegian Financial Supervisory Authority for the upward adjustment of the premium reserve to fair value. The transitional rule entails that the effect of the upward adjustment to fair value is distributed over 16 years. In the calculation, it is assumed that the remaining upward adjustment is 8/16 parts.

Without using the transitional rule, the liable capital is calculated to exceed the simplified solvency capital requirement by NOK 2,070 million (NOK 1,643 million in 2023). This gives a solvency capital ratio of 195 per cent (187 per cent in 2023).

Note 14 | Premium contributions

Members contributed premium income totalling NOK 941,607,479 in 2024. By comparison, the book value of premium income was NOK 959,251,889. In 2023, members contributed premium income totalling NOK 901,504,063, while the book value of premium income was NOK 911,526,300. The differential between premium income and premium contributions is attributable to the change in invoiced, but unpaid premiums and the application of accrual accounting to premium income.

Note 15 | Pensions

Of the pension costs in the income statement, NOK 703,511 represents write-offs of pension benefit overpayments. The equivalent figure for 2023 was NOK 789,538.

Note 16 | Administrative costs

Total administrative costs amounted to NOK 38,231,349 (NOK 30,451,062 in 2023). The pension scheme had three employees in 2024. Pay and social security expenses for these three investment managers totalled NOK 13,014,823 in 2024 and are included in administrative costs.

Note 17 | Insurance-related administrative costs

The pension scheme is managed by the Norwegian Public Service Pension Fund. In 2024, NOK 20,428,869 was charged against income in respect of the purchase of administrative services for the pension scheme, including costs related to bookkeeping, actuarial services, administration of pensions and internal auditing (NOK 17,866,884 in 2023). Furthermore, NOK 509,829 was charged against income for audit services, including value added tax (NOK 451,500 in 2023). The entire amount was related to standard audit services. NOK 451,810 was charged against income for remuneration to Board members (NOK 427,980 in 2023). Various other costs, cost reimbursements and interest income from customers total NOK 603,152 in net terms (NOK 24,471 in 2023). The total insurance-related administrative costs were NOK 21,993,660 (NOK 18,770,835 in 2023).

In 2024, the following remuneration was paid to the Board members of the scheme:

Tomas Berg, Chair	90,362
Trond Teisberg	90,362
Greta Torbergsen	90,362
Kristin Juliussen	90,362
Kjell Morten Aune	90,362
Total	**451,810**

Note 18 | Return on capital

The calculated return on the total portfolio is as follows:

Year:	2024	2023	2022	2021	2020
Return stated in percentage terms (value-adjusted):	6.58	4.83	-0.99	5.56	5.96
Return stated in percentage terms (recognised):	11.30	2.71	1.84	3.85	3.05

The return on capital shown above has been calculated in respect of the entire portfolio: i.e. both the collective and the company portfolios.

Note 19 | Analysis of result

(Amounts in NOK million)	2024	2023
Changes in pension plan:	0.00	0.00
Interest result[1)]:	628.09	337.35
Risk result[2)]:	-2.09	-29.01
Other result[3)]:	9.65	107.31
Insurance result:	**635.65**	**415.65**

1) The interest result is the difference between the actual return and the calculation rate in the premium reserve.
2) The risk result is a comparison of risk income less risk expenses. Risk income comprises received and technically estimated risk premiums for mortality and disability, as well as mortality cross-subsidy. Risk expenses are supplemented by provisions for risk events.
3) Recognised difference between invoiced and actual calculated premium. Other result includes the administration result. A negative other result indicates the receipt of insufficient premium income.

Auditor's report

Auditor's report

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To the Board of Directors of The Pension Scheme for the Pharmacy Sector

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of The Pension Scheme for the Pharmacy Sector (the Pension fund), which comprise the balance sheet as at 31 December 2024, the income statement, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Pension fund as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Pension fund in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information comprises annual report, introduction and insight. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines 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, management is responsible for assessing the Pension fund'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 management either intends to liquidate the Pension fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Pension fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 28 March 2025
ERNST & YOUNG AS

Johan-Herman Stene
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

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Insight

Pension liabilities

The pension scheme's premium reserve is calculated at NOK 11,108 billion as at 31 December 2024. This is an increase of NOK 722 million compared to 31 December 2023.

The premium reserve is defined as the present value of accrued pension entitlements at the balance sheet date. The present value is found by discounting the expected future pension payments using a calculation interest rate of 3 per cent.

The following factors are also considered

(i) probabilities of survival and receiving a retirement pension,

(ii) probabilities of losing working capacity and receivinga disability pension, and

(iii) probabilities of dying and leaving family members who are entitled to a spouse or children's pension.

On calculating the premium reserve, the mortality basis K2013 is used, and the disability basis K1963 strengthened by 250 per cent. The calculation interest rate, one year's earnings for active members and adjustment of the pension basis or pension benefits, help to build up the premium reserve. In addition, with-profits endowment is added for the survivors. On the other hand, pension payments reduce the premium reserve.

Insurance result NOK 636 million
The insurance result is positive and can be split into three different results: interest result, risk result and other result.

Interest result NOK 628 million
The interest result is positive, which means that the return (6.6 per cent) on the pension assets has exceeded the calculation interest rate (3.0 per cent) in the premium reserve. At the end of 2024, the size of the pension assets was around NOK 4.6 billion higher than the premium reserve.

Risk result NOK -2 million
The risk result is negative at NOK 2 million. In 2024, risk premium calculated according to the current mortality and disability basis was lower than the net increase in the premium reserve, as a consequence of actual risk events during the year.

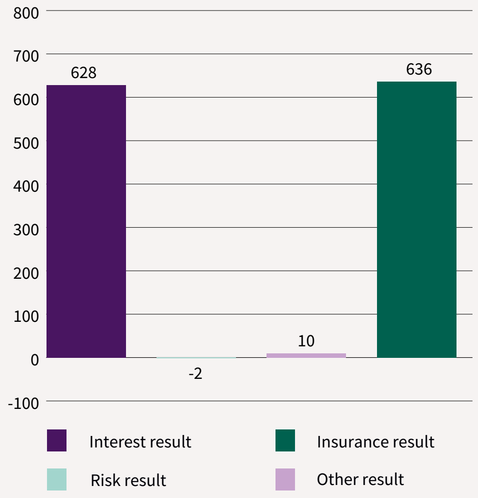
Other result NOK 10 million
Other result is positive. This is the difference between the premiums charged during the year and the premium calculated in the insurance system. The invoiced premium is calculated on the basis of a fixed percentage (18.1 per cent) of the pension basis. Actuarially calculated premiums are updated continuously throughout the year as a result of changes to members' pension entitlements.

Assessment of the pension scheme's financial position
In the Pension Scheme for the Pharmacy Sector, the obligations in their entirety must be secured by the accumulation of funds. The value of the funds allocated for pensions (assets) should at least correspond to the size of the technical reserves, to ensure a reasonable degree of coverage in the scheme. This is in line with the requirements made of similar private schemes that are subject to the Norwegian Insurance Activities Act.

The overfunding under the scheme was NOK 4.6 billion at the end of 2024. This represented an increase of NOK 636 million last year, as the total of the three aforementioned results.

It is primarily premium income and several years of good returns that have contributed to this significant overfunding. Income from premiums is considered to be reliable income, while the returns are more uncertain. In recent years, the buffer in the premium rate of 18.1 per cent has been reduced. This is largely due to a larger increase in the premium reserve for retired members than for actively employed members. It may be necessary to increase the premium rate, particularly in years with high wage and/or pension adjustments.

Insurance result



The figure shows the insurance result split into three different results: interest result, risk result and other result.

Investment management

In 2024, investment management delivered a return of 6.58 per cent. Assets under management increased by around NOK 1.3 billion during the year and amounted to NOK 15.5 billion at the end of 2024.

The investment management of the Pension Scheme for the Pharmacy Sector (POA) shall contribute to ensuring that the scheme can meet its long-term obligations without excessive premium variations, but at the same time achieve as high a return as possible within available risk capacity.

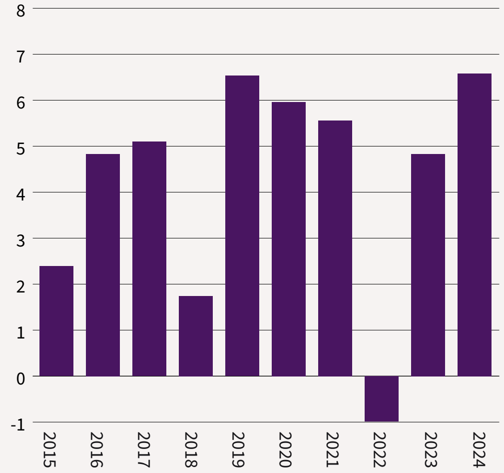
The Board adopts the investment strategy. The risk level in the investment portfolio is based on a set of financial objectives, which will ensure that the wish for a high return is balanced against how much risk the scheme can withstand taking. There must be at least a 95 per cent probability that the scheme maintains the Board's minimum solvency capital coverage requirements in the one-year term.

Throughout 2024, as in previous years, POA maintained a moderate level of risk in its investment portfolio.

Results in 2024
The total return for 2024 was 6.58 per cent. This is the highest return that POA has achieved during the past decade. During the period from 2015 to 2024, POA's return varied between -0.99 and 6.58 per cent, and the average return was 4.25 per cent.

Through the year, POA had less than one third of funds invested in shares, property and various speciality funds. In spite of a negative fourth quarter, the equity markets generated a very favourable return for the year as a whole, and POA's equities gave a return of 15.0 per cent in 2024.

Annual return



The figure shows the annual return for the period 2015 to 2024.

After two years with a negative return, property investments also generated a good return in 2024. The return for the year was 7.4 per cent, meaning that the property investments have virtually recovered the negative return from the previous two years. The investments in various Alternative investment funds generate a total return of 6.9 per cent in 2024. We consider this to be a good result relative to the moderate risk in these funds.

At the year-end, POA has just over a quarter of funds invested in bonds which are booked at amortised cost (held to maturity bonds). These bonds deliver a stable and strong contribution to the return. New investments have been pushing up the average return as a result of higher interest rates in recent years, and the average return on investments in the held to maturity portfolio is now over 4.5 per cent. POA had one default in the hold to maturity portfolio during the past year. Together with the other bond owner, POA has taken over the collateral, and the value of the bond has been reduced. As a result, the return on held to maturity bonds was 4.24 per cent in 2024, which is roughly in line with 2023 (4.25 per cent).

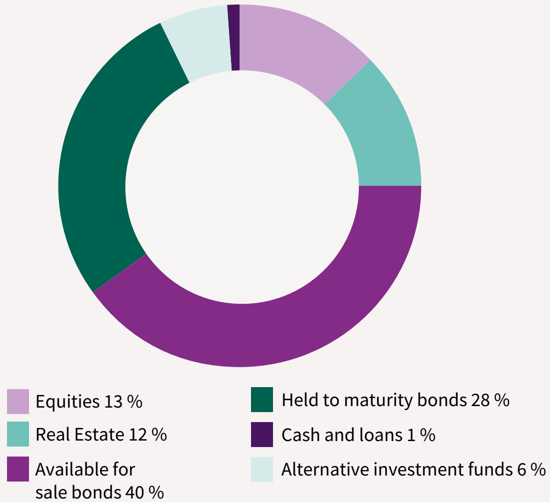
The remaining assets are invested in both fixed- and floating-rate bonds which are measured at market value. Included in the interest investments are a number of high yield bonds. Through 2024, POA also held a portfolio of fixed-rate bonds with long maturity with the aim of hedging interest rate risk in the obligations. For these fixed-rate bonds, rising interest rates led to a weakly negative return of -0.8 percent in 2024. On the other hand, bonds with floating rate and high yield bonds generated a good return, and the overall return on bonds meassured at market value ended at 6.1% for 2024.

Asset allocation
At the end of the year, the pension scheme managed funds totalling NOK 15.5 billion. The portfolio increased by around NOK 1.3 billion in 2024, as a result of this year's return as well as an ongoing liquidity surplus in the scheme.

Management has a continuous focus on identifying the investment opportunities offering optimum utilisation of the risk capacity of POA. Following the introduction of a new premium model, we have concluded that it is no longer necessary to have a separate interest hedging portfolio, and these investments are now managed together with other fixed-rate bonds. During 2024, the allocation to held to maturity bonds was also reduced slightly. The allocation to available-for-sale bonds has increased noticeably as a result of this.

In the investment plan for 2025, the Board decided to increase the risk level slightly during 2025.

Asset allocation



The figure shows strategic allocations for the various asset classes at the beginning of 2025.

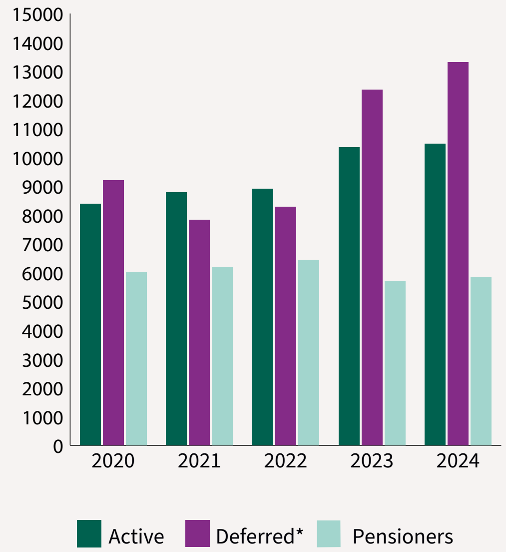
Statistics

Members

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actively employed members*	7,585	7,645	7,704	7,527	7,812	8,380	8,780	8,903	10,353	10,467
Persons with entitlements from previous positions*	7,175	7,522	7,925	8,331	8,770	9,196	7,822	8,283	12,356	13,305
Pensioners**	4,951	5,121	5,338	5,517	5,739	6,030	6,179	6,438	5,695	5,829
AFP	293	269	264	288	273	271	310	312	325	356
Retirement pensions	2,955	3,165	3,368	3,484	3,693	3,916	3,975	4,235	3,577	3,667
Disability pensions	1,335	1,309	1,329	1,354	1,366	1,431	1,468	1,451	1,403	1,403
Spouse's pension	342	352	348	360	374	380	394	415	365	375
Children's pension	26	26	29	31	33	32	32	25	25	28
Ratio actively employed/pensio-ners	1.532	1.493	1.443	1.364	1.361	1.390	1.421	1.383	1.818	1.796
Ratio actively employed/pensio-ners and deferred	0.626	0.605	0.581	0.544	0.538	0.550	0.627	0.605	0.574	0.547

** Prior to 2023, only members who worked at least 20 per cent counted. As from 2023, there is no limit to the work percentage.*
*** Prior to 2023, members with entitlements from previous employment and earnings for less than 3 years were counted as retirement pensioners as from 67 years of age. As from 2023, these are included as deferred (persons with entitlements from previous employment).*

Development in number of members



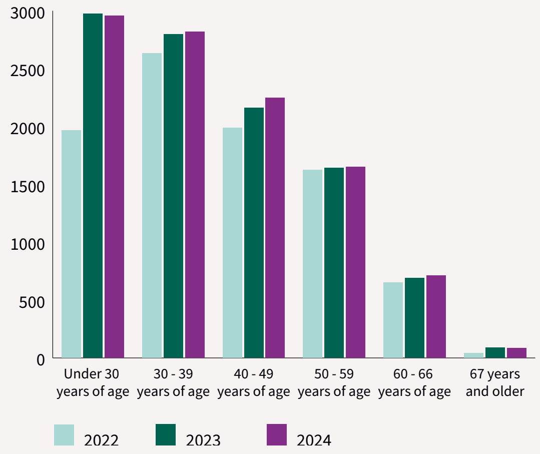
** No longer work in an organisation linked to the Pension Scheme for the Pharmacy Sector, but have pension entitlements with us.*

Actively employed members

Position title	2024	Change from 2023
Pharmacy manager	1,116	43
Pharmacist (Master)	1,932	121
Pharmacist (Bachelor)	1,738	30
Pharmacy technician	5,420	-94
Office/Driver/Cleaning	261	14
TOTAL	**10,467**	**114**

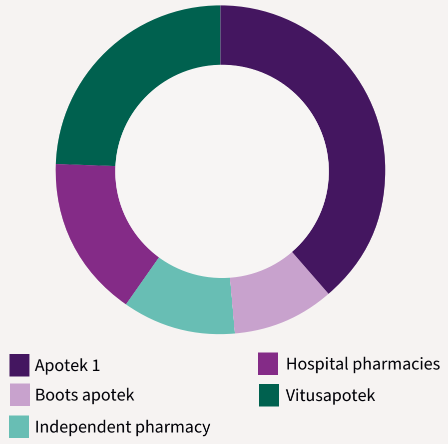
The table shows the distribution of actively employed members by position title.

Actively-employed members by age group



The figure shows the development in actively employed members by age groups for the last three years.

Actively-employed members by chains



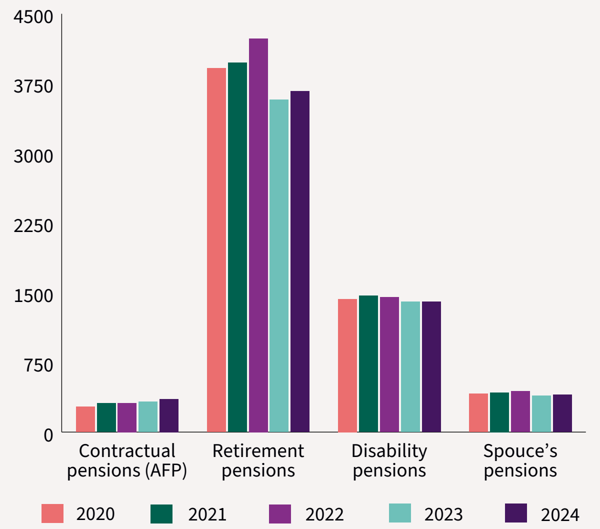
The figure shows the number of actively-employed members by chains.

Pensions paid in 2024

Type of pension	Gross paid	Coordination deduction	Net paid
Retirement pensions and AFP	1,026	627	399
Disability pensions	74	-	74
Dependants' pensions (child and spouse pension)	51	23	28
Total	**1,150**	**650**	**500**

The table shows the amount of pension benefit payments made in 2024, grouped by type of pension.

Pensions



The graph shows the development in the number of pensioners over the last five years. There has been a change in the definition of retirement pensioner in the statistics for 2023 (see explanation below the table on page 32).

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