



# apoteket



*ANNUAL AND SUSTAINABILITY REPORT 2015*

# Contents

- 3 Did you know that Apoteket ...
- 4 2015 in brief
- 6 Comments from the CEO
- 9 Business model
- 10 Market overview
- 14 Goals and strategies
- 18 Employees and expertise
- 22 Products and services
- 28 Customer encounter
- 34 Life in health
- 35 Administration Report
- 41 Corporate Governance Report
- 47 Multi-year summary
- 48 Financial statements
- 56 Notes
- 77 Proposed distribution of earnings
- 78 Auditor's Report
- 80 Accounting policies  
Sustainability Report
- 88 GRI index
- 90 The Board of Directors on the  
Sustainability Report
- 91 Auditor's Limited Assurance  
Report of Apoteket's  
Sustainability Report
- 92 Board of Directors and Auditor
- 94 Executive management
- 96 The story of Apoteket
- 98 Definitions and glossary



## Sustainable business practices

Apoteket contributes to sustainable development by responsibly conducting business with a focus on those areas where the Company has the greatest impact. **Pages 9–17**

## A business that creates value

Based on the needs of people and with the help of our employees, we enhance our product and service offerings. Through attractive customer offerings and easy access, we reach more people and make it easier to feel well. **Pages 18–34**

## External audit and review

**Pages 35–77** are audited; please see the auditor's report on **page 78**. The information referred to in the GRI index on **pages 88–89** has been subject to review; please see the Auditor's Limited Assurance Report on **page 91**.

### ABOUT THIS REPORT

Apoteket's 2015 Annual and Sustainability Report presents the past year based on our business model of a life in health and long-term profitability. Apoteket aspires to be a value-creating company that takes human rights, working conditions, environmental and ethical issues throughout the value chain into account. This Report includes financial and sustainability information that is significant for Apoteket's business and stakeholders. Apoteket applies the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, G4. The report also describes how we support the UN Global Compact's ten principles concerning human rights, labour, the environment and anti-corruption.

This is a translation of the original Swedish version. In the event of any discrepancies between the two versions, the original Swedish version shall take precedence.



# Apoteket is one of the most respected brands in Sweden

Our vision is “A Life in Health”. We offer a wide range of medications, carefully selected pharmacy products and pharmaceutical services to consumers and the healthcare system. The combination of innovation, a long history and sustainable business practices make us a dynamic company in constant development.

Did you know that Apoteket:

is a **state-owned** business that was founded in 1971, has its headquarters in Solna and customers throughout Sweden?

has **3,300 employees** who come from 87 countries and speak 55 languages?

has **90,000 customer encounters** daily?

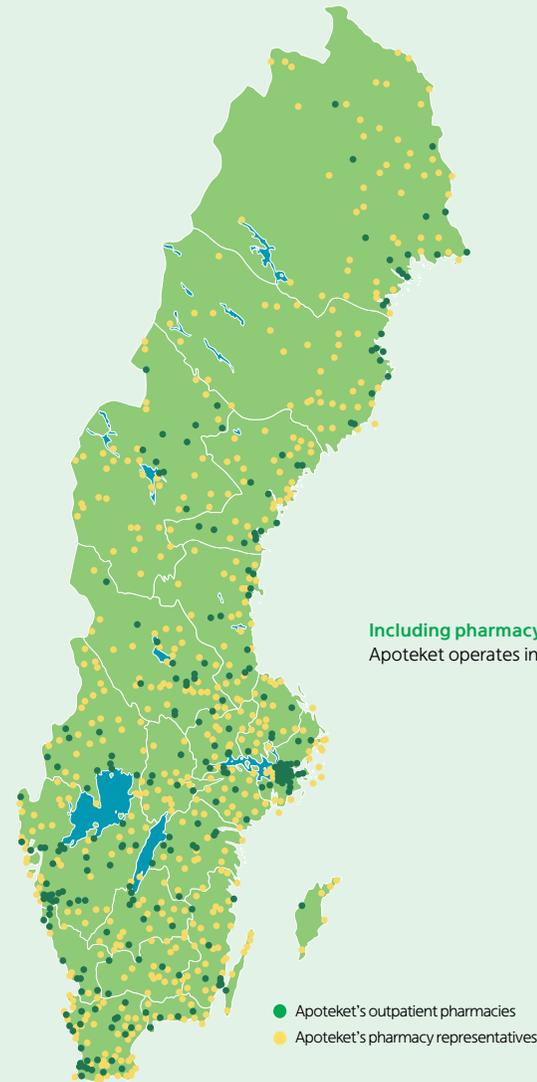
offers **convenient ordering** of prescription drugs via the My prescriptions app?

has **79,000 customers** who annually receive multi-dose packaged medications?

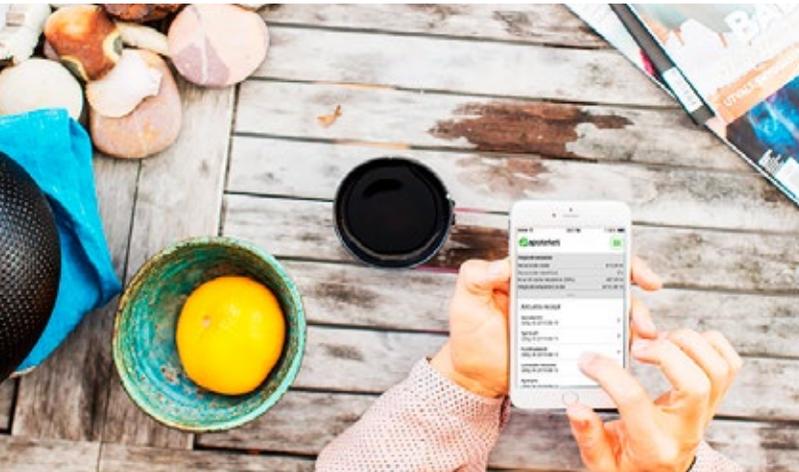
has been **certified** in compliance with ISO 14001 since 2007?

has a **trainee programme** for newly graduated pharmacists?

offers **online shopping** for medicines and other pharmacy products since 2006?

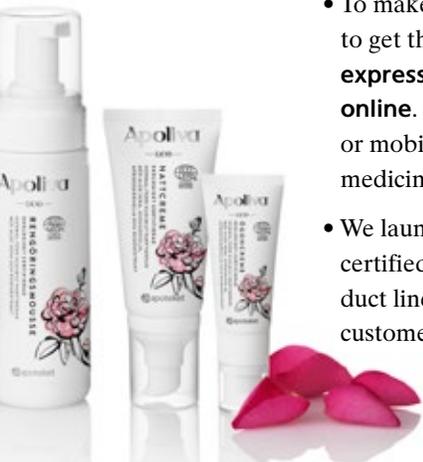


# 2015 in brief



## Launches

- Apoteket has launched the **My prescriptions** app. Customers can conveniently order their prescription drugs directly through the mobile app.
- To make it more convenient for customers to get their medications, we have launched **express dispensing of drugs purchased online**. Customers can order by computer or mobile device and then pick up their medicine at the pharmacy two hours later.
- We launched **Apoliva Eco**, a brand new certified organic skincare range. This product line enables us to meet the growing customer demand for organic products.



## Foreign pharmacists are welcomed

In order to speed up the process of putting people with foreign pharmacist degrees to work in Sweden we offer them tasks in our business. While waiting to have their foreign degrees approved, they get important language training and the opportunity to participate in our internal training programmes. As soon as their degrees are approved, they can immediately start working with tasks that require Swedish professional licensing.

## New channel

The acquisition of the company Snabboteket has enabled us to offer people on the go small packages of personal care products and a selection of non-prescription medications.

## Changed regulations

After a law change on 1 November 2015, pain tablets with paracetamol can once again only be sold by a pharmacy.

## For the sake of the environment

We remove all products that contain cyclic silicones from the product line because they can be harmful to humans in large doses. They also have a negative impact on the environment.



## History online

The bowl of Hygieia, mustard, roots from the fifteenth century, e-prescriptions, re-regulation and a popular brand – they are all part of the history of Apoteket presented at [apoteket.se](http://apoteket.se).





## Customer appreciation



Sweden's consumers show their appreciation for Apoteket's long-term sustainability work by naming us best in the industry and Sweden's fourth most sustainable brand in the Sustainable Brand Index survey. In the survey Anseendebarometern, Apoteket was named **Sweden's most honest company** for the seventh consecutive year.

**85**

This year's customer survey (Customer Satisfaction Index, CSI) at 100 of our pharmacies shows that the majority of our customers are satisfied with their experience at Apoteket.



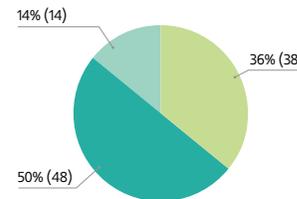
## More pharmacies with longer opening hours

During the year we are revamping the interior and appearance of several stores to make it easier for customers to buy medicine and to inspire them to pursue a life in health. We open four new pharmacies and we also offer extended opening hours at existing pharmacies for the equivalent of eight new pharmacies.

### KEY FIGURES

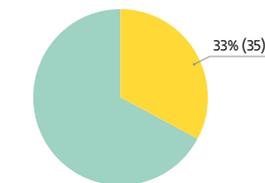
	2015	2014
Net sales, SEK million	19,599	18,567
Operating profit, SEK million	464	343
Operating margin, %	2.4	1.8
Net earnings, SEK million	458	371
Earnings per share, SEK	2,615	2,123
Operating cash flow, SEK million	129	-60
Capital employed, SEK million	2,048	2,009
Interest-bearing net debt/asset, SEK million	-357	56
Debt/equity ratio	neg.	3.1
Return on equity, %	9.2	7.8
Return on capital employed, %	22.7	17.1
Average number of employees	3,318	3,474

APOTEKET'S SALES, TOTAL



- Sales to businesses, municipalities, county councils and regions through contracts
- Sales to consumers by prescription or dose in original packaging
- Sales to consumers of non-prescription medications and other pharmacy products

APOTEKET'S SHARE, CONSUMER MARKET



- Market share of total sales of pharmacy operators' consumer market sales

## New multi-dose agreements

Apoteket extended agreements for Apodos, Apoteket's service for multi-dose packaged medications with county councils in Norrbotten, Västerbotten, Västernorrland, Jämtland and Stockholm, as well as Region Gotland. Region Västra Götaland and Region Halland signed new multi-dose agreements with Apoteket.

## Joint initiatives

During the year Apoteket initiated a collaboration with Save the Children to help refugees. In addition to emergency assistance providing personal care products to refugee reception centres and transit camps, employees and customers are invited to get involved and contribute in various ways.

## Attractive customer offerings and increased efficiency

More customers and a favourable sales trend during the year show that our strategic focus on increased availability and improved customer offerings has yielded results. During the year we introduced new pharmacy products and more digital services that contribute to a life in health. We continue to lower our costs and raise our internal efficiency to maintain our long-term competitiveness. I would like to warmly thank our customers for showing their confidence in us during the year.

Apoteket had a favourable sales trend in 2015, driven mainly by higher average purchases in the consumer market. Net sales totalled SEK 19,599 million, an increase of 5.6 per cent compared with the previous year. Earnings improved by 35 percent to SEK 464 million and the operating margin increased to 2.4 per cent. Our strategic focus remains unchanged and we have high confidence that in 2016 we will reach our long-term target of a 3 per cent operating margin.

### CUSTOMER ENCOUNTERS IN MULTIPLE CHANNELS

During the year we increased our efficiency and lowered our costs, but we did not establish enough new pharmacies. We are now entering a phase in which we will further improve our presence and our customer offerings.

We will rebuild and modernise a large number of pharmacies and open new pharmacies in several locations. In early 2016, we purchased eight pharmacies from Apotek Hjärtat, which is in line with this initiative. Through apoteket.se and our pharmacy representatives we are available

*“Our vision of a life in health serves as the basis for our work.”*



even for people who live far from the nearest pharmacy. We are developing more digital services such as the “My prescriptions” app, which allows customers to manage their prescriptions directly on their mobile devices.

In May we were named E-commerce/Omnichannel of the Year at the 2015 Retail Awards arranged by the Swedish Trade Federation and the newspaper Dagens Handel.

At the end of the year we acquired Snabboteket, which offers a simple packaging solution for non-prescription medications and other pharmacy products for people on the go. Customers can now find a selected product line from Apoteket in new channels, mainly in hotels.

### EXTENDED AND NEW AGREEMENTS WITH THE HEALTHCARE SYSTEM

Price is the determining factor in more and more contracts for delivering medicinal products to county councils. Apoteket was not competitive enough on this point during the year and only won a few new agreements. However, several county councils chose to extend existing agreements with Apoteket to deliver medicinal products and to produce special medicines.



Our vision of a life in health serves as the basis for our initiatives related to the safe use of medicines and long-term sustainable development in society.

We continue to streamline our contract business and improve our offerings to inpatient care.

A new contract for multi-dose packaged medications with Region Västra Götaland and Region Halland began in early 2016. In connection with this change, we gathered all production of our multi-dose packaged medications in a new facility in Örebro.

#### **OUR LONG-TERM STRATEGY REMAINS UNCHANGED**

Apoteket contributes to sustainable development by responsibly conducting business with a focus on those areas where the Company has the greatest impact: health, the environment, product range and diversity. Along with our profitability target, our efforts in these areas ensure that we maintain our long-term competitiveness. Our sustainability efforts are based on the ten principles of the UN Global Compact, which Apoteket has supported since 2010, concerning human rights, labour, the environment and anti-corruption.

During the year Apoteket was named the most sustainable brand in the industry by the Sustainable Brand Index customer survey. This honour encourages us to pursue more improvements for people and the environment, and even more clearly integrate sustainability into our daily work.

#### **REDUCED ENVIRONMENTAL IMPACT FROM MEDICINES AND TRANSPORT SERVICES**

Our most important contribution toward sustainable development involves helping our customers use their medications properly so that they feel better. Properly used and handled medicines also reduce the risk of unnecessarily high levels of pharmaceutical residues in nature. To achieve our target, we need to engage more customers to turn in their leftover medicines at our pharmacies.

Another long-term goal is to reduce the environmental impact of greenhouse gas emissions from transporting our goods. We need to work with our suppliers to find new solutions to reduce emissions while maintaining our high level of service to our customers. More transport services will be provided in vehicles that are as environmentally friendly and well-stocked as possible.

We support the government's Fossil Free Sweden initiative to raise awareness in the area.

#### **QUALITY-ASSURED PRODUCT RANGE**

We want to offer products that everyone can feel safe buying and we have a comprehensive quality control system for all products that are not medicines. We check the ingredients in the products and how they are made and distributed.

During the year, we removed the products with ingredients that new studies have shown could be harmful in high doses and that are difficult to break down in nature. In all, 89 per cent of our biggest suppliers of non-prescription medications and other pharmacy products signed Apoteket's Code of Conduct. Over the next few years we will intensify our dialogue with prescription medication suppliers to convince them to sign the Code as well.

#### SUPPORT FOR NEW ARRIVALS

We have met people in our pharmacies during the year who have fled from war and violence in other countries and who recently arrived in Sweden. They need medications and self-care products and advice on how to use them, often in languages other than Swedish. We do our utmost to help these customers the best way we can.

Apoteket also entered into a collaboration with Save the Children and donated personal care products for the welcome pack for newcomers.

We continue our efforts to promote improved medication use and a life in health for everyone.

*“We will continue to adapt our products and services to customer needs and the available digital opportunities.”*

#### EMPLOYEE SKILLS AND MOTIVATION ARE CRUCIAL

Attracting and training talented employees is crucial for our competitiveness. We currently offer internships to people with foreign pharmacist degrees while they are waiting for their Swedish professional license. They get important language training and for us it is a great way to attract more pharmacists

to work in our pharmacies. We offer employee skills development programs and our long-term leadership initiative is aimed at continually improving conditions to promote performance. We are pleased to report that the results of this year's employee survey show that the percentage of motivated employees has increased from 72 to 77 per cent.

I would like to say a big thank you to all of our fabulous employees who help our customers to feel a little better every day.

Solna March 2016



Ann Carlsson  
PRESIDENT



# Business model for sustainable development

## MARKET OVERVIEW

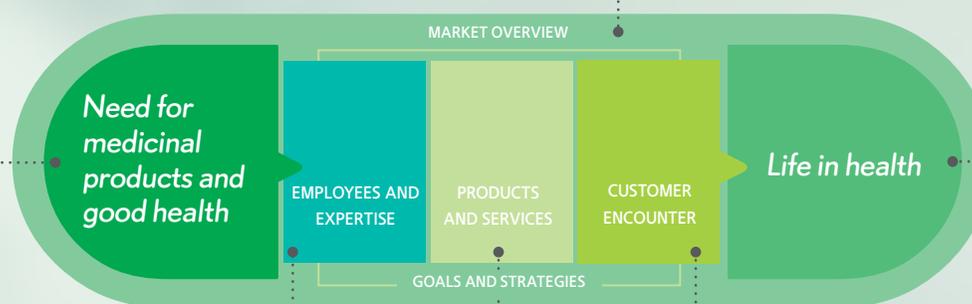
The pharmacy market in Sweden is characterised by stable demand for medicinal products in terms of volume. More people are living longer and interest in healthy living is growing. Easy access to medicinal products and good advice are important.

The county councils face the challenge of treating more patients with new and often expensive medicines, while keeping down the overall cost of medicines for society.

## NEED FOR MEDICINAL PRODUCTS AND GOOD HEALTH

Our aspiration is to generate sustainable values for our customers, as well as for our employees and society at large. Properly used medications can cure and alleviate illness.

At the same time, increased use of medication places higher demands on advisory services and patient safety, while increasing environmental impact.



## LIFE IN HEALTH

To meet customer needs, we strive to be responsive, flexible and work closely with our customers.

Every day we work to make a difference, both for the individual and for healthcare providers to ensure good care for their patients. Quite simply, we want to be the customer's best partner for better medication use and a life in health.

### EMPLOYEES AND EXPERTISE

Apoteket's strength lies in its motivated and dedicated employees, who contribute to the growth of the Company with their extensive knowledge about medicines, health and logistics.

Good leadership and efficient operational support create the best possible conditions for employees to meet customer needs.

### PRODUCTS AND SERVICES

Apoteket offers a complete range of prescription medications and advises customers on how to use them. We carefully check and select our range of pharmacy products and services.

We also offer services that promote development of the healthcare system and high patient safety.

### CUSTOMER ENCOUNTER

We apply our collective expertise to the customer encounter, providing advice on the optimal use of their medicines and pharmacy products.

We are constantly improving our accessibility by expanding our hours, opening more pharmacies and by providing customers with opportunities to order medicines and pharmacy products at the time and in the manner that best suits them.

Our deliveries to the healthcare system ensure that patients receive their medicines at the right time.

Apoteket's business model shows how our business creates value based on the need for medicinal products and a quest for experienced good health. Our vision, goals and strategies form the foundation based on which we enhance our offerings of products and services,

aided by the extensive knowledge of our employees. In the customer encounter we take individual needs into account to ensure that everyone gets the right medication and knows how to use it to achieve the best effect. Through attractive customer offerings and easy access,

we reach more people and make it easier to feel well. We want to reduce negative environmental impacts, especially from leftover medicines and transport services, and contribute to a life in health.



## Increased demand for customised and digital pharmacy services

There is a growing demand in society for medicines and other pharmacy products. Many people want more customised offerings based on their needs. They can choose when and how they want to buy their medicines and other pharmacy products, and also receive qualified advice on their use.

**Society continues to** show strong interest in health and lifestyle habits. For many consumers, mobile health apps and fitness trackers have become important complements to the advice they receive from medical professionals and pharmacies.

### LIFESTYLE HABITS PLAY A MAJOR ROLE IN HEALTH

In Sweden we are good at working out and playing sports, but not as good at being active in daily life. Surveys show that we are among those who sit still more than almost any other country in Europe and we need to improve at incorporating activity into our daily lives. Other factors that play a role in our health include stress, sleep and eating habits. Although smoking is declining, it is still the underlying health behaviour for the largest proportion of people who are sick.

### SOCIAL AND GEOGRAPHICAL DIFFERENCES IN HEALTH

There are major differences in health and lifestyle among different groups in society. Influential factors include education, material living standards and neighbourhood. Greater segregation in society is also associated with differences in the prevalence of various diseases. For example, type 2 diabetes is more common in socially

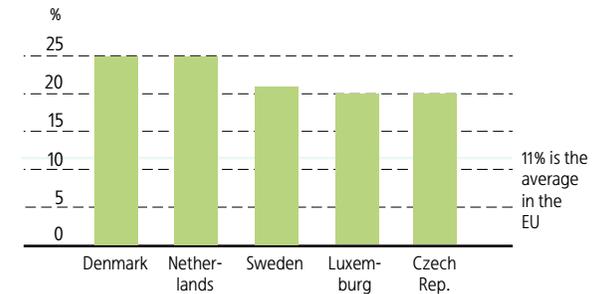
vulnerable areas than it is in the rest of the country. In 2015, rates of strokes and heart attacks increased among people aged 35–44 years, especially among the less educated. Moreover, mental disorders are on the rise in several populations, and in most age groups, particularly among young people. Personal finances also play a role. Many people who are economically vulnerable do not pick up their prescribed medications because they feel they cannot afford to do so.

Researchers, industry and health care are partnering on several initiatives to bridge the gaps between different socio-economic groups through health promotion. The Swedish Government has set long-term goals to reduce disparities and encourages pharmacies to play a larger role in promoting improved lifestyle habits. The pharmacies reach groups that the healthcare system cannot reach and meets many of the customers more frequently.

### RISING PRESCRIPTION DRUG COSTS

Drug prescriptions increased by 7 per cent in 2015, with a total sales value of SEK 27.7 billion. Customers and patients are personally responsible for less than one third of the total cost. The Swedish state and the county councils are responsible for the remainder, in part through the high-

SEDENTARY HABITS



21 per cent of Sweden's population sits still more than 8.5 hours per day. Only two other countries in Europe rank lower. However, we are at the top when it comes to exercise. In all, 70 per cent of the population exercises at least once a week.

Source: Eurobarometer 412, TNS Opinion & Social 2014

INCREASED INTEREST IN HEALTH



Source: Statistics Sweden, retail trade 2016



# 95

About 95 per cent of customers with prescriptions get all of their medicines immediately when they visit a pharmacy. This figure is essentially unchanged compared with prior to re-regulation.

Source: Swedish Pharmacy Association industry report 2015

cost threshold. These increased costs were offset by lower costs due to drug patent expirations and switching to equivalent but less expensive medicines in pharmacies.

#### NEW AND EXPENSIVE MEDICATIONS

More and more people are living longer and several chronic diseases are on the rise, including diabetes, cardiovascular disease and neurological disorders. New treatment methods have emerged for these diseases in recent years, often with expensive drugs. In Sweden the Dental and Pharmaceutical Benefits Agency decides which medicines and supplies should be subsidised and covered by the high-cost threshold. They also stipulate the prices for which pharmacies may buy and sell these items. In addition, each county council decides which pharmaceuticals will be subsidised for inpatient care. The end result is that people in different county councils have access to different expensive drugs.

#### MORE NICHE PLAYERS

The pharmacy market in Sweden has been re-regulated in several steps, beginning in 2008. Today both the consumer and the healthcare market are fully subject to competition. During the year, Oriola KD entered the market as a new player for contracts with the county councils. Consolidation and streamlining of the pharmacy market continued as Apotek Hjärtat was purchased by ICA Gruppen with the pharmacy chain Cura and sold its contract business to ApoEx. By year-end, Apoteket was one of the three remaining



## MORE DIGITAL AND INDIVIDUALISED CARE



**Daniel Forsslund**  
Head of Innovation  
at Stockholm  
County Council

**As patients are** offered better opportunities to monitor their own health and lab values, healthcare trends are also affected.

#### What changes are occurring in health care?

“One major change in recent years is the radical reduction in the average length of hospital stay. Conditions that required hospitalisation for several days just a few years ago can now be treated in just a day. The major changes moving forward involve how we can meet expectations for individualised care and leverage the potential of the digital revolution.”

#### What does more individualised health care entail?

“The healthcare system has been, and sometimes still is, old-fashioned in its view of patients, seeing them as a group and not as individuals. People don’t accept this anymore; they expect to be treated and cared for based on their own terms and needs. Quite simply, power is being transferred between the patient and the healthcare system, where patients want – and should have – greater influence over their own care. Information is the key; we can keep much better track of our own health using new technologies and all the information available online.”

#### How can the healthcare system take better advantage of digital technology?

“Although the healthcare system has one foot in the digital world, it still has many outdated practices. We need to implement a technological generational shift in the county councils and find common solutions that will be less expensive and simplify collaboration regarding patients. But patients also need to harness the wealth of information about their own health that they create using smart watches and fitness trackers. The potential here is tremendous.”

#### What role do you see for the pharmacies in today’s evolving healthcare system?

“People trust the pharmacies, which most view as an integral part of the continuum of care. The doctor gives you a prescription and you go to the pharmacy to pick up your medicines and get advice on the best way to use them. One challenge for both the healthcare system and pharmacies is preventive care. Today we dedicate almost all resources to those who are already ill, and far too little on prevention. Apoteket has pioneered health services and new products, but there are still great opportunities for the pharmacy industry to play an important role.”



## HIGH DEMANDS FOR EASY AND CONVENIENT SHOPPING



**Lena Larsson**  
CEO  
HUI Research  
Stockholm

### What is the outlook for the pharmaceutical goods sector for next few years?

“2015 was a good year for pharmaceutical goods and we believe that over the next few years we will continue to see a favourable trend for GDP and an increase in sales throughout the sector. We are doing well financially and we are growing in number. The large number of newcomers will contribute to increased consumption in several areas.”

### What are the most important trends over the next few years?

“Digital developments are having a growing influence on the pharmaceutical products sector. While the store and the customer experience there will remain central, customers are now expecting the same high standard of treatment whether they connect online, using mobile devices or through social media. I would like to note that more operators are trying to integrate the channels and work consistently with prices and service. For example, in some stores employees have started to help customers place online orders for goods that are not available in the store, which the customer can later pick up in the store. There is much left to do. The operators who are best at making shopping easy and convenient will be the winners.”

### How will online sales evolve?

“Online sales now account for six per cent of sales in retail trade, but it varies greatly in different industries. Obviously it will increase.”

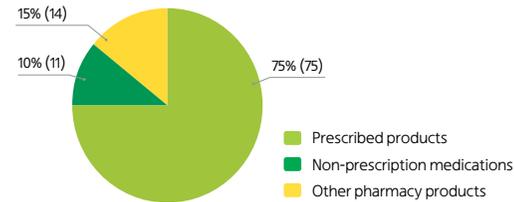
### Will the strong health trend continue?

“Yes, there are no signs of a slowdown. Taking care of yourself, both inside and out, is a very strong driving force for consumers. For example, we can see that interest in races and eating right is stronger than ever. Sales of organic goods are also increasing and more people want to know that the products they buy are responsibly produced. Many companies have sustainability initiatives, but there is a limit to how much consumers are willing to pay.”

### What is your view of the outlook for the pharmacy industry?

“I believe that the industry will continue to drift towards wellness and health where, for example, beauty and food also become natural parts of the product line at more pharmacies. I think there is potential for pharmacies to partner with consumers in healthcare issues and to relieve some of the burden of primary care. There are examples of various health services, though as yet the scope and marketing have been quite modest. I also believe that because consumers trust pharmacies, they can set themselves apart by focusing on quality and responsibility. One successful example is Apoteket’s campaign with messages about unnecessary additives.”

PHARMACY SALES IN THE CONSUMER MARKET 2015, SEK 38 BILLION.



Source: The Swedish Pharmacy Association

major pharmacy chains and was the leader in terms of sales. There are also smaller pharmacy chains and operators offering products and services within limited product categories, as well as participants that only offer online sales. Apoteket has a broad offering of products and services for customers in all market segments.

## INCREASED SALES ON CONSUMER MARKET

Pharmacy sales in the consumer market totalled about SEK 38 billion in 2015, an increase of 6.4 per cent compared with 2014. This figure includes pharmacy revenues, mail order, dose in original packaging and sales of veterinary medicines and other pharmaceutical products for animals.

Prescription drugs, which account for about 75 per cent of pharmacy sales, increased by 7 per cent during the year. Non-prescription medications increased by 4 per cent and other pharmacy products increased by 9 per cent. The number of outpatient pharmacies increased from 1,325 to 1,358.

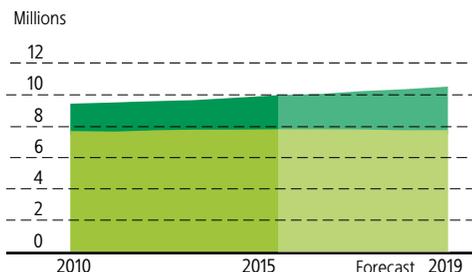
## CUSTOMER EXPERIENCE IN MULTIPLE CHANNELS

One clear trend among customers is the desire to meet a company in the same way and seamlessly via various channels. Customers often move in several different channels before making a purchase – mobile phone, social media, the store and on the company website. The “omnichannel” concept involves giving the customer a cohesive and positive overall experience regardless of channel.

People tailor their own news feed to a large extent by following specific media, businesses and individuals in social media and other digital channels. In order to be



**SWEDEN'S POPULATION IS GROWING, ESPECIALLY THOSE OVER AGE 65**



Source: Statistics Sweden, Sweden's future population 2015–2060, 2015

Forecasts show that Sweden's population will increase by an average of 1.3 per cent per year until 2019. The number of people over 65 is increasing at a faster rate, with an average of 6.4 per cent.

- Increase in population over 65 years
- Increase in population under 65 years



**Apoteket's stakeholders**

Apoteket constantly monitors world events. We also engage in an ongoing dialogue with the stakeholders that affect us and that we affect with our business. By involving them, we can continue to develop as a responsible company with a focus on the health of the individual. During the year, the dialogue with our stakeholders strengthened some of our ongoing activities and even served as the basis for new initiatives.

relevant and interesting it is important for companies to be able to meet the personal needs and expectations of each customer in the right channel.

It is increasingly common for customers to prepare their purchase of medicines and other pharmacy products on their mobile devices or computer. Sometimes customers view the store as a dispatch service, sometimes as a place where they can receive advice about using and testing products. Delivery is important; customers should find it to be simple and fast to get what they want.

**CONTINUED PRESSURE ON PRICES IN COUNTY COUNCIL CONTRACTS**

Pharmacy contracts for providing medications to the county councils are becoming less extensive in scope and are usually awarded based on price. A few county councils have also chosen to take over this business in-house. The county councils also award contracts for custom-made and personalised medicines. People who need help taking their medicines at the right time can receive multi-dose packaged medications. Currently around 177,000 people receive multi-dose packaged medications.

**INTERNSHIPS AT THE PHARMACIES FOR FOREIGN PHARMACISTS**

Many of the new arrivals in Sweden have a foreign pharmacist degree, which offers an opportunity to reduce the current pharmacist shortage in the country. Apoteket and several other pharmacy operators have joined the Government's effort to quickly get these people to work while waiting for their Swedish professional certification.

**CUSTOMERS EXPECT COMPANIES TO ACCEPT THEIR ENVIRONMENTAL RESPONSIBILITY**

Customers enjoy being involved in activities arranged by companies and organisations to promote a smaller environmental footprint. Collecting recyclable packaging and materials seems obvious to many people, as does choosing the most environmentally friendly delivery method possible.

Customers are increasingly demanding organic products. Many companies strive to make a real in-depth difference and not just showcase an environmentally friendly facade, known as "green washing".

**ENVIRONMENTAL REQUIREMENTS FROM AUTHORITIES AND CONTRACT CUSTOMERS**

The Government and the Swedish Association of Local Authorities and Regions, together with pharmaceutical market stakeholders, developed a national drug strategy to jointly address priority issues in the pharmaceutical field. The Swedish Government has decided to intensify efforts to promote a toxin-free everyday environment, with a focus on protecting human reproduction and the health of children from harmful chemicals. Contracts between the county councils and pharmacy operators for procurement of medicines include environmental requirements.

**NEW PHARMACY INQUIRY**

The Government appointed a new pharmacy inquiry during the year. Its mandate includes analysing measures to promote good access to pharmacy services throughout the country, highlighting issues related to skills development and reviewing the role pharmacies play to promote improved use of medicines. A report will be issued in December 2016.



## Goals and strategies for sustainable development

Apoteket strives to conduct business responsibly with a focus on those areas where the Company has the greatest impact: health, product range, diversity, the environment and profitability. A sustainable business creates added value for customers, partners and employees. It helps us to develop the Company and achieve our goals in every area.

Executive management regularly monitors the business to ensure that it is working to achieve these goals.

The goals on pages 14–15 reflect Apoteket’s long-term aspirations, therefore no deadline is specified. More information about milestones and developments over time is presented on pages 81–86.



GOAL:

**80**  
in Customer  
Satisfaction Index

### Health

**Apoteket will prevent ill health and promote proper medication use. The goal is to increase the percentage of satisfied customers.**

CURRENT STATUS:

During the year Apoteket conducted surveys to measure customer satisfaction among different customer groups. The result for the 100 pharmacies that the customers evaluated was **85 on the Customer Satisfaction Index (CSI)**, the same level as the previous year. Surveys were also conducted during the year among online customers, county councils with agreement for Apodos, and county councils with agreements for other services.

Beginning in 2016 the customer survey will include more pharmacies and customer groups.

Apoteket sees a link between customer satisfaction and health. Apoteket helps to create satisfied customers who feel better by providing them with their medicines, advice on how to take them, and suggestions for related products. Read more about how we work to promote good customer relations on pages 28–33 and 81.

GOAL:

**3%**  
operating margin

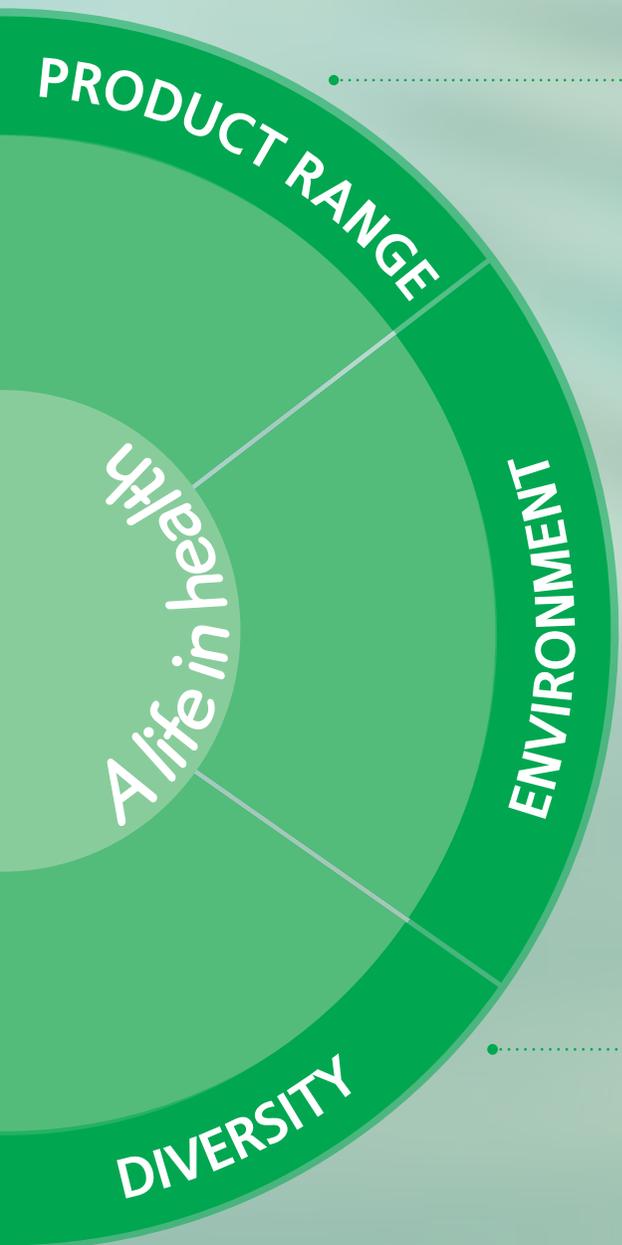
### Profitability

**To ensure a good return for the owner, Apoteket must have good long-term profitability. This is a requirement if we are to be able to continue to be a competitive participant in the pharmacy market. The goal is to increase the operating margin.**

CURRENT STATUS:

The operating margin rose from 1.8 per cent to **2.4 per cent** in 2015, primarily because of higher gross profit margins in the consumer business, as well as lower IT costs and depreciation.

Apoteket has two additional financial targets. The capital structure as expressed by the debt/equity ratio should be 40–80 per cent of pension-adjusted equity. The dividend should be 40–60 per cent of pension-adjusted net income. Read more about the financial outcome in the financial statements on pages 48–55 and 86.



### Product range

**We want to strengthen customers' trust in Apoteket by offering a line of products that has been subjected to quality assurance procedures. The goal is to increase the percentage of existing suppliers that have signed Apoteket's Code of Conduct.**

**CURRENT STATUS:** In all, **89 per cent** of our largest suppliers of non-prescription medications and other pharmacy products had signed Apoteket's Code of Conduct at year-end.

Apoteket also aims to increase the overall proportion, of all suppliers of prescription medication and indirect materials, who have signed up to Apotekets Code of Conduct.

The purpose of Apoteket's Code of Conduct is to promote good environmental and work environment conditions during production. The Code of Conduct is based on Apoteket's sustainability policy as well as international conventions and guidelines. Apoteket's long-term ambition is to have all suppliers sign the Code of Conduct. Read more about the goal and our work with the supply chain on pages 22–24 and 82–83.

GOAL:

**100%**

of suppliers will sign the Code of Conduct

### Environment

**Apoteket strives to reduce the environmental impact, from manufacturing to disposal. The goal is to increase the number of customers who return leftover medicinal products to Apoteket.**

**CURRENT STATUS:** In all, **54 per cent** of our customers state that they returned pharmaceutical waste at our pharmacies during the year.

The long-term aspiration is to reduce the total percentage of leftover medicinal products. Apoteket wants to help achieve this goal, mainly by providing advice to customers. When customers and patients take their medicines properly, total scrapping declines – along with the negative impact on the environment. Read more about the goal and our work with leftover medicinal products on pages 32–33 and 83–84.

GOAL:

**80%**

will return their leftover drugs

### Diversity

**Employee diversity is paramount for our ability to meet the various needs of our customers and also helps to increase motivation. The goal is to increase the percentage of motivated employees.**

**CURRENT STATUS:** This year's employee survey shows that employee motivation rose from 72 per cent in 2014 to **77 per cent** in 2015.

Apoteket encourages diversity regarding age, gender and ethnic background. Mixed work groups with a variety of skills are important for increasing employee motivation. Diversity, equal rights and opportunities also help make Apoteket a more attractive employer. We firmly believe that greater diversity among our employees increases their motivation. Read more about employees and diversity on pages 18–21 and 84–85.

GOAL:

**80%**

motivated employees



VISION:

*A life in health*

**Apoteket wants to actively contribute to a sustainable society by creating a life in health for people, society and the environment.**

- **Access to medicinal products:** We want to see people who live a life in health, despite illness, by making access to medications easier and by creating conditions for safe medication use.
- **Healthy lifestyle habits:** We want to see people who acquire healthier lifestyle habits by inspiring them to choose good products and services adapted to their needs and level of ambition.
- **A sustainable society:** We want to see a sustainable society that conserves the earth's resources by minimising our environmental impact – all the way from production to end customer.

CUSTOMER PROMISE:

*With extensive knowledge and the highest quality, we constantly seek new ways to help you. Throughout life.*

**Customers should always be able to trust our products, our services and our advice. We strive to continually help our customers, regardless of age or life situation, to find solutions to their problems through innovative solutions.**

## The vision shows the way

**Apoteket's mission from the owner** is to run its business in a manner that is financially, environmentally and socially sustainable. Apoteket's vision and customer promise form the foundation of how we conduct business to achieve established targets. They show the direction and describe our quest

to be of benefit to both our customers and society. The Company's core values must permeate the behaviour of our employees in relation to both customers and co-workers. External changes and customer needs affect how we work within our strategic focus areas.



## Core values

Trustworthy  
Considerate  
Committed  
Creative

## Strategic focus areas

**We drive growth in stores and online with a focus on strengthening the store network**

We want to strengthen our customer offerings by being where the customers are, both now and in the future. Availability is a priority for us, which is the reason we are focusing on our store network by increasing our opening hours, modernising our pharmacies, opening new pharmacies and digitising the customer encounter.

**New business model for the healthcare business**

Market conditions for services such as supplying and producing special medicines procured by the county councils have gradually changed over time. The procurement contracts are now less extensive in scope, while price competition is intensifying. Consequently our business model has had to evolve. In order to provide our customers with a cost-effective solution, we need to streamline our operations organisation and further improve our customer offering without compromising on customer requirements.

**Reduce purchasing prices and operate an efficient supply chain**

The prices in our product range are largely regulated, but in those cases where we can establish business relationships with our suppliers, we want to ensure that we purchase goods and services under conditions appropriate to our strong market position. We want to streamline and ensure low costs and a high level of availability of goods through our logistics structure.

**Reduce costs and simplify procedures**

In an evolving market that has been subjected to strong competition and pressure on prices, we must focus on costs. Cost reductions and simplified procedures are crucial if we are to be able to provide competitive customer offerings and ensure a sustainable operating margin.

**Attract, improve and retain the right talent**

The commitment, consideration and expertise of Apoteket's employees create value for both the customers and the community. During the year we continued to develop our leadership skills, while assessing our priorities to ensure optimal performance and to improve our ability to recruit the talent we need over the long term.





## Employee skills are the foundation of a good customer encounter

**Apoteket employees meet many customers every day. By showing concern for the customer, listening and asking questions, we try to find the best solution for each individual on any given occasion. Our staff must have extensive knowledge about health and medications, and be able to provide advice and products of high quality.**

**A good customer** encounter also requires having the medicines and products that customers request in stock, as well as stable IT support and efficient procedures. By having a presence in multiple sales channels, we offer customers options regarding how and when they want to visit us.

### EMPLOYEE GROWTH AND HEALTH

In order to run a sustainable business, it is important for Apoteket to invest in employee development and health. We offer our employees a variety of benefits such as joint health activities, fitness subsidies, grants, staff discounts on self-care products and discount offers through a benefit catalogue.

During the year work attendance improved from 69 per cent to 70 per cent.

### IT SHOULD BE EASY TO DO A GOOD JOB

During the year we introduced a new employee survey. It focuses on employee growth and performance opportunities. A performance index of 79 indicates that employees feel they have good opportunities to do a good job. We will continue our work in this and other areas.

### DIVERSITY FOSTERS DEVELOPMENT IN THE COMPANY

Employees with varied knowledge, backgrounds, perspectives and experiences are a cornerstone for encouraging innovation and competitiveness.

# 79

is the performance index in the employee survey. It indicates good prospects for doing a good job.

We firmly believe that diversity in work groups also contributes to greater motivation. One of Apoteket's goals is to increase the percentage of motivated employees. The proportion of motivated employees increased during the year from 72 to 77 per cent, which exceeds the target for the year by three per cent.

It is easier for employees with different backgrounds to identify the needs of different customers, which facilitates communication in the customer encounter. Apoteket's employees were born in 87 different countries and speak a total of 55 languages. In all, about 23 per cent of employees are foreign-born or have parents who are foreign-born. The goal is to increase this share to 25 per cent, which corresponds to the proportion for Sweden as a whole.

### INITIATIVES TO ATTRACT EMPLOYEES WITH THE RIGHT SKILLS

A key issue for Apoteket is the ability to attract new employees with the right skills who want to work for our vision of a life in health. As we grow the business and open new pharmacies, we need to recruit more employees. Recruitment is based on our quest for diversity in terms of gender, age and ethnicity.

### GENDER BALANCE A CHALLENGE

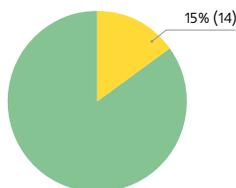
We want to achieve a gender balance at Apoteket because we firmly believe that it contributes to a better work environment, greater creativity and better

### Award

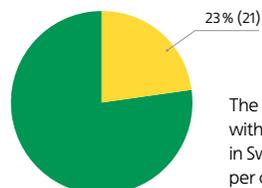
Apoteket was named Sweden's best service company in the pharmacy industry for the third consecutive year, according to ServiceScore, April 2015.



PERCENTAGE MEN OF AVERAGE NUMBER OF EMPLOYEES



PERCENTAGE EMPLOYEES WITH FOREIGN BACKGROUND



The percentage of people with a foreign background in Sweden is around 25 per cent (24).



customisation. Most Apoteket employees are women, who mainly work in the pharmacies. As part of our diversity initiative, we would like to hire more men. Gender imbalance begins already in the pharmacist training programmes and therefore we need to continue our efforts to encourage more men to choose to become pharmacists and pharmacy-related occupations. Gender is one of many aspects of diversity that we take into account in the recruitment process. Half of the elected members of Apoteket’s Board of Directors are men and six out of nine members of the Executive Management team are men.

**INITIATIVES AIMED AT STUDENTS**

Apoteket needs to hire more young pharmacists because we expect a large number of retirements in the coming years. Against this background, during the year we participated at student fairs and career days. We also offered improved conditions for trainees through trainee grants and increased reimbursement for expenses. Yet another way to try to remedy the pharmacist shortage is our initiative to offer employed pharmacy technicians the opportunity to study part-time, while they are working at the pharmacy, to earn a pharmacist degree in three years

**NEW TRAINEE PROGRAMME**

In the autumn Apoteket began to accept applications to its new national trainee programme for recent graduates from the dispenser and phar-

**SUPPORT IN THE CUSTOMER ENCOUNTER**



**Karna Wisenius**  
Licensed pharmacist and specialist pharmacist Karlstad

**Karna Wisenius divides** her time at work between meeting customers at pharmacies and offering colleagues support in the customer encounter by providing digital advice.

**What do you do as a specialist pharmacist?**

“We specialist pharmacists work at improving the skills of Apoteket’s employees. Employees not only have to be knowledgeable, they also have to be able to leverage that knowledge to benefit the customer. We have an electronic question box on the intranet. Employees from all over Sweden submit questions to it for us to answer. These questions have often come up in discussions with customers.

We also publish a weekly newsletter on the intranet in which we write about new drugs, various customer cases and other relevant topics.”

**How do you support pharmacists in the customer encounter?**

“Right now, two other specialist pharmacists and I are working on digital information texts that can help employees when they dispense prescriptions to customers. They are unique to Apoteket and help employees to remember what questions they need to ask customers to ensure that they can use their medications properly.

I also provide employees with advice based on the needs of the customer and the type of drug dispensed. At my own pharmacy at the hospital in Karlstad, 90 per cent of customers have prescriptions for medicines. They often need additional pharmacy products. For example, if the customer takes morphine and is at risk of becoming constipated as a side effect, we can offer the customer a remedy for constipation. All pharmacists know this, but a reminder can be helpful.”

**Why did you choose to become a specialist pharmacist?**

“I used to work in the education system and I’m extremely interested in professional development. And I also enjoy being part of a larger context than just working in my own pharmacy. As a specialist pharmacist I often work as a link between the pharmacies and the divisions at headquarters. For example, I’m involved in various projects aimed at improving IT support and procedures for pharmacy employees. Trying different roles within the Company is really stimulating.”



## LEADERSHIP ASSIGNMENTS FOR THOSE WHO LIKE VARIATION



**Senger Abdulrahman**  
Licensed pharmacist and pharmacy manager Stockholm

**Senger Abdulrahman** was going to become an architect, but the war in his home country, along with an interest in medicines and people, caused him to change direction and became a pharmacist in Sweden instead.

### How do you see your role?

"I manage two pharmacies in the Stockholm area. In the pharmacies, I enjoy giving advice on self-care products, or standing in the check-out, just as much as dispensing prescriptions. I have many pleasant interactions with customers every day. I like to try to answer their questions and find solutions that fit each customer."

### What is the best part of being a manager at Apoteket?

"Having the opportunity to try to motivate and inspire my employees to take care of our customers and each other in the best way. I try to be a role model to my employees."

### Why did you choose to be a pharmacist?

"It really wasn't the plan. I was going to become an architect and I went to university in Kurdistan. Later I considered going back to study architecture in Sweden, but it was hard to get a job as an architect.

Meanwhile, there was a pharmacist shortage. The combination of

extensive knowledge of medicines and the opportunity to do business was appealing."

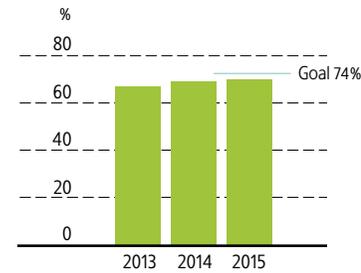
*"I have many pleasant interactions with customers every day"*

### You came to Sweden as a refugee. Would you like to tell us about how you found your way here?

"There was war in Kurdistan in 1997 and I decided to make my way to Europe. The escape route went via Turkey, Greece and Albania to Italy. But it was hard to get a job there, so the journey continued to France, Germany, Denmark and ultimately to Sweden.

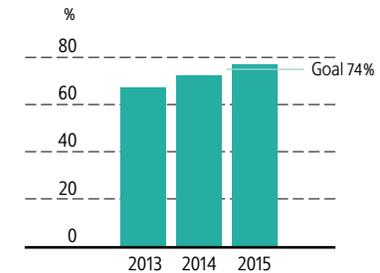
It was tough. I had no passport and only enough money for the trip; that was all. When I came to Sweden everything was new to me: a new language, new culture and new outlook on life. But I had decided to have a future and to find my role. First I worked at a restaurant, but realised fairly quickly that I wanted to move on. I was a good student with a knack for languages and I taught myself Swedish. In 2009, I had graduated with a degree in pharmacy and since 2012 I've held different management positions within Apoteket."

WORK ATTENDANCE



Work attendance increased by one percentage point over the year to 70 per cent.

MOTIVATED EMPLOYEES



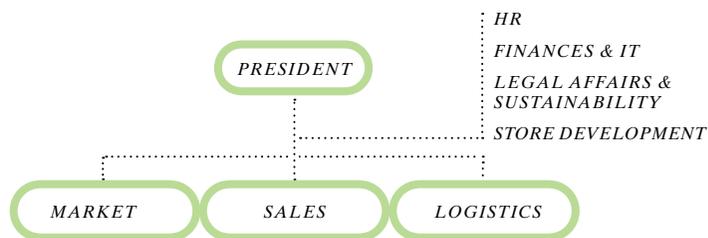
Motivation increased by five percentage points over the year to 77 per cent.

macist programmes. During the one-year programme, trainees gain insight into the scope of the various duties within the Company. The purpose is to provide them with a good start and the best possible prospects for rapid advancement to become specialists or managers.

### WE WELCOME FOREIGN PHARMACISTS

During the year we welcomed pharmacists who recently arrived in Sweden as trainees in our pharmacies – yet another way to bring in the expertise and diversity we strive for in our business. They have the opportunity to learn Swedish more quickly and to take advantage of our internal training programme during the time that their foreign credentials are under review for approval in Sweden. At the same time, they can see what it is like to work in a pharmacy in Sweden. Several of those who started as trainees during the year have already found employment in the business, in pharmacies or in our national pool of pharmacists.

Over the next three years Apoteket will offer newcomers work in pharmacies to an even greater extent than previously as part of the Government's "100 Club" initiative, which helps new arrivals to quickly enter working life in Sweden.



**ORGANISATION**

In 2015 Apoteket carried out changes in the organisational structure to be even better equipped to meet customer expectations and the new circumstances in the market. The new organisation has resulted in lower costs while improving competitiveness and profitability. It also allows us to be more flexible in our local markets.



**RETAIN AND IMPROVE THE NECESSARY EXPERTISE**

Employees have great opportunities to try new tasks in Apoteket’s various activities. The varied needs of our customers place demands on employee skills. Time has been set aside for regular employee training to ensure that everyone stays current on new products and services, as well as changing customer needs. An educational portal provides all employees with access to a large number of internal courses, including e-learning and online lectures. During the year the Swedish Pharmaceutical Society evaluated and scored several of these options. The evaluation is part of a quality assurance programme to assess the professional development initiatives that pharmacy operators offer their employees. In general, our internal training programmes received high scores.

**GOOD LEADERSHIP IS PARAMOUNT FOR SUCCESS**

Good leadership and good dialogue are essential to create the commitment necessary for us to achieve our goals. Apoteket’s leadership initiatives continued during the year, with a new leadership training course for new

managers and a personal development programme for the Company’s 75 senior executives. We also provided experienced leaders to serve as mentors in the Scouts’ mentoring programme for value-based leadership.

**AN HONEST COMPANY**

In 2015 Apoteket was named Sweden’s most honest company for the seventh consecutive year in the Anseendebarmetern survey. We have worked for years to maintain and strengthen an ethical and responsible corporate culture. For us it is a given that no form of bribery or undue influence will be tolerated in connection with suppliers or customers. During the year we undertook to comply with the “Code on gifts, rewards and other benefits in business” from the Swedish Anti-Corruption Institute. By doing so, we have raised the bar, since the code’s requirements are more stringent than those of Swedish legislation. All of our employees must know the rules, especially our employees who deal directly with suppliers. Customers must be able to trust that everything on the pharmacy shelf has met quality assurance standards and was correctly procured.



# Products and services for a life in health

Apoteket offers a wide range of medicines, pharmacy products and services. The product line is constantly evolving to better meet the needs of our customers. Everything that Apoteket purchases is carefully inspected.

Products that are not medicines undergo a six-step control process before they are placed on the pharmacy shelf:

## Apoteket's quality control



**NEEDS CHECK**  
All of the products we sell must in one way or another make it easier for people to feel well. We verify that the product is really necessary and beneficial.



**SUPPLIER CHECK**  
Our suppliers must comply with Apoteket's Code of Conduct and meet strict requirements regarding quality, the environment and ethical responsibility. We periodically check all suppliers of private label products, sometimes on site in their own factories.



**FUNCTION CHECK**  
With the help of experts and consumer panels, we check that the product works properly and is properly labelled. If the suppliers' efficacy studies are inadequate we request additional information or refuse to sell the product.



**MILDNESS CHECK**  
The product should be as gentle as possible while maintaining function. We review all ingredients to minimise the risk that products may cause problems such as allergies, irritation, or chronic toxicity.



**ENVIRONMENTAL CHECK**  
We verify that the product has a minimum impact on the environment. Products should also have good packaging that can be recycled.



**EXPERTISE CHECK**  
Everyone who works at our pharmacies must have the expertise needed to give advice about our products. That's why we train our employees on an ongoing basis and test their knowledge regularly.



**QUALITY GUARANTEE**  
At Apoteket we do everything in our power to ensure that the products on the pharmacy shelves are of the highest quality. But the customer is the toughest test, and of course, customers receive a refund if they are not satisfied for any reason.



Award

Apoteket was designated the industry's greenest brand in the customer survey conducted by branding agency "Differ" in March 2015.

**Medicines are monitored** by the Swedish Medical Products Agency, while other pharmacy products undergo Apoteket's quality control with high standards regarding quality, environment impacts and social responsibility. Even what the pharmacy staff uses, such as work clothes and the interior furnishings in our pharmacies, are reviewed at time of purchase.

**SUBSTANCES THAT APOTEKET REJECTS**

Apoteket sets stringent requirements for the contents of the pharmacy products we sell. We reject substances that are harmful to either people or the environment. By constantly monitoring new developments and finding gentler alternatives, we contribute to a toxin-free lifestyle for our customers. At apoteket.se we have compiled a list of ingredients that are permitted on the pharmacy shelf and others that we reject. During the year, we finally phased out products with cyclic silicones from the product line.

**APOTEKET HAS REQUIREMENTS FOR SUPPLIERS**

Both our private label and external brands undergo Apoteket's six-step quality control process. One of the steps is supplier check. Our goal is for all of our suppliers to sign Apoteket's Code of Conduct. During 2015, we clarified the Code of Conduct to make it even more clear what our requirements are regarding the environment, human rights, working conditions, diversity and gender equality, animal welfare, anti-corruption and business ethics. We follow up on suppliers of products that are not medicines to ensure that they live up to these requirements. During the



**RIGOROUS QUALITY CONTROL**



**Winta Woldai**  
Toxicologist and nutritionist at Apoteket

*During the year Apoteket has removed products containing the following cyclic silicones: cyclomethicone, cyclotetrasiloxane, cyclohexasiloxane and cyclopentasiloxane.*

**Winta Woldai** checks Apoteket's self-care products based on function, gentleness and environmental concerns before they are approved and accepted into the product line.

**Why is it important to check Apoteket's products?**

"We want to offer our customers products they can trust. That's why we select and check all products that are not medicines. Many products never make it to our shelves because they fail to pass all of the steps of our quality control process. Concerning Apoteket's private label products, I am involved in the discussions right from the start about what ingredients should be included and how to formulate the packaging information."

**During the year Apoteket removed all products containing cyclic silicones – why?**

"One type of cyclic silicone has not been deemed safe for use in cosmetic products in high concentrations. Cyclic silicones are a closely related group of ingredients that share a similar chemical structure. The one that most commonly occurs is called cyclopentasiloxane, which can have a harmful effect on the liver in high concentrations. Another one is called cyclotetrasiloxane and has an adverse effect on fertility. In addition, cyclic silicones have a negative impact on the environment because they accumulate in nature and are difficult to break down. We therefore believe it is appropriate to

apply the precautionary principle since we do not want to expose our customers to any risks. This is why we have removed this entire group ingredients."

**Why are cyclic silicones included in many hair and skin care products?**

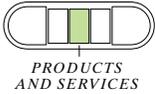
"They make it easier to apply skin creams and have an antistatic function in hair products."

**If cyclic silicones are so bad, why have you sold the products in the past?**

"For the past three years Apoteket has actively worked with our suppliers to replace cyclic silicones with other better ingredient options. Last spring, when the European Commission's Scientific Committee on Consumer Safety subsequently deemed that cyclopentasiloxane is not safe for use in cosmetics, hair and skin care products, we decided not to wait for any legislation. We immediately removed all remaining products with cyclic silicones."

**What does Apoteket consider to be a good ingredient?**

"An ingredient that functions well and is gentle – that does not cause allergies or irritation. Nor should it have a negative impact on the environment by being difficult to break down."



Award

Apoliva Ört & Natur foot ointment won the Swedish Beauty & Cosmetics Award in the category "Body care product of the year – under SEK 150."

Reason: rough-skinned feet become wonderfully baby-skin smooth after a close encounter with this buttery, beneficial herb-scented gem. The circle is closed when contemporary demands for efficiency meet pharmaceutical know-how from the past.



year, our experts reviewed several suppliers on-site at their manufacturing facilities.

**THE PRODUCT LINE EVOLVES TO MEET THE NEEDS OF OUR CUSTOMERS**

Apoteket's extensive product line includes both private labels and many well-known and popular products of other brands. We are constantly working to develop and adapt our product line to better meet the needs and demands of our customers.

**NEW ORGANIC SKIN CARE SERIES**

Organic skin care products have been added to the range in order to meet increased environmental awareness and demand among our customers. Apoliva Eco is a new facial care series that contains only certified organic products. Many organic products contain high levels of essential oils that are associated with a higher risk of allergy. We therefore chose to minimize scent in this series for the products to be gentle on skin.

89

In all, 89 per cent of our largest suppliers of non-prescription medications and other pharmacy products signed Apoteket's Code of Conduct. Read more about the changes on pages 82–83.

**APOTEKET IS THE MARKET LEADER IN NUTRITIONAL SUPPLEMENTS**

Nutritional supplements are an important component in our line of products. Only two out of ten people follow the recommendations of the Swedish National Food Agency regarding daily intake of fruit and vegetables. That is why we explain to our customers how important it is to eat a balanced diet and, if necessary, to take supplements during periods when they do not get all the nutrients they need. Our own Apoteket series of nutritional supplements is the market leader.

**SKIN CARE ADVISORS HELP CUSTOMERS ACHIEVE BETTER SKIN**

Apoteket's certified skincare advisors give customers advice on how to take care of their skin. In 2015, all skincare advisors received additional training and several new advisors were added. This new role at our pharmacies allows us to reach a customer group that had previously found it difficult to get help with their skin problems elsewhere. Customers can



receive advice on suitable products and also benefit from the skin care advisors' extensive knowledge of medicine. For example, the skin care advisors can find out whether the customer uses a medicine that has side effects that can cause extra dry skin. They can offer the best overall solution based on the needs and circumstances of each customer.

#### SALES OF PARACETAMOL IN PHARMACIES

Since November 2015, paracetamol tablets may only be sold in pharmacies. The Medical Products Agency decided to restrict access because the number of paracetamol poisoning incidents increased by 40 per cent between 2009 and 2015, when sales were permitted through other retail outlets. The restriction applies only to tablets, because that form is associated with the greatest risk of overdose and serious liver damage. Apoteket's employees have the expertise to provide the customer with the right advice and thus reduce the risk of abuse or misuse of paracetamol tablets.

# 79

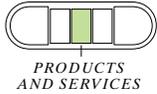
thousand customers received Apodos from Apoteket during the year, an increase of more than 3,000 customers compared with 2014.

#### SERVICES FOR GOOD HEALTH AND SAFE DRUG USE

Apoteket provides health services that promote better lifestyle habits and advice about medicines to help people to feel well. Thanks to our extensive knowledge of medicinal products and health, we can offer a wide range of services – from Apoteket's Health Check-up to large-scale medication deliveries and Apodos, Apoteket's service for multi-dose packaged medications. Our services are aimed at consumers, businesses and healthcare providers.

#### MEDICINAL PRODUCTS FOR THE HEALTHCARE SYSTEM

Apoteket ensures that the medicines needed in the healthcare system are available. This service applies to everything from authorised medicinal products and licensed medicinal products to drug-related products. For patients with special needs, we produce crucial personalised medicines and other products, such as cancer drugs and nutritional solutions. We provide



personalised medicine for patients who need pain relief after surgery and we also prepare drugs for clinical trials.

**MULTI-DOSE PACKAGED MEDICATIONS SIMPLIFY LIFE FOR CUSTOMERS**

Apodos is Apoteket’s service for multi-dose packaged medications that makes it easier and safer for customers to take their medicine. Each pouch contains the medications the patient must take at one time and is clearly marked with personal data, what the pouch contains and when the medicines in the pouch should be taken. Apodos frees up time for the healthcare system and reduces scrapping of medicines.

During the year Apoteket switched to the product range database used by participants in the dose packaging market and centralised the operation in a production facility in Örebro. The aim is to streamline order processing and production in order to meet the market competition. These changes allow us to offer customers coordinated deliveries of dose rolls and original packaging, as well as lower prices. However, the consolidation has entailed the closure of one production facility and increased transportation distances in some regions.

This year’s customer satisfaction index for the multi-dose packaging business was 83, which was an improvement over the previous year when it was 79.



**SAFER USE OF MEDICATIONS WITH APODOS**



**Eva Landin**  
Nurse responsible  
for medicines  
Kalix municipality

**How do you benefit from Apodos?**

“The biggest gain is that Apodos frees up time for nurses in geriatric care. The time that is freed up can be used for other important tasks, like preventive health care. Apodos is also better from a patient safety perspective. We know that there is a greater risk that a nurse will divide medicines incorrectly in a pill organiser than that the machine used for Apodos will make an error. It also reduces the risk that health-care personnel who distribute medicines

particular could be improved. In addition, I get terrific support from my contact at Apoteket. I can always call when I have any questions. That’s a key function – you have to be able to get help when you need it.”

**What would make it possible for even more people to have access to Apodos in your municipality?**

“The doctors are in charge. At one point the medicines committee stopped the service because of risks associated with communication between the county council’s IT system and ‘Pascal’, the health-care system for dose prescriptions. I have explained at medical conferences just how many doses we divide during a week in elderly care – it’s a lot of doses ... Then the doctors realised just how much time this takes for nurses. We’ve now started to implement Apodos in one senior housing facility. Then we’ll move on to two other facilities. We’re really excited about it!”

*“The biggest gain is that Apodos frees up time for nurses in geriatric care”*

to patients take drugs ‘from the wrong tray’. It is safer to take a pouch and check the name, date and time, as well as the number of medicines, than to take medicines from a pill organiser.”

**What would make Apodos even better?**

“I really don’t hear anything from the nurses in clinical practice that anything in



### Award

Apoteket was named the strongest brand in the pharmacy industry and received the Evimetrix Swedish Brand Award in October 2015.



Survey respondents mainly included nurses and nurses responsible for medicines in county councils and municipalities.

A total of about 177,000 patients receive multi-dose packaged medications in Sweden, including 79,000 patients who receive Apodos from Apoteket. Most patients who receive multi-dose packaged medications are in elderly care.

#### APOTEKET'S HEALTH CHECK-UP CHANGES LIFESTYLE HABITS

Apoteket's Health Check-up is our own health test, developed in 2010 as a collaborative venture between our medical expert advisory committee and the European Society of Cardiologists. The service is based on a science-based calculation model as a starting point for good cardiovascular health and healthy lifestyle habits. Based on personal results and wishes, the customer receives help finding the right type of support and tools to make progress and to establish long-term healthy habits.

The areas of improvement that most people choose to focus on are exercising more and a healthier diet. In evaluations carried out to date of the groups that had an initial health check and a follow-up after seven to twelve months, the results clearly show changes in habits and improved lab values.

The most common health problems found during the Health Check-up are elevated cardiovascular risk, high blood pressure, diabetes or risk of diabetes. In recent years, several enterprise customers bought Apoteket's Health Check-up to offer it to their employees as part of a preventive health programme.

#### PREFILLED SYRINGES SAVE TIME FOR HEALTHCARE SYSTEM

Apoteket's pre-filled syringes with medicine are a time-saving and safer alternative to filling syringes manually. The nurses do not need to expose themselves to dangerous substances or worry about making mistakes. In addition, all of our syringes are traceable and carefully controlled. The number of medicines offered in the service was increased during the year and sales of pre-filled syringes increased.

#### ROBOT FOR MORE EFFICIENT PHARMACEUTICAL PRODUCTION

Apoteket's production of special medicines in Skåne has been automated using the Pharmahelp robot, which is designed for the preparation of cancer drugs. The machine is the first of its kind in the Nordic countries and replaces manual tasks.



## Good customer relations

**We view each customer encounter as an opportunity to use our expertise and offer products and services to help people. A good customer encounter involves quality, dialogue and concern for each customer. Through good customer communication, together we can achieve the best solution. Good customer relationships also entail having a presence wherever customers need us – be it in the mall, at the health centre, online or via mobile devices.**

### **ADVICE BASED ON CUSTOMER NEEDS**

Advice is an important aspect of the customer encounter. Taking medications properly helps our customers to achieve a life in health, while improper use may lessen or eliminate the benefits altogether. During the year Apoteket has focused on expanding and improving the pharmacist-customer dialogue. By involving customers to a greater extent, we can more clearly identify their needs and improve their use of medicines.

Individual feedback and coaching by an experienced pharmacist is our approach for identifying both the strengths and the development potential of the customer encounter. Successful examples have been highlighted and shared among the pharmacies. This strategy has resulted in clearly improved advisory services, increased job satisfaction and willingness to take more initiative to help customers achieve a life in health.

### **APOTEKET CAN BE FOUND WHEREVER OUR CUSTOMERS ARE**

We strive to have a presence wherever the customer wants to meet us – in our pharmacies, online, via mobile devices and through our pharmacy representatives. Regardless of the channel through which customers seek us, the products in demand must be available. For example, certain medicinal products cannot be delivered to customers by mail, such as

medicines that must always be kept refrigerated or items that are very bulky. For customers who are unable to come to a pharmacy to pick up such medicines, Apoteket offers home delivery.

### **MORE NUMEROUS AND MORE MODERN PHARMACIES SIMPLIFY LIFE FOR CUSTOMERS**

We want to set the stage for more and better customer encounters. We accomplish this by having a presence where our customers need us and by adapting our offering to the customers. During the year we initiated a major effort to improve and modernise a number of pharmacies. Four new pharmacies have opened. In addition, the opening hours at existing pharmacies have been expanded by about 450 hours per week, which is equivalent to about eight new mid-sized pharmacies.

In 2016 we are focusing on opening more pharmacies and renovating several others. We want to make it simpler for customers to buy their medications and provide inspiration for a life in health.

### **MOBILE DEVICES MAKE IT EASIER TO SHOP AT APOTEKET**

During the year Apoteket launched the My prescriptions mobile app, which makes it easier for customers to order their prescription medications. Customers log in using their online banking ID and place their order with a few simple clicks. Next the customer chooses whether to



## We help you with your medicines

**Our employees have extensive knowledge about medicinal products and health. They make sure that customers know how to use their medications and other pharmacy products to improve their health.**

Pharmacists study at universities and graduate with either a three-year Bachelor of Pharmacy degree or a five-year Master's Degree.

Within Apoteket the pharmacist's duties may include dispensing medications in pharmacies, production of special medicines, deliveries of medicinal products to county councils and municipalities, clinical trials, e-commerce and customer service.

Each pharmacy is staffed by a pharmacist who is in charge of medicinal products and whose duties include responsibility for the quality of the pharmacy's handling of medications to ensure high patient safety. The pharmacies are also staffed by pharmacy technicians and various specialists.

## WHAT HAPPENS AT THE PRESCRIPTION COUNTER:

We greet the customer, check his or her ID and then enter the prescription database to locate the prescriptions for the medicines the customer wants to pick up. Together with the customer we double check the medicine and the dose to make sure they are appropriate for the person who received the prescription. If there is a question or a problem, we sometimes have to contact the prescriber.

**Medicine check:** If the customer takes multiple medications, we verify that they can be used together without having one medication cancel the effect of another, or interfere with each other to cause adverse effects.

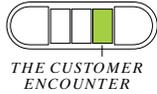
**Same medicine – different appearance:** If the customer wants the drug to be covered by the high-cost threshold, we will replace the prescribed drug with a generic equivalent. They have the same effect, but the tablets or capsules may look different. The customer may instead choose to buy the prescribed drug and pay the difference.

**Proper use for best effect:** We then ask a few questions to ensure that the customer knows how the medicines should be used and explain what the customer should keep in mind to make it easier to feel well. We have a digital knowledge base with tips and advice for each medicine to help us. This knowledge base is continually updated by pharmacists within the Company. We also answer customer questions.

**Supplementary products:** To maximise treatment benefit, we may give customers suggestions for supplementary products and services such as non-prescription drugs and other pharmacy products.

**Disposal of leftover medicines:** We remind customers to turn in any unused medicines to the pharmacy in order to protect the environment.

**Same conscientious approach in all channels:** Regardless of whether customers choose to shop online or come in person, we exercise the same attention to detail when verifying prescriptions and dosage. Customers who would like additional advice may book an appointment for this purpose at a pharmacy or contact Apoteket's customer service.



have the products sent home by mail or to pick them up at the nearest pharmacy.

Apoteket.se is mobile-friendly and has been improved to make it easier to find the products the customer desires. Apoteket.se and the new prescription app complement each other – customers can purchase the full range of medicines and other pharmacy products at apoteket.se, while the mobile app is tailored for customers who want to quickly buy their prescription drugs.

Sales via apoteket.se continue to increase for both prescription medications and other pharmacy products. Many customers choose to shop online, especially for rare and expensive drugs, since these products may not always be in stock at all pharmacies.

**EXPRESS DISPENSING FOR CUSTOMERS ON THE GO**

Express dispensing is Apoteket’s new delivery method for customers who shop via apoteket.se or mobile device and want to have their medications and other pharmacy products quickly. Once the order is placed, the products can be picked up after two hours at the pharmacy of the customer’s choosing.

**SNABBOTEKET BRINGS US CLOSER TO CUSTOMERS ON THE MOVE**

Apoteket is always working to find new ways to make products availa-

2

At year-end Apoteket’s customer loyalty club had two million members, an increase of 37 per cent since the beginning of the year.

ble, including when it comes to people on the move. Thanks to the acquisition of Snabboteket, our customers can buy non-prescription medications and other pharmacy products in small packages in places such as hotels.

**APOTEKET’S CUSTOMER LOYALTY CLUB CUSTOMISES SPECIAL DEALS**

At year-end Apoteket’s customer loyalty club had two million members, an increase of 37 per cent since the beginning of the year. Loyalty club members receive personalised offers and free shipping on apoteket.se orders as well as a bonus for returning leftover medicines.

**TRANSPORTS ALL THE WAY TO THE CUSTOMERS**

Apoteket aspires to have our products available when our customers need them. For this reason, every day medicines and other products are transported to our pharmacies, pharmacy representatives and warehouses. Deliveries are also transported directly to customers who have ordered via apoteket.se or to hospitals and other healthcare facilities around the country.

**APOTEKET IS COMMITTED TO REDUCING EMISSIONS**

Transportation of goods is the part of Apoteket’s operations responsible for the largest emissions of greenhouse gases. We are constantly working to find new solutions and cooperative efforts to reduce emissions while still

Award

At the 2015 Retail Awards, apoteket.se was named eCommerce/ omnichannel of the year, while Apoteket’s CEO, Ann Carlsson, was named Leader of the Year.



**Vivianne Bobäck**  
Pharmacy customer,  
Spånga

## HIGH TRUST IN PHARMACY STAFF

**Vivianne Brobäck** has been a customer at Apoteket Pelikanen since 1985 when she moved to Spånga in western Stockholm.

**Do you visit different pharmacies or do you usually go to the same one?**

“Although I’ve tried various pharmacies, I usually go to Apoteket Pelikanen in Spånga, which is close to where I live. I know the staff who work there well and they usually have my medications in stock.”

**What is your opinion of the advice you receive at Apoteket?**

“I have a few different ailments so I need both medications and other products. I always get great advice on how I should use my medications and the staff are careful to check that all my medications are safe for use at the same time and together with the non-prescription drugs I take.”

*“I always get great advice on how I should use my medications”*

**Have you also received advice about self-care products?**

“Yes, my husband has eczema and the staff have guided him in trying a variety of creams until he found the right one that works for him. They are very kind and friendly at my pharmacy, and service minded too. I can even bring up

sensitive issues and have great confidence in both the personnel and the products.

Sometimes, when I ask for a product they have said ‘there’s this new one, too’. Learning about new products is helpful. The staff also usually offer their own small tips. I learn a lot from them.”

**Have you tried to buy pharmacy products online or via your mobile device?**

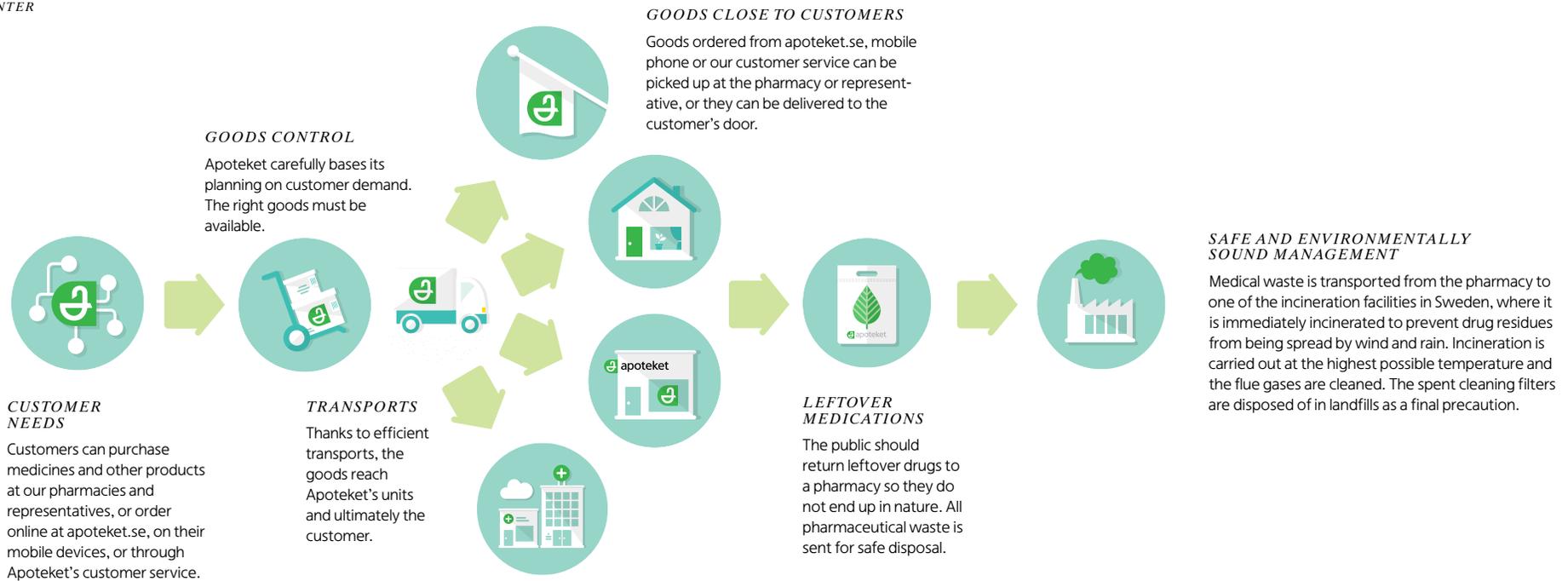
“I haven’t tried it personally, because I haven’t gotten my online banking ID yet, but my husband buys lots of things online. Sometimes he places an order, and then I walk over and pick up the bags at the pharmacy. Everything is paid for and ready to go. That’s really clever.”

**Is there anything that Apoteket doesn’t do today that you think we should do?**

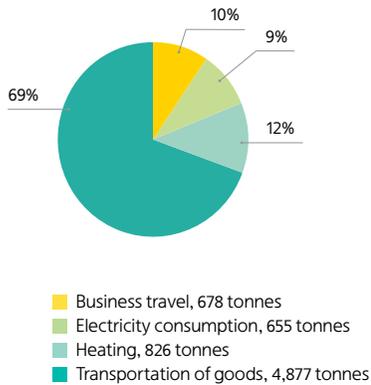
“It’s great that I can get my blood pressure measured and I would love to see more services, like vaccinations in flu season.”

**What is your favourite product at Apoteket.**

“I’m scent-sensitive but I like Apoliva’s deodorant. It used to have a mild pleasant fragrance. Now it is scent-free. I also like Tepe’s narrow tooth-picks; they’re just great.”



**CARBON EMISSIONS**



maintaining our efficiency and high level of service. During the year we sharpened our strategic focus on transports. Apoteket's long-term goal is for all heavy transportation to take place using vehicles that meet Euro 5 standards or higher. This environmental classification entails significantly lower emissions of harmful greenhouse gases such as hydrocarbons and carbon monoxide. Apoteket has also pledged to support the Fossil-free Sweden initiative that the Swedish government launched prior to the 2015 climate meeting in Paris. Our objective is to ultimately make a complete switch to non-fossil fuels to reduce our carbon emissions.

Collaboration with our county council customers and contracted transporters is key to accelerating progress. More and more county council customers set high environmental requirements for transport solutions. We welcome this trend and in turn set high requirements

for the transporters we engage. Together we can promote progress towards the development of well-functioning, cost-effective non-fossil fuels and environmentally smarter vehicles on the market.

**ELECTRIC TAXI AT SOLNA HEADQUARTERS**

Apoteket wants to reduce emissions from business travel, so in autumn 2015 we joined the Nollzon (Swedish campaign for Zero Emissions) initiative, which aims to increase the demand for electric cars in cities. When our employees or visitors at our Solna headquarters order taxis, electric cars are always prioritised. As more companies join the initiative, demand will grow and the taxi companies will purchase more electric cars and more rapid chargers can be set up.



#### LEFTOVER MEDICATIONS RETURNED TO THE PHARMACY

Returning leftover medications to pharmacies is important in order to prevent drug residues from spreading in the environment. In 2015, we sent a total of 390 tonnes of pharmaceutical waste for safe incineration. Our objective is to increase the number of customers who turn in their leftover medicinal products to Apoteket. This year's customer survey shows that more than half of our customers have turned in medications to one of our pharmacies. Among those who have not purchased medications or did not have any leftover medicines, 86 per cent say that they would have returned their leftover medications to Apoteket. One way to increase the percentage of customers is the environmental bonus we give to customer loyalty club members who return leftover medicines.

In the long term our aspiration is to reduce the total percentage of leftover medicinal products. Apoteket wants to help achieve this goal, mainly by providing advice to customers. When customers take their medicines properly, they feel better at the same time that total scrapping of medicinal products declines – along with the negative impact on the environment.

#### HELP FOR REFUGEES

In 2015 Apoteket initiated a collaboration with Save the Children that supports children in vulnerable situations. In the emergency refugee situation during the year one way that we helped was by donating personal care products to Save the Children's welcome pack for new arrivals in Sweden.

#### OUR CONTRIBUTION TO CANCER RESEARCH

Apoteket has contributed to the Swedish Cancer Society's Pink Ribbon campaign for the past ten years. Sales of selected pink products raised SEK 6 million for this year's contribution. Apoteket also participated in lunch walks arranged by the Cancer Society in Stockholm, Gothenburg and Malmö aimed at demonstrating the importance of exercise in cancer prevention.



## A life in health for everyone

Apoteket wants to make it easier for customers to feel well throughout their lives. We show respect and consideration in each customer encounter and find the best solution for a life in health based on the unique needs of the customer.

At Apoteket we meet people with different needs and priorities every day. When interacting with these people, it is important for us to show our concern – to listen to them, ask questions and give advice. Thanks to our highly knowledgeable and dedicated staff, we can help each customer to get the right medications and other pharmacy products.

As part of our quest to be close to our customers, we are continuing to invest in more pharmacies and to extend our opening hours. People who live far from a pharmacy can visit one of our more than 600 representatives all over Sweden. We continue to streamline our business and adapt our offerings to meet customer needs. Customers can use our digital services at apoteket.se and on their mobile devices.

We work closely with the healthcare system and develop effective and patient-safe solutions for medication deliveries and custom-made medicines.

We are proud of everything we have achieved to date and constantly strive to find new ways to help our customers. By meeting their needs and exceeding their expectations our existing customers become more satisfied and new customers discover our products and services. An increase in the number of customers who buy their medicines from us has a positive effect on profitability. We can then continue to invest in our customer relationships, employees and product range, as well as more and better pharmacies. In this way, we help more people to live a life in health.



**Farah Mirza**  
Pharmacy technician and self-care advisor, Kista



### CUSTOMER ENCOUNTERS IN MULTIPLE LANGUAGES

At many of our pharmacies we have met people during the year who have recently arrived in Sweden from other countries. Farah Mirza has become involved in the challenges associated with a newly arrived refugee or asylum seeker in need of help with pharmacy issues.

#### What kind of support do people need that you have noticed at your pharmacy?

“Most customers who come to our pharmacy have already lived in Sweden for a while, but some have a temporary residence permit and live in refugee centres. It can be difficult for newcomers to understand how things work in Sweden, like with prescriptions – how often they can get their medicines, or how the high-cost threshold rules work.”

*“They can talk to us about their health in their native language”*

#### How has it worked in terms of languages?

“It’s worked well in our pharmacy because we speak many languages besides Swedish, like Arabic, Kurdish, Persian and Turkish. Many customers say it is reassuring that they can talk to us in their native language about medications and advice on self-care products. We also have some information sheets about products in different languages.

During the year, we received many calls from colleagues asking us for help inter-

preting in their meetings with customers. Apoteket’s intranet shows which employees speak what languages so we can help each other.”

#### You’ve been involved in the refugee issue privately too; why is that?

“It started in September when I heard about all the refugees who came to Stockholm by train. I felt I had to do something and went to the central station. I saw a girl there wearing a white coat. She greeted the people who needed help who had gathered there and I asked her how I could help. Her name was Susanna Charboti, a medical student who worked at Apoteket Svanen in Stockholm.

Together we founded the organisation Vård på Centralen (Care at the Central Station). At first it was just the two of us, but in just a week we were 200 strong, many from the various health professions.”

#### What was it like working as a volunteer?

“Many refugees suffered from colds with coughs and other problems. As a pharmacy technician I could mainly offer advice on self-care. We also had other people from the health professions there, including doctors, but anyone who needed emergency care was referred to the primary care centre. We volunteers achieved a good rapport within the group and it felt great to be able to help out. I thought it was really fun to meet so many different people in such a short time, but at times it was also sad and stressful. I arrived as a refugee from Iraq when I was two years old. When I see the children in refugee families, I think: that was me 27 years ago.”

## Administration Report

The Board of Directors and the President of Apoteket AB (publ.), Corp. Reg. No. 556138-6532, hereby submit the annual accounts and consolidated financial statements for the financial year 1 January–31 December 2015. The Company has its registered office in Solna. Apoteket is owned by the Swedish state and managed by the Ministry of Enterprise and Innovation. Business is conducted under market-based terms and conditions.

### Significant events in 2015

- Apoteket's new organisation came into force on 1 February 2015. The change entails a consolidated sales organisation and fewer full-time positions within the central organisation.
- Apoteket's remit to retain the existing pharmacy representatives was extended through 30 June 2016.
- All pharmacies that were previously run as franchise pharmacies are now once again being run in-house. The last franchise pharmacies returned to the fold in June 2015.
- Apoteket began the establishment of a new multi-dose production facility in Örebro.
- Apoteket acquired Snabboteket AB which provides medicines and self-care products to the hotel and travel market.

### Market

The **consumer market** is defined as total sales from in-store and mail order sales. Total sales in the consumer market in 2015 amounted to SEK 38 billion, an increase of 6.4 per cent compared with the previous year.

#### NEW PHARMACIES IN THE CONSUMER MARKET

At year-end Apoteket had 372 pharmacies, to be compared with 370 at the beginning of the year. Apoteket also had operations through representatives in 657 locations throughout Sweden. The number of outpatient pharmacies increased from 1,325 to 1,358 during the year.

Pharmacy density is 7,300 residents per pharmacy. Before reregulation of the pharmacy market, pharmacy density was about 10,100 residents per pharmacy.

#### DELIVERIES OF MEDICINAL PRODUCTS TO COUNTY COUNCILS

During the year several county councils extended their agreements with Apoteket to deliver medicinal products and to produce special medicines. A new contract for multi-dose packaged medications with Region Västra Götaland and Region Halland was initiated in early 2016. The agreement covers 40,000 patients.

In connection with this change, Apoteket gathered all

production of multi-dose packaged medications in a modern new facility in Örebro.

The county council contracts are characterised in general by price pressure and involve fewer services than previously.

### Net sales and performance

#### NET SALES

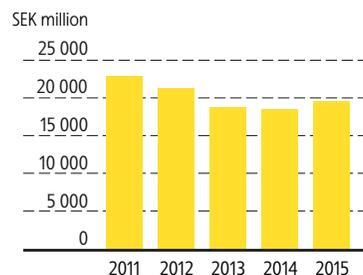
Apoteket's net sales increased 5.6 per cent in 2015, or SEK 1,032 million compared with the previous year, totaling SEK 19,599 (18,567) million. This increase is mainly attributable to the consumer market.

#### CONSUMER MARKET

Apoteket offers private individuals medicines and other health-related products and services, as well as information and advice through 372 self-operated pharmacies. All franchise pharmacies returned to Apoteket's ownership during the year.

Net sales rose 10.2 per cent compared with the previous year to SEK 12,490 (11,335) million. The sales increase can mainly be explained by the shift toward more expensive prescription drugs, as well as increased self-care sales. The

**NET SALES**



**OPERATING MARGIN**



return of the franchise business explains the increase in sales of SEK 334 million.

As at 31 December 2015 Apoteket’s market share was over 27 per cent based on the number of outpatient pharmacies. This was one percentage point lower than at the beginning of the year.

**HEALTHCARE AND ENTERPRISE MARKET**

Apoteket offers delivery services for medicinal products and provides multi-dose packaged medications and production of special medicines to county councils, municipalities and companies.

Net sales in the healthcare and corporate market amounted to SEK 7,083 (7,079) million. Sales include increased medicinal product volumes to the county councils and reduced sales to other contract customers.

**OPERATING PROFIT**

Operating profit for 2015 was SEK 464 (343) million, which was an increase of SEK 121 million compared with the previous year. The improvement is mainly attributable to higher gross profit margins in the consumer business, as well as lower IT costs and depreciation.

Depreciation, amortisation and impairments amounted to SEK 135 (165) million. The operating margin increased to 2.4 (1.8) per cent compared with Apoteket’s long-term objective of 3.0 per cent.

Compared with the previous year, the return of the franchise pharmacies

has resulted in some consolidation effects. As a result, net sales increased by SEK 334 million, gross margin SEK 75 million and expenses SEK 83 million.

**NET EARNINGS**

Net earnings amounted to SEK 458 (371) million, which is SEK 87 million higher than the previous year. Net financial items declined, mainly relating to net financial items for pensions which amounted to SEK 127 (139) million. The tax liability was SEK 133 (110) million, which corresponds to a tax rate of 22.5 per cent.

Pension-adjusted net income amounted to SEK 359 (263) million.

**OTHER COMPREHENSIVE INCOME**

Actuarial gains and losses related to the change in fair value of the plan assets in Apoteket’s Pension Foundation, as well as the development of

SALES SUMMARY			
Amount in SEK million	Full-year 2015	Full-year 2014	Change, %
Consumer market <sup>2</sup>	12,490	11,335	10.2
Healthcare & Enterprise Market <sup>2</sup>	7,083	7,079	0.0
Other <sup>1</sup>	26	153	-83.0
<b>Total net sales</b>	<b>19,599</b>	<b>18,567</b>	<b>5.6</b>

1) Other mainly relates to sales to franchisees.  
2) According to the 2015 organisational structure.

**CONSOLIDATED OPERATING CASH FLOW**

SEK million	2015	2014
Cash flow from operating activities	201	4
Investments in intangible assets	-18	-28
Investments in property, plant and equipment	-63	-42
Divestment of non-current assets	9	6
<b>Operating cash flow</b>	<b>129</b>	<b>-60</b>

**ANALYSIS OF INTEREST-BEARING NET DEBT/ASSETS**

SEK million	2015	2014
Balance at 1 January	56	285
Operating cash flow	-129	60
Dividend	158	150
Payment	-442	-439
<b>Balance at 31 Dec.</b>	<b>-357</b>	<b>56</b>

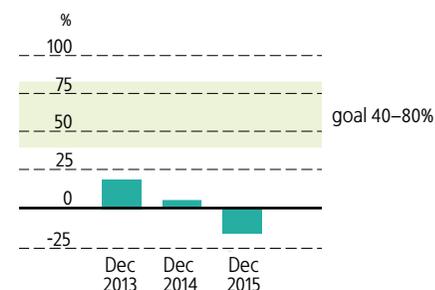
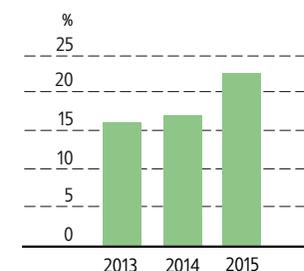
pension obligations compared with the forecast, are reported in Other comprehensive income and amounted to SEK 164 (76) million after deferred tax.

**CASH FLOW**

Operating cash flow was SEK 129 (-60) million for the period. The positive operating cash flow is mainly attributable to an improved operating profit. Cash flow from financing activities amounted to SEK 184 (68) million.

Payment received from Apoteket's Pension Foundation was SEK 442 (439) million. Dividend paid was SEK 158 (150) million.

Cash flow for the period was SEK 313 (8) million, while cash and cash equivalents on 31 December 2015 amounted to SEK 357 (44) million.

**DEBT/EQUITY RATIO****RETURN ON CAPITAL EMPLOYED****INVESTMENTS**

Investments in intangible assets and property, plant and equipment amounted to SEK 81 (70) million and consisted primarily of investments in new construction and renovation of pharmacies. Divestment of non-current assets amounted to SEK 9 (6) million.

**FINANCIAL POSITION**

Equity on 31 December 2015 was SEK 5,150 million, which was SEK 464 million higher than at the beginning of the year. The Group's pension claims increased by SEK 162 million. Pension-adjusted equity amounted to SEK 2,135 million.

As at 31 Dec. 2014, Apoteket had a net loan liability of SEK 56 million. At the end of 2015, Apoteket had a financial net asset of SEK 357 million. Return on capital employed was 22.7 percent (17.1), and return on equity was 9.2 percent (7.8).

**KEY FIGURES, QUARTERLY**

	2015:4	2015:3	2015:2	2015:1	2014:4	2014:3	2014:2	2014:1	2013:4
Net sales, SEK million	4,998	4,714	4,985	4,901	4,956	4,522	4,680	4,409	4,623
Operating profit, SEK million	40	179	123	122	31	125	106	81	55
Operating margin, %	0.8	3.8	2.5	2.5	0.6	2.8	2.3	1.8	1.2

## Parent Company

**Net sales for Apoteket** in 2015 amounted to SEK 19,599 (18,567) million. The increase is attributable in part to an increase in sales of expensive prescription drugs, increased self-care sales and the effect of the return of the franchises.

Operating profit was SEK 643 (511) million. Net earnings amounted to SEK 463 (437) million.

Operating cash flow was SEK 129 (–56) million. Cash flow from investing activities amounted to SEK –70 (–64) million.

Cash flow from financing activities amounted to SEK 184 (68) million. Cash flow for the period amounted to SEK 313 (12) million.

### EVENTS OF MATERIAL SIGNIFICANCE TO AN ASSESSMENT OF DEVELOPMENT, RISKS AND UNCERTAINTIES

The material risks and uncertainties reported for the Group are also relevant for the Parent Company.

## Material risks and uncertainties

**Like all business operations**, Apoteket's activities are exposed to risks and uncertainties that could impact the Company's ability to implement strategic plans as well as its earnings and position. Apoteket's risk management aims to identify risks that may affect the business and the ability to achieve goals. For Apoteket, the task involves preventing known risks and being prepared to manage risks to which the Company may be exposed.

### RISK ANALYSIS

Following the annual review of the business plan, Apoteket carries out risk analyses of its various areas of operation. These analyses are compiled into a total risk analysis for the Company. The risks are evaluated and the Executive Management Committee prioritises the 10–15 biggest risks based on materiality, probability and financial impact. The analysis includes risk factors with both short-term and long-term effects, where factors concerning both financial and sustainability-related risks are taken into account. The risk analysis is followed up during the year and risks, probability, economic impact, and measures are assessed as needed. Those risks that do not make it to the “top 10” list are managed in each business. These risks are categorised into business and market risk, financial risk, operational risk and sustainability risk.

### BUSINESS AND MARKET RISKS

Business and market risks relate to external events and changes that are linked to Apoteket's business environment and the market in which the Company operates. Examples of significant business and market risks for Apoteket are:

#### *Political decisions*

The Swedish government has conducted a number of studies that could influence the rules by which the pharmacy market plays. Apoteket stays up to date

through a continuous dialogue with stakeholders regarding policy decisions and regulations to be able to quickly react to changes.

#### *Competition*

The industry is changing through mergers and new niche players. New customer offerings are also being developed, with new content and a new price structure. This places increasing demands on Apoteket's ability to adapt and streamline operations. Apoteket carefully monitors market trends through its business intelligence.

#### *External cyber threats*

The increased number of cyber attacks and threats in recent years also affects Apoteket and the risk of becoming the victim of such an attack is rising. To address this risk Apoteket continues its efforts related to business intelligence, updating IT support, education and monitoring of logs.

### FINANCIAL RISKS

Financial risks refer to fluctuations in the Company's profits and cash flow as a result of changes in, for example, interest levels, exchange rates, refinancing and credit risks.

#### *Pension obligations*

Apoteket has a substantial pension commitment that is secured through Apoteket's Pension Foundation.

## SENSITIVITY ANALYSIS

	Estimated impact on comprehensive income, SEK million
1% change in net sales, prescription drug sales store	13
1% change in net sales, self-care sales store	16
1% change in compensation and benefits, including social security contributions	20
0.25% change in inflation used in the calculation of the present value of the defined benefit pension obligation <sup>1</sup>	-240
0.25% change in the nominal discount rate used in the calculation of the present value of the defined benefit pension obligation <sup>1</sup>	260
5% change in cost of the fair value of managed assets	550

<sup>1</sup>) With a change, such as a 0.25% increase, in inflation and the nominal discount rate, the earnings impact of these variables meet (one positive and one negative). In this example, inflation has a negative impact on earnings and the nominal discount rate is positive.

The task of the foundation is to secure the employer's pension commitment by investing the foundation's assets in a prudent manner. If the value of the assets in the pension foundation trends negatively, this could result in Apoteket having to inject capital to secure the pension commitment. To ensure adequate risk control, the foundation has a clearly defined risk mandate. The foundation provides monthly feedback. Apoteket also has financial risk related to the pension obligation and changes in actuarial assumptions.

#### Currency, interest and credit risks

Apoteket's operations are limited in scope in terms of currency, interest rate and credit risks. Sales are largely paid for by credit card or cash. Customers in the health-care and enterprise market are primarily municipalities and county councils. Overall, the credit risk is low.

Financial risk management is governed by Apoteket's financial policy. For more information about financial risk management, please see note 21.

#### OPERATIONAL RISKS

Operational risks comprise internal factors or events that may affect the prospects for achieving Apoteket's established objectives. Apoteket's operational risks primarily consist of IT changes, organisational transition, and the cost structure.

Apoteket continues to maintain a high rate of change of IT support, which increases the risk that expected business benefits will be lower than anticipated. In the contract and multi-dose business, Apoteket clearly notices that the cost situation is critical in order to win contracts. In order to meet customer expectations and new opportunities in the market, Apoteket is

adjusting the organization since changes require new and more efficient processes. If not fully implemented, there is an increased risk that the change will not have the desired effect.

#### SUSTAINABILITY RISKS

Sustainability risks refer to factors influencing long-term values from a financial, environmental and social perspective.

#### Product supply

One significant identified sustainability risk can be found in the product supply, where Apoteket's brand is negatively affected by unacceptable social conditions or defects in product quality. Apoteket places high demands when reviewing suppliers, carries out audits and carefully assesses all products that are not medicines before including them in the range.

## Sustainability initiatives in five areas

**Apoteket wants to** conduct business so that conditions for long-term value are created. Sustainability focuses on five strategic areas: health, product range, the environment, diversity and profitability. They address health among both customers and employees, a carefully selected product range and responsible supplier relationships, reduced environmental impact from transports and medicines, diversity and motivation among employees and good long-term profitability. The Board of Directors supports these objectives,

which permeate and promote commitment throughout the Company. Sustainability initiatives are under constant development. More information on how we continue to develop Apoteket into a sustainable company is available on pages 16–34.

An overview of Apoteket’s sustainability goals can be seen on pages 14–15. More information about specific targets and outcomes is available on pages 81–86.

## Employees

**The average number of employees** for 2015 was 3,318, which is a decrease of 156 from the previous year. The decrease is due to Apoteket’s efforts to adapt to the smaller healthcare and corporate business.

Apoteket’s leadership initiatives continued in 2015, with a new leadership training course for new managers and a personal development programme for the Company’s 75 senior executives.

A new employee survey was carried out during the year that focused on conditions necessary for performance and basic human needs. In addition to these areas, factors such as employee motivation were also assessed.

## Significant post-balance sheet events

**In January 2016 Apoteket and Apoteket Hjärtat** entered into an agreement for the purchase and sale of pharmacies. Apoteket will take over eight Apotek Hjärtat pharmacies in City Gross locations and Apotek Hjärtat will simultaneously acquire four pharmacies from Apoteket.

## Guidelines regarding remuneration of senior executives

**The 2015 AGM approved** the Board’s proposed guidelines, which entail that the Company will apply the principles laid down in the Government’s “Guidelines for Terms and Conditions of Employment for Senior Executives in State-owned Companies,” adopted on 20 April 2009. The guidelines encompass a number of guiding principles.

The Company must ensure that total remuneration for senior executives is reasonable and well-balanced. It must be competitive, have a set ceiling and be appropriate, in addition to contributing to a sound ethical and corporate culture. Remuneration must not be higher than salaries offered in comparable companies, but should instead be moderate. It should also act as a guide for the total remuneration of other employees.

The Company shall ensure that remuneration to senior executives follows the guidelines established by the AGM. Based on the documentation, which served as the basis for the Board’s original decision on remuneration, and using the Board’s Corporate Governance Report as a starting point, the Company’s auditors will conduct a review to ensure that agreed remuneration levels and other conditions of employment are not exceeded. The Company’s auditors will also submit a separate Report annually prior to the Board’s accounts meeting to present their observations regarding compliance with the terms of employment for senior executives and other employees with the Board’s decision and the guidelines adopted by the AGM. If the auditor feels the guidelines have not been followed, the rea-

sons for this assessment must be stated. The Company must continuously conduct market comparisons for this purpose to ensure that remuneration complies with the remuneration principles in relation to comparable companies.

Before taking decisions on individual remuneration, the Company must ensure that written documentation is available showing the total cost of the set remuneration.

The Company shall prepare, via the Remuneration Committee, all decisions relating to remuneration principles, remuneration and other employment terms and conditions of senior executives. Salary and benefits for the President and other senior executives are presented in note 8.

### PROPOSED GUIDELINES FOR THE PERIOD UP UNTIL THE NEXT AGM

The Board’s motion to the 2016 AGM is that Apoteket should apply the guidelines for employment terms and conditions for senior executives in state-owned companies as set by the Government and which comply with the guidelines applied during 2015.

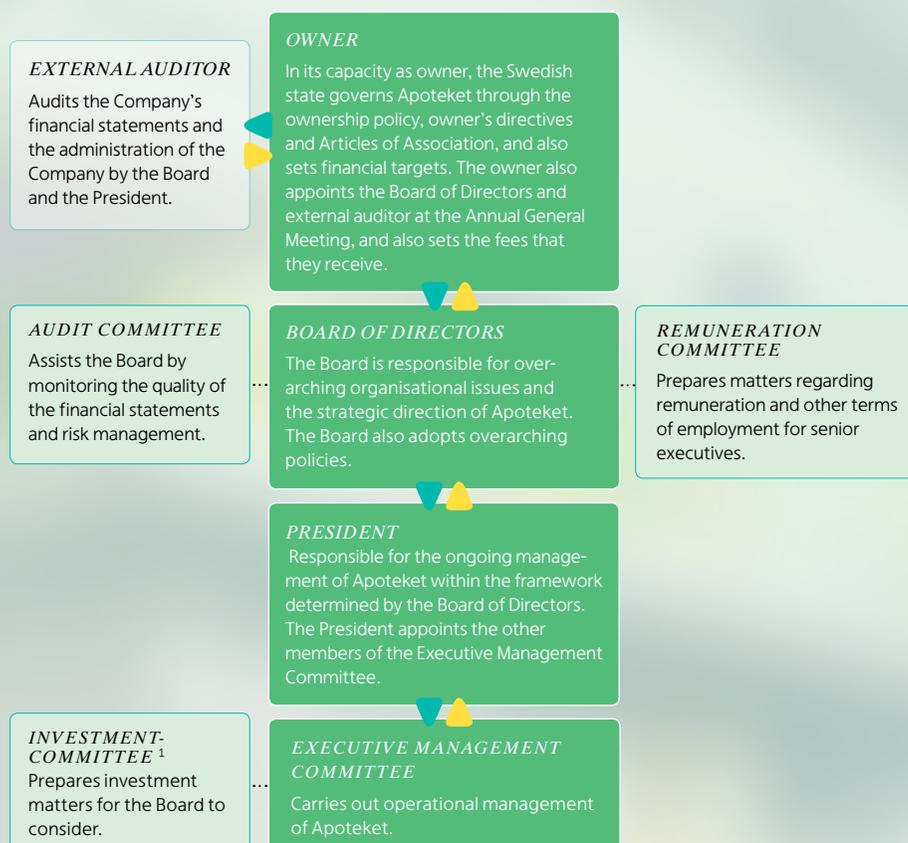
For further information on the State Ownership Policy, please refer to the Swedish Government’s website.

## Distribution of earnings

**The Board’s proposal** for the distribution of earnings is presented on page 77. The proposed dividend for 2015 is SEK 6,285.71 per share, for a total of SEK 1,100 million.

# Corporate Governance Report

Apoteket AB is a Swedish public limited liability company with its registered office in Solna. The Swedish state owns all shares in Apoteket.

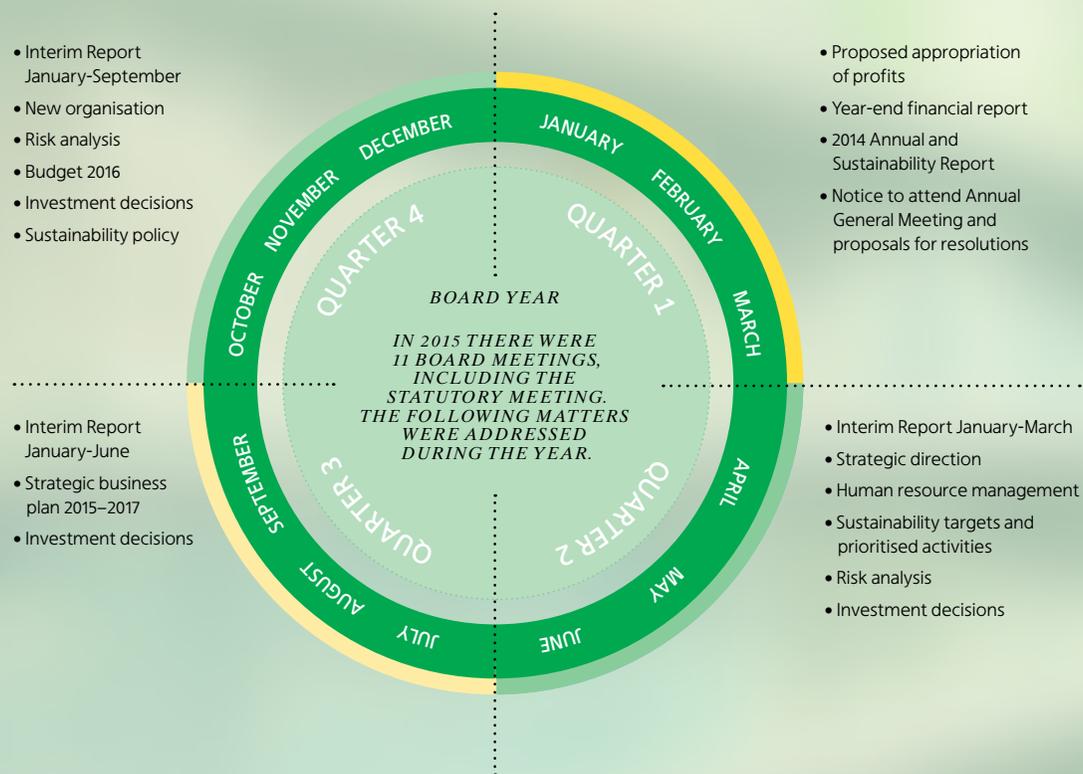


1) The investment committee was discontinued as at 1 September 2015 and was replaced by the entire Executive Management Committee.

**The owner exercises** its influence over the Company at the Annual General Meeting by adopting the income statement and the balance sheet, as well as resolving on discharging the Board of Directors from liability, dividends to the owner, fees to the Board and auditors, and remuneration guidelines for senior executives. The AGM also appoints the Board of Directors, the Chairman of the Board and the auditor, and also determines the fees to be paid to them. The Board of Directors is responsible for overarching organisational issues and the strategic direction of Apoteket. The Board also appoints the President of the Company, who is responsible for day-to-day management within the framework set by the Board. The President appoints the other members of the Executive Management Committee.

## OWNER

Ownership is exercised in practice by the Ministry of Enterprise and Innovation through the company management organisation. The State's Ownership Policy serves as the basis for governance of Apoteket, along with the Articles of Association, financial targets and owner instructions. The ownership policy includes special guidelines for external financial reporting and for terms of employment for senior executives. The owner requires Apoteket to set a good example in the field of sustainable business practices, including human rights, working conditions, the environment, anticorruption, business ethics, gender equality and diversity. Apoteket also applies the Swedish Code of Corporate Governance (the "Code"). Deviations from the Code are reported in the table on page 43.



The Chairman arranges progress meetings during the year between the owner and Company. The President also participates at these meetings.

#### ANNUAL GENERAL MEETING

At Apoteket's Annual General Meeting on 13 April 2015, Christian W. Jansson (Chairman), Gert Karnberger, Kristina Schauman, Maria Curman and Leif Ljungqvist were re-elected. Sussi Kvart was elected by Apoteket's Board of Directors. Elisabeth Wenzlaff left the Board. KPMG AB was elected to serve as auditor, with Ingrid Hornberg Román as auditor in charge. The Meeting resolved to pay a dividend of SEK 158 million to the owner.

New owner instructions were adopted according to which Apoteket's remit to retain the existing pharmacy representatives was extended through

30 June 2016. The AGM was open to the public, which had the opportunity to ask questions in conjunction with the Meeting. Only a few people were present; no members of the Riksdag attended the Meeting, though according to the Articles of Association, Riksdag members are entitled to attend the Meeting.

#### AUDITORS

Auditors are appointed by the AGM with the task of auditing the Company's financial statements and the administration of the Company by the Board and the President. The auditors' position of independence is ensured by law as well as by internal and external professional rules of ethics.

## BOARD OF DIRECTORS

The nomination process for members of the Board is coordinated by the owner. Requirements for expertise are analysed based on the Company's business, situation and challenges, as well as the Board's current composition and the results from the year's evaluation of the Board. Trade unions are entitled to appoint two members and two deputies. 50 per cent of the Board members elected by the AGM are men. All trade union representatives are women. The President is not a member of the Board, but attends all meetings together with the CFO and the Company's Chief Legal Officer, who is the secretary of the Board of Directors.

Each year the Board of Directors adopts rules of procedure for its own work to clarify the allocation of responsibilities between the Board of Directors and its committees. The instructions to the President, which are adopted annually and include reporting instructions, regulate the allocation of responsibilities between the Board and the President. Board meetings follow an established annual schedule and the Board usually meets five times a year, twice in the spring and three times in the fall. These meetings are supplemented by shorter decision-making meetings by phone. Regular meetings always include a review of the minutes and unresolved issues, as well as reports from the committees and the President. The Board has not established a special audit function (internal audit), but during the year the Company continued to work on strengthening internal controls. The Board sets the Company's overarching policies.

## COMMITTEES

The Board has established an Audit Committee and a Remuneration Committee from among its members.

The Audit Committee assists the Board by monitoring the quality of the financial statements for the Company and the Group. The Audit Committee consists of Kristina Schauman (Chair), Gert Karnberger and Leif Ljungqvist.

The Remuneration Committee prepares matters regarding remuneration and other terms of employment for senior executives. The Remuneration Committee consists of Christian W. Jansson (Chair), Maria Curman and Sussi Kvarn.

## DEVIATION TABLE

Code rule	Deviation	Explanation
2.1–2.7: The Company shall have a Nomination Committee.	A Nomination Committee has not been established.	The Company management organisation within the Ministry of Enterprise and Innovation is responsible for the nomination process.
4.5: Reporting of independence in relation to major shareholders of the Company.	Dependence in relation to major shareholders is not reported.	The rule is primarily intended to protect minority shareholders in companies with dispersed ownership. For state-owned companies there is no reason to report independence in this regard.

	Elected year	Meetings Board of Directors	Meetings Audit Committee	Meetings Remuneration Committee	Regular fee, SEK k	Fee for committee work, SEK k
Christian W. Jansson <sup>1</sup>	2009	11/11		3/3	300	
Gert Karnberger <sup>2</sup>	2009	11/11	5/6		150	25
Kristina Schauman <sup>3</sup>	2009	11/11	6/6		150	50
Elisabet Wenzlaff <sup>4</sup>	2009	0/2		2/2	50	
Maria Curman <sup>5</sup>	2012	10/11		5/5	150	
Leif Ljungqvist <sup>6</sup>	2012	11/11	6/6			
Sussi Kvarn <sup>7</sup>	2015	9/9		3/3	100	
Carin Sällström-Nilsson <sup>8</sup>	2009	2/2			3	
Marie Redeborn <sup>9</sup>	2012	6/11			12	
Lisa Ekstrand <sup>10</sup>	2015	9/9			9	
Gunilla Larsson <sup>11</sup>	2009	11/11			12	
Lena Rhodin <sup>12</sup>	2014	9/11			12	

- 1) Chair, Board of Directors  
Chairperson of the Remuneration Committee beginning April 2015
- 2) Member of the Audit Committee
- 3) Chairperson of the Audit Committee
- 4) Chairperson of the Remuneration Committee, through March 2015
- 5) Member of the Remuneration Committee
- 6) Member of the Audit Committee
- 7) Member of the Remuneration Committee beginning April 2015
- 8) Employee representative, appointed by Swedish Pharmacists Association through March 2015
- 9) Employee representative, Board member beginning April 2015, appointed by the Swedish Pharmacists Association
- 10) Employee representative (deputy), appointed by the Swedish Pharmacists Association, beginning April 2015
- 11) Employee representative, appointed by Unionen
- 12) Employee representative (deputy), appointed by Unionen

The auditor participated at Audit Committee meetings on several occasions throughout the year in connection with a review of the interim reports, internal control and other auditing efforts. The auditor participated at Board meetings in conjunction with the adoption of the Annual Report

and the Sustainability Report, and also consulted with the Board without the presence of the President and members of executive management.

More information about the Board of Directors and the auditor can be found on pages 92–93.

#### PRESIDENT AND DECISION-MAKING BODIES

The President is responsible for the ongoing management in accordance with the Companies Act. The Board adopts additional instructions. The President is responsible for keeping the Board continuously informed of significant events and for otherwise organising the Company to ensure that appropriate governance and operational control are attained. The President takes decisions independently or with the support of two decision-making bodies, the Executive Management Committee and the Investment Committee. As of 1 September 2015, the Investment Committee was replaced by the entire Executive Management Committee to make investment decisions, which according to the rules on decision-making, must be authorised by the President or the Board.

#### EXECUTIVE MANAGEMENT COMMITTEE

The President heads up the Executive Management Committee, which meets twice a month. Operations are monitored through quarterly operations management meetings that are coordinated by the CFO and run by the President. More information about the Executive Management Committee can be found on pages 94–95.

#### INVESTMENT COMMITTEE

Investment issues are addressed by the Investment Committee, which comprises the CFO (Chair), President and the Company's Chief Legal Officer. The Investment Committee also recommends investments for the Board to consider. The investment committee was discontinued as at 1 September 2015 and was replaced by the entire Executive Management Committee.



**Christian  
W. Jansson**  
Chair, Board  
of Directors

### FAVOURABLE SALES TREND AND APPRECIATED BY THE CUSTOMERS

**What has been the most important issue for Apoteket's Board of Directors in 2015?**  
"The year has been characterised by favourable sales growth in the consumer market. We've focused on creating conditions to promote the development of Apoteket's store network and getting more customers to visit our pharmacies."

**Why is it important for Apoteket to strive to achieve sustainable development?**  
"Apoteket has worked on sustainable development from the very beginning in 1971. It feels extremely natural for us to invest in sustainable enterprise. We continue to conduct business using our vision of a life in health as the starting point. We consider environmental and social perspectives, as well as profitability in our decisions."

*"Our customers  
have great confidence  
in our staff, as well  
as in our products  
and services"*

**What does the Board of Directors think is Apoteket's greatest asset?**  
"Apoteket has an extremely strong brand and is greatly appreciated by the customers. Our good reputation is largely linked to our fabulous employees. Our customers have great confidence in our staff, as well as in our products and services."

**What is the Board going to focus on during the coming year?**  
"We will continue to improve and streamline Apoteket's business to ensure that we can provide maximum customer benefit. Above all, it is the high credibility of our employees and their desire to help people to feel a little better that makes Apoteket competitive and popular among customers."

"I would like to warmly thank our employees for all of their efforts over the past year."

## Report on Internal Control

**Under the Swedish** Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is ultimately responsible for the Company having sound internal controls, processes and procedures that ensure compliance with established principles for financial reporting and internal control and that the Company's financial statements are prepared in accordance with the law, applicable accounting standards and other requirements. This Report has been prepared in accordance with the Swedish Annual Accounts Act 6:6, paragraph two, point two, and is therefore limited to internal control and risk management with respect to financial reporting. The descriptions of the Group's internal control and risk management systems also apply to the Parent Company.

Apoteket uses the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control Integrated Framework to help support development of internal governance and control systems. Internal control is described using the components control environment, risk assessment, control activities, dissemination of information and monitoring.

An internal control function strengthens the

Company's internal control work. The function is organisationally part of the Finance Department and consists of one position. The function monitors the control activities that the Company has adopted and reports deviations involving internal control, including an action list with clearly defined deadlines and responsibility to the Company's Audit Committee and management. This function also includes close collaboration with the Company's external auditors. Deviations must be rectified by the respective manager. Examples of controls include monitoring of the completeness of invoicing, inventory and purchasing procedures in stores and Apoteket's wholesale operations.

### CONTROL ENVIRONMENT

The basis of this internal control consists of the control environment with the organisation, decision-making processes, responsibilities and authorities that are documented and communicated in governing documents such as guidelines, policies, instructions and manuals. Examples include the distribution of work between the Board on the one hand and the President on the other hand, and the other bodies that

the Board established, instructions for approval powers, as well as accounting and reporting instructions.

Documentation regarding reporting forms and policies, internal governance, control and monitoring is gathered in internal policies, guidelines and instructions. These documents are made available to the employees concerned through Apoteket's intranet and information meetings.

At the foundation, the manager for each operation is responsible for internal control. The results of the control activities that are carried out are presented and reviewed with the respective manager at regular meetings.

### RISK ASSESSMENT

The Group's risk management methods are intended to ensure that risks are managed within the established framework. Apoteket has a centralised business department that handles accounting for the Company. In order to identify, analyse and decide on the handling of any errors in financial reporting, it is crucial for the Business Unit to understand the processes and procedures, as well as their risks. Items in the statement

of earnings and balance sheet are consistently risk-assessed, especially ahead of quarterly and annual closing procedures. Crucial for determining whether an activity carries high risk are the volume, complexity, valuation and accrual periods.

A large percentage of Apoteket's operations depend on efficient IT support. This also applies to internal control in respect of the financial reporting, since the transactions are created and handled in the business system. During the year Apoteket improved both processes and IT support within the contractual and consumer businesses.

#### **CONTROL ACTIVITIES**

Control activities are designed to detect, correct and prevent errors and inefficiencies.

A survey of the most important processes was conducted during the year in order to create more analytical controls. The controls are defined and describe the risk that the control measures aim to minimise, as well as the documentation that will demonstrate that the control measures were performed. The analysis also clarified who in the organisation is responsible for ensuring that control measures are carried out and that all such measures are well-supported within the organ-

isation. This change in control activities places greater demands on monitoring the business and following up on any discrepancies where financial risks have been identified. The processes during the year that have been analysed are sales, inventory, purchasing, accounting and IT regarding permissions and changes in IT systems.

#### **INFORMATION AND MONITORING**

Apoteket has established information and communication channels to encourage completeness and accuracy in financial reporting. Examples include governing documents such as internal policies, guidelines, manuals and codes pertaining to financial reporting. Apoteket monitors compliance with these governing documents. The Board of Directors and the Executive Management Committee receive information on a regular basis regarding the financial statements. They review the official reports and carry out an active dialogue with the external auditors. The President and Management subsequently convey the information to the Company's employees and external reports are also published on the intranet.

Financial results and operational key figures are analysed monthly for all units within the Company.

Management meets on a quarterly basis with operations managers to review results, key figures and operational target fulfilment. This approach offers an accurate reflection of the business status and ensures that operational control functions in relation to targets.

#### **BOARD OF DIRECTORS AND MONITORING**

The Board of Directors, which monitors all key areas and provides balanced guidance to various employees, addresses the outcome of the Group's risk assessment and risk management procedures annually. The Board receives monthly financial reports and addresses the financial position of the Company and the Group at each Board meeting.

During the year the Group's internal control function monitored the control activities that the Company adopted and reported deviations to Apoteket's Audit Committee and management.

Apoteket does not have an internal audit function at this time. The Board took a decision on this matter and believes that existing structures for monitoring and evaluation are satisfactory. External initiatives can be carried out for certain special audits. This decision is reviewed annually.

# Multi-year summary

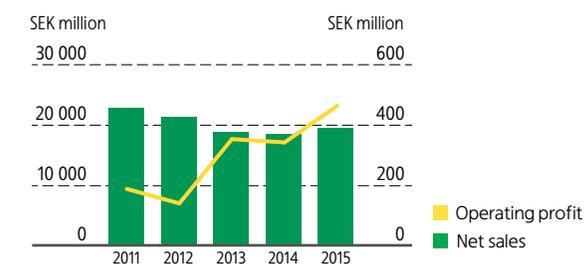
KEY FIGURES					
	2015	2014	2013	2012	2011 <sup>1</sup>
Net sales, SEK million	19,599	18,567	18,847	21,392	22,960
Operating profit, SEK million	464	343	354	141	189
Financial items, SEK million <sup>2</sup>	0	-1	-6	-19	14
Pre-tax earnings, SEK million	591	481	436	180	586
Net earnings for the year, SEK million	458	371	364	232	391
Dividend (approved and paid the following year), SEK million <sup>3</sup>	1 100	158	150	31	200
Balance sheet total, SEK million	8,499	8,028	7,866	8,072	8,249
Equity, SEK million	5,150	4,686	4,389	3,040	2,656
Change in net sales, %	5.6	-1.5	-11.9	-6.8	-12.6
Operating margin, %	2.4	1.8	1.9	0.7	0.8
Equity/assets ratio, %	60.6	58.4	56.3	37.7	32.1
Return on capital employed, %	22.7	17.1	16.3	5.0	4.6
Return on equity, %	9.2	7.8	10.2	8.8	7.6
Average number of employees	3,318	3,474	3,899	4,540	4,633

1) 2011 figures were not restated in accordance with the new accounting policy for pension calculation under IAS 19R.

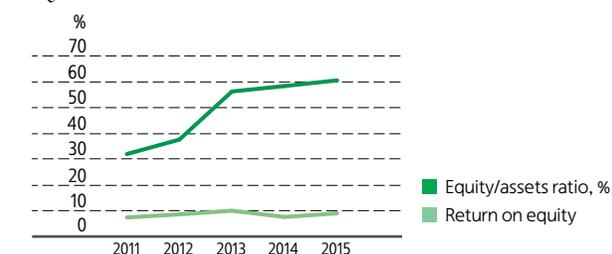
2) Financial items do not include return on plan assets or interest expense on the pension obligation.

3) Dividend for 2015 relates to a proposed, but not yet approved dividend of SEK 1,100 million.

## NET SALES AND OPERATING PROFIT



## RETURN ON EQUITY AND EQUITY RATIO



# Financial statements

- 48 Consolidated statement of comprehensive income
- 49 Consolidated balance sheet
- 50 Changes in consolidated equity
- 51 Consolidated statement of cash flow
- 52 Parent Company – Income Statement
- 52 Parent Company statement of comprehensive income
- 52 Parent Company balance sheet
- 54 Changes in Parent Company's equity
- 55 Statement of Cash Flow, Parent Company

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	Note	2015	2014
Net sales		19,599	18,567
Other operating income		27	101
<b>Total revenues</b>	5	<b>19,626</b>	<b>18,668</b>
Goods for resale	16	-15,768	-14,927
Other external costs	6, 7	-1,237	-1,310
Personnel costs	8, 15, 29	-2,022	-1,923
Depreciation, amortisation and impairment	12, 13	-135	-165
<b>Operating profit</b>		<b>464</b>	<b>343</b>
Share of earnings of associated companies	14	0	0
Net financial items – pensions	15	127	139
Other financial income	21	0	2
Other financial expenses	21	0	-3
<b>Pre-tax earnings</b>		<b>591</b>	<b>481</b>
Income tax	9	-133	-110
<b>Net earnings for the year</b>		<b>458</b>	<b>371</b>
<b>Other comprehensive income</b>			
<i>Items that cannot be reclassified to profit and loss</i>			
Actuarial gains	15	210	97
Deferred tax	15	-46	-21
<b>Other comprehensive income</b>		<b>164</b>	<b>76</b>
<b>Comprehensive income during the year</b>		<b>622</b>	<b>447</b>
Net earnings for the year attributable to Parent Company shareholders		458	371
Comprehensive income during the year attributable to Parent Company shareholders		622	447
Earnings per share, SEK	11	2,615	2,123
Number of shares		175,000	175,000

## CONSOLIDATED BALANCE SHEET

Amounts in SEK million at 31 December	Note	2015	2014
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	12	81	88
Property, plant and equipment	13	273	325
Shares in associated companies	14	8	8
Pension claim	15	3,865	3,703
Other non-current receivables		78	77
<b>Total fixed assets</b>		<b>4,305</b>	<b>4,201</b>
<b>Current assets</b>			
	21		
Inventories	16	1,345	1,250
Accounts receivable		2,039	2,066
Other current receivables	17	327	337
Prepaid expenses and accrued income	18	126	130
Cash and cash equivalents		357	44
<b>Total current assets</b>		<b>4,194</b>	<b>3,827</b>
<b>TOTAL ASSETS</b>		<b>8,499</b>	<b>8,028</b>

## CONSOLIDATED BALANCE SHEET

Amounts in SEK million at 31 December	Note	2015	2014
<b>EQUITY</b>			
Share capital		175	175
Retained earnings		4,975	4,511
<b>Total equity</b>		<b>5,150</b>	<b>4,686</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax	10	1,014	969
Provisions	20	10	–
<b>Total non-current liabilities</b>		<b>1,024</b>	<b>969</b>
<b>Current liabilities</b>			
	21		
Liabilities to credit institutions, interest-bearing		–	100
Accounts payable		1,989	1,977
Current tax assets		32	10
Other liabilities		72	70
Accrued expenses and prepaid income	19	232	207
Provisions	20	–	9
<b>Total current liabilities</b>		<b>2,325</b>	<b>2,373</b>
<b>Total liabilities</b>		<b>3,349</b>	<b>3,342</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,499</b>	<b>8,028</b>

*Information about the Group's pledged assets and contingent liabilities*

22

**CHANGES IN CONSOLIDATED EQUITY**

Amounts in SEK million	Share capital	Retained earnings	Total equity
<b>Opening balance at 1 January 2014</b>	<b>175</b>	<b>4,214</b>	<b>4,389</b>
Comprehensive income during the year		447	447
Dividend		-150	-150
<b>Closing balance at 31 December 2014</b>	<b>175</b>	<b>4,511</b>	<b>4,686</b>
<b>Opening balance at 1 January 2015</b>	<b>175</b>	<b>4,511</b>	<b>4,686</b>
Comprehensive income during the year		622	622
Dividend		-158	-158
<b>Closing balance at 31 December 2015</b>	<b>175</b>	<b>4,975</b>	<b>5,150</b>

Shareholder's equity is, in its entirety, attributable to Parent Company shareholders.

## CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in SEK million	Note	2015	2014
<i>Operating activities</i>			
Pre-tax earnings		591	481
<i>Adjustments for non-cash items</i>			
Depreciation, amortisation and impairment		135	165
Change in pension claim		-403	-420
Other		-15	13
Taxes paid		-111	-201
<b>Cash flow from operating activities before changes in working capital</b>		<b>197</b>	<b>38</b>
<i>Changes in working capital</i>			
Changes in inventories		-95	-49
Changes in receivables		41	-127
Changes in liabilities		58	142
<b>Cash flow from operating activities</b>		<b>201</b>	<b>4</b>
<i>Investing activities</i>			
Investments in intangible assets	12	-18	-28
Investments in property, plant and equipment	13	-63	-42
Divestment of non-current assets		9	6
<b>Cash flow from investing activities</b>		<b>-72</b>	<b>-64</b>
<i>Financing activities</i>			
Change in current financial liabilities		-100	-221
Payment received from Apoteket's Pension Foundation		442	439
Dividends paid	27	-158	-150
<b>Cash flow from financing activities</b>		<b>184</b>	<b>68</b>

Amounts in SEK million	2015	2014
Cash flow for the year	313	8
Cash and cash equivalents, beginning of the year	44	36
<b>Cash and cash equivalents at year-end</b>	<b>357</b>	<b>44</b>

Cash flow from receipt of interest income amounted to SEK 0 (1) million.

Cash flow from payment of interest income amounted to SEK 0 (7) million.

## CONSOLIDATED OPERATING CASH FLOW

Amounts in SEK million	2015	2014
Cash flow from operating activities	201	4
Investments in intangible assets	-18	-28
Investments in property, plant and equipment	-63	-42
Divestment of non-current assets	9	6
<b>Operating cash flow</b>	<b>129</b>	<b>-60</b>

## PARENT COMPANY - INCOME STATEMENT

Amounts in SEK million	Note	2015	2014
Net sales	5, 23	19,599	18,567
Other operating income		27	101
<b>Total revenues</b>		<b>19,626</b>	<b>18,668</b>
Goods for resale	16, 23	-15,768	-14,927
Other external costs	6, 7	-1,233	-1,312
Personnel costs	8, 22, 29	-1,848	-1,755
Depreciation, amortisation and impairment	12, 13	-134	-163
<b>Operating profit</b>		<b>643</b>	<b>511</b>
Share of earnings of Group companies	24	0	28
Other interest income and similar profit/loss items	21, 23	0	2
Interest expense and similar profit/loss items	21, 23	0	-1
<b>Earnings before appropriations and tax</b>		<b>643</b>	<b>540</b>
Appropriations	25	-46	16
<b>Pre-tax earnings</b>		<b>597</b>	<b>556</b>
Income tax	9	-134	-119
<b>Net earnings for the year</b>		<b>463</b>	<b>437</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK million	2015	2014
Net earnings for the year	463	437
Total comprehensive income for the year	463	437

## PARENT COMPANY BALANCE SHEET

Amounts in SEK million at 31 December	Note	2015	2014
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	12	78	88
Property, plant and equipment	13	246	301
<b>Financial fixed assets</b>			
Participations in Group companies	26	31	27
Non-current receivables from Group companies		7	7
Shares in associated companies	14	9	9
Other non-current receivables		78	78
<b>Total financial fixed assets</b>		<b>125</b>	<b>121</b>
<b>Total fixed assets</b>		<b>449</b>	<b>510</b>
<b>Current assets</b>			
Inventories	16	1,345	1,250
Accounts receivable		2,039	2,066
Current receivables from Group companies		7	5
Other current receivables	17	326	337
Prepaid expenses and accrued income	18	126	130
Current investments		265	0
Cash and cash equivalents		92	44
<b>Total current assets</b>		<b>4,200</b>	<b>3,832</b>
<b>TOTAL ASSETS</b>		<b>4,649</b>	<b>4,342</b>

## PARENT COMPANY BALANCE SHEET

Amounts in SEK million at 31 December	Note	2015	2014
<b>EQUITY</b>			
<b>Restricted equity</b>			
Share capital (175,000 shares with quota value SEK 1,000)		175	175
Statutory reserve		35	35
<b>Total restricted equity</b>		<b>210</b>	<b>210</b>
<b>Non-restricted equity</b>			
Retained earnings		906	627
Net earnings for the year		463	437
<b>Total non-restricted equity</b>		<b>1,369</b>	<b>1,064</b>
<b>Total equity</b>		<b>1,579</b>	<b>1,274</b>
<b>Untaxed reserves</b>	28	<b>698</b>	<b>652</b>
<b>Provisions</b>			
Deferred tax liability	10	9	10
Other provisions	20	10	9
<b>Total provisions</b>		<b>19</b>	<b>19</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to Group companies		2	2
<b>Total non-current liabilities</b>		<b>2</b>	<b>2</b>

Amounts in SEK million at 31 December	Note	2015	2014
<b>Current liabilities</b>			
Liabilities to credit institutions, interest-bearing	21	–	100
Accounts payable		1,989	1,977
Liabilities to Group companies		26	26
Current tax assets		32	10
Other liabilities		72	75
Accrued expenses and prepaid income	19	232	207
<b>Total current liabilities</b>		<b>2,351</b>	<b>2,395</b>
<b>Total liabilities</b>		<b>3,070</b>	<b>3,068</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,649</b>	<b>4,342</b>
<b>Pledged assets and contingent liabilities</b>			
Sureties, PRI Pension Guarantee	22	43	41
Guarantee commitments, other		10	18
<b>Total contingent liabilities</b>		<b>53</b>	<b>59</b>
Pledged assets		None	None

## CHANGES IN PARENT COMPANY'S EQUITY

Amounts in SEK million	Share capital	Statutory reserve	Retained earnings	Net earnings for the year	Total equity
<b>Opening balance at 1 January 2014</b>	175	35	135	642	987
Dividend paid	–	–	–150	–	–150
Distribution of earnings	–	–	642	–642	–
Net earnings for the year	–	–	–	437	437
<b>Closing balance at 31 December 2014</b>	175	35	627	437	1 274
<b>Opening balance at 1 January 2015</b>	175	35	627	437	1 274
Dividend paid	–	–	–158	–	–158
Distribution of earnings	–	–	437	–437	–
Net earnings for the year	–	–	–	463	463
<b>Closing balance at 31 December 2015</b>	175	35	906	463	1 579

## STATEMENT OF CASH FLOW, PARENT COMPANY

Amounts in SEK million	Note	2015	2014
<i>Operating activities</i>			
Earnings before appropriations and tax		643	540
<i>Adjustments for non-cash items</i>			
Depreciation, amortisation and impairment		134	393
Share of earnings of Group companies		0	0
Other		-4	6
Payment received from Apoteket's Pension Foundation <sup>1</sup>		-442	-439
Taxes paid		-111	-201
<b>Cash flow from operating activities before changes in working capital</b>		<b>220</b>	<b>299</b>
<i>Changes in working capital</i>			
Changes in inventories		-95	-49
Changes in receivables		40	-166
Changes in liabilities		34	-76
<b>Cash flow from operating activities</b>		<b>199</b>	<b>8</b>
<i>Investing activities</i>			
Acquisitions of subsidiaries		-3	-
Investments in intangible assets	12	-15	-28
Investments in property, plant and equipment	13	-61	-42
Divestment of non-current assets		9	6
<b>Cash flow from investing activities</b>		<b>-70</b>	<b>-64</b>

Amounts in SEK million	Note	2015	2014
<i>Financing activities</i>			
Change in current financial liabilities		-100	-221
Payment received from Apoteket's Pension Foundation <sup>1</sup>		442	439
Dividends paid	27	-158	-150
<b>Cash flow from financing activities</b>		<b>184</b>	<b>68</b>
Cash flow for the year		313	12
Cash and cash equivalents, beginning of the year		44	32
<b>Cash and cash equivalents at year-end</b>		<b>357</b>	<b>44</b>

Cash flow from receipt of interest income amounted to SEK 0 (2) million.  
Cash flow from payment of interest amounted to SEK 0 (1) million.

1) The payment from Apoteket's Pension Foundation was reclassified to cash flow from financing activities to reflect the actual cash flow of the business.

# Notes

PAGE	NOTE
56	1. General information
56	2. Summary of important accounting policies
60	3. Significant estimates and assessments for accounting purposes
60	4. Parent Company accounting policies
60	5. Breakdown of income
61	6. Operating lease charges
61	7. Fees for auditors and audit companies
62	8. Salaries, remuneration and average number of employees
65	9. Income tax
65	10. Deferred tax
66	11. Earnings per share
66	12. Intangible assets
67	13. Property, plant and equipment
68	14. Shares in associated companies
68	15. Group pension assets
71	16. Inventories
71	17. Other receivables
71	18. Prepaid expenses and accrued income
71	19. Accrued expenses and prepaid income
71	20. Provisions
72	21. Financial instruments and financial risk management
74	22. Pledged assets and contingent liabilities
74	23. Related-party transactions
74	24. Share of earnings of Group companies
74	25. Appropriations
75	26. Participations in Group companies
75	27. Dividend per share
75	28. Untaxed reserves
75	29. Parent Company pensions
76	30. Post balance sheet events

## Note 1 GENERAL INFORMATION

Apoteket AB (publ.) (the Parent Company) and its subsidiaries (which jointly form the Group) distribute and sell pharmaceutical and pharmacy products, as well as services in Sweden related to pharmaceuticals and healthcare, mainly through a network of pharmacies. Pharmacy products and services refer to both Apoteket's own brands and external brands. The Parent Company is a registered limited liability company, and its registered office is in Solna. The street address of corporate headquarters is Dalvagen 12, 169 03 Solna.

On 7 March 2016 the Board of Directors and the President approved the consolidated financial statements and the Annual Report for financial year 2015, which will be presented to the Annual General Meeting on 18 April 2016.

## Note 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretative recommendations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission. Recommendation RFR 1 "Supplementary accounting rules for groups" of the Swedish Financial Reporting Board has also been adopted. The preparation of financial statements in conformity with the IFRS standards requires the use of a number of significant assumptions and accounting estimates. Management is also required to make certain assessments when applying the Company's accounting policies. Areas involving significant assessments that are complex, or areas where assumptions and estimates are of material importance to the consolidated financial statements, are presented in Note 3.

### Basis of preparation of the consolidated financial statements

The working currency of the Parent Company is the Swedish krona (SEK), which is also the reporting currency for both the Parent Company and the Group. Unless otherwise stated, all recognised amounts have been rounded to the nearest million Swedish kronor. The financial statements are based on historical acquisition value (cost).

The principal accounting policies adopted when these consolidated financial statements were prepared are formulated below. Unless otherwise stated, these policies have been applied consistently for all of the years presented. The Parent Company's accounting policies are presented in Note 4.

### New and amended standards applied by the Group.

None of the amendments and interpretations of existing standards applicable from the financial year that began on 1 January 2015 had any material impact on the consolidated financial statements.

### Information concerning forthcoming standards, amendments and interpretations

IFRSs that have not yet entered into force and/or been approved by the EU that have not been early adopted by the Group. Future changes in accounting policies that could have an effect on Apoteket's reporting.

Note 2 cont'd

*IFRS 9 Financial Instruments*

*Recognition and Measurement*

This standard is part of a comprehensive revision of the current standard IAS 39. The standard entails a reduction in the number of measurement categories for financial assets and that the main categories for recognition are at cost or fair value via the balance sheet. IFRS 9 Financial Instruments takes effect on 1 January 2018. However, the EU has not yet approved the standard. There is no decision on when the standard will be applied by the Group and the Parent Company.

An investigation will be initiated during the upcoming year to investigate how IFRS 9 will affect the financial statements of the Group and the Parent Company.

*IFRS 15 Revenue from Contracts with Customers*

This standard supersedes all previously issued standards and interpretations that address revenue. IFRS 15 is a comprehensive model for the recognition of customer contracts. The standard comes into force for financial years beginning on or after 1 January 2018. The EU approved the standard in late 2015.

An investigation will be initiated during the upcoming year to investigate how IFRS 15 will affect the financial statements of the Group and the Parent Company.

*IFRS 16 Leases*

IFRS 16 supersedes IAS 17 from 1 January 2019. The EU approved the standard in January 2016. The Group has not yet initiated an evaluation of the impact of the standard. Apoteket's lease liabilities are disclosed in Note 6.

**Consolidated financial statements**

Subsidiaries are consolidated if a controlling interest is present. A controlling interest exists when the investor:

- has power over the investee, which is described as having rights to control activities that significantly affect the potential for return (described as relevant activities)
- is exposed, or has rights, to variable returns from the investee
- can use its power to affect the size of the return.

Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which this influence ceases.

Acquired subsidiaries and other acquired businesses are recognised using the purchase method. Under this method, an acquisition of a subsidiary is treated as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. Intra-group transactions and balance sheet items, as well as unrealised gains and losses on transactions between Group companies, are eliminated.

**Accounting for associated companies**

Associated companies are all companies in which the Group has a significant, but not a controlling, influence, which generally applies to shareholdings comprising between 20 and 50 per cent of the votes. Holdings in associated companies are recognised according to the equity method and are initially measured at cost.

The Group's share of earnings in associated companies, after their acquisition, is recognised in profit or loss. Accumulated changes after the acquisition are stated as a change in the carrying amount of the holding.

**Reporting by segments**

Apoteket's operations are based largely on common resources such as a common operating organisation and other functions. Consequently segment reporting is not possible for Apoteket's different customer segments. Apoteket is run as one operating segment with revenues, gross profit and parts of operating expenses from two markets: the consumer market and the healthcare and enterprise market.

**Translation of receivables and liabilities in a foreign currency**

Foreign currency transactions are translated to the working currency at the rate of exchange applying on the date of the transaction. Currency gains and losses arising from the payment of such transactions, and from the translation of assets and liabilities in foreign currencies at the year-end exchange rate, are recognised in profit or loss in other external costs.

**Intangible assets**

*Capitalised development expenses*

Development expenses are capitalised insofar as they are adjudged to generate future economic benefits. The principal criteria for capitalisation are that future earnings and cash flow can be demonstrated to derive from the end product resulting from the development work and that the technical and financial capabilities for completing the development work existed when the work started.

In the balance sheet, recognised capitalised development expenses are entered at cost less accumulated amortisation and impairment. The recognised amount includes direct expenditure for acquired services and materials, as well as indirect expenses that can be attributed to the asset in a reasonable and consistent manner. Other development expenditure, where proven future rewards are considered low, are recognised in profit or loss as an expense as incurred.

*Other intangible assets and rental contracts*

Other intangible assets mainly comprise expenditure for the acquisition of tenancy rights as well as fixtures and fittings in premises that are classified as intangible assets.

*Additional expenditure*

Additional expenditure for capitalised intangible assets is recognised as an asset in the balance sheet only if the expenditure increases the future economic benefits of the specific asset to which the expenditure pertains. All other expenditure is expensed when it arises.

*Depreciation principles*

Amortisation using the straight line method is recognised in profit or loss over the estimated useful life of the assets. The useful life is estimated at five years.

**Property, plant and equipment**

Buildings are recognised at their cost less subsequent straight line depreciation. Land is recognised at cost. Other property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that can be directly attributed to the acquisition of the asset.

*Additional expenditure*

Additional expenditure is added to the carrying amount of the asset only if it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably determined.

Continuous repair and maintenance are recognised as costs in profit or loss during the period in which they arise.

*Depreciation principles*

Land is not depreciated. Depreciation of other assets is allocated to their cost down to their estimated residual value. Straight-line depreciation is applied over the estimated useful life, see next page:

## Note 2 cont'd

Buildings	20–40 years
Interior fittings in property belonging to third parties	7 years
Machinery	5–10 years
Fixtures	5 years
Vehicles	5 years
Equipment and installations	3–5 years

*Impairment losses*

Whenever there is an indication of a decrease in the value of a tangible or intangible asset, a recoverable amount is estimated for the asset. The recoverable amount is compared with the carrying amount. The amount by which the carrying amount of the asset exceeds its recoverable amount is then recognised as an impairment loss. The recoverable amount is the higher of the fair value of an asset less selling expenses and its value in use. In assessing the need for impairment losses, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units).

**Leases**

Leasing of fixed assets, whereby the Group essentially bears the financial risks and enjoys the benefits associated with ownership, is classified as financial leases. Apoteket has no leases classified as financial leases.

Operating lease charges are expensed using the straight line method over the leasing period. Apoteket's operating leasing charges relate mainly to the rental of premises for pharmacies.

**Financial instruments**

Financial instruments are any type of agreement that gives rise to a financial asset, financial liability or an equity instrument in another company. Financial instruments recognised in the balance sheet include, on the asset side, cash and cash equivalents, short-term investments, accounts receivable and loan receivables. Liabilities include accounts payable, issued debt instruments and loan liabilities. Cash and cash equivalents comprise cash and bank deposits and short-term investments with a maturity of less than 90 days.

*Recognition of financial assets and liabilities*

Financial instruments are initially recognised at cost corresponding to the instrument's fair value plus transaction costs for all financial

instruments apart from those pertaining to the financial assets category, which are recognised at fair value via profit or loss. The way they are subsequently recognised depends on how they have been classified.

A financial asset or liability is recognised in the balance sheet when the company becomes a party to the contractual terms of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised when the counterparty has performed and has a contractual obligation to pay, even if an invoice has not been received.

A financial asset is derecognised from the balance sheet when the contractual rights expire or the company's control over the asset ceases. The same applies to a part of a financial asset. A financial liability is derecognised from the balance sheet when the contractual obligation is fulfilled or is extinguished in another manner. The same applies to a part of a liability.

The fair value of unlisted financial assets is determined using established valuation techniques. On every reporting occasion, the company assesses whether there are objective reasons to impair a financial asset.

*Classification and measurement*

Financial instruments are initially recognised at cost corresponding to the instrument's fair value plus transaction costs, apart from derivatives for which transaction costs are immediately expensed. A financial instrument is classified on initial recognition, based in part on the purpose for which the instrument was acquired. All financial assets and liabilities are classified in the following categories:

- **Loan receivables and accounts receivable**  
Apoteket's cash and cash equivalents, accounts receivable, other receivables and loan receivables belong to this category.
- **Available-for-sale financial assets**  
This category comprises financial assets that cannot be classified in any other category, such as shares and participating rights in either listed or unlisted companies as well as short-term investments.
- **Financial liabilities measured at accrued cost.**  
This category comprises financial liabilities that are not held for trading. Apoteket's accounts payable and liabilities to credit institutions belong to this category.

*Recognition of financial instruments***Cash and cash equivalents**

Cash and cash equivalents include cash assets, bank deposits and other short-term investments with a maturity of less than three months from the date of acquisition.

**Loan receivables and accounts receivable**

Loan receivables and accounts receivable are financial assets with fixed payment periods or payment periods with the potential to be fixed and that are not listed on an active market. A characteristic feature of such assets is that they arise when the Group provides cash, goods or services directly to a customer without the intention to trade in the receivable that arises. They are included in current assets, with the exception of items with a due date later than 12 months after the reporting date, which are classified as fixed assets.

Accounts receivable are initially recognised at fair value and thereafter at their accrued cost less any reserve for a decrease in value. Such a reserve is created when objective evidence exists that the Group will not be able to receive all the amounts that have fallen due according to the original terms of the receivables. Accounts receivable are recognised with an allowance for credit losses.

**Financial liabilities**

Financial liabilities are initially recognised at the amount received less transaction costs. After the date of acquisition, the liabilities are measured at accrued cost using the effective interest rate method.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted acquisition cost (WAC) for stores. For other entities first-in first-out (FIFO) is used. Inventory obsolescence is assessed and calculated based on parameters such as time remaining in stock, given current stock levels, recent withdrawals and inventory turnover.

**Revenue recognition**

Revenue comprises the fair value of sold goods and services, excluding value added tax (VAT) and discounts and after the elimination of intragroup sales.

Sales of goods are recognised as revenue when a Group company sells a product to a customer. Sales to Apoteket's franchisees are recognised as revenue. Retail sales are usually

Note 2 cont'd

paid in cash or with a credit card. The gross sales amount excluding VAT is recognised as income.

Notification charges, reminders and statutory charges attributable to Apoteket's part-payment system are recognised as income after they have been paid. The same principle applies to recovered bad debts attributable to the part-payment system, see note 21.

Franchises affect the Group's recognised revenue in part through the sale of products to franchise pharmacies, which is recognised on delivery of goods, and in part the monthly service charge from franchise pharmacies. In 2015 Apoteket insourced operations previously run as a franchise.

### Current tax

Recognised current tax comprises tax that is payable or receivable for the current year and adjustments to the current tax for previous years. The valuation of all tax liabilities/receivables takes place at nominal amounts and according to the tax rules and tax rates that have been adopted or that have been announced and will, in all likelihood, be enacted.

In the case of items recognised in profit or loss, tax effects associated with these items are also recognised there.

### Deferred tax

Deferred tax is recognised in its entirety according to the balance sheet method on all temporary differences that arise between the fiscal and carrying amounts of assets and liabilities and on unutilised loss carryforwards and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised insofar as it is likely that future fiscal surpluses will be available against which the temporary differences can be utilised.

### Cash flows

The statements of cash flows are recognised according to the indirect method. The recognised cash flow comprises only transactions involving receipts and disbursements.

### Employee benefits

#### Pensions

The Group has both defined benefit and defined contribution pension plans. Apoteket's pension plans are financed through Apoteket's Pension Foundation and through payments of premiums to insurance companies or management companies.

A defined benefit plan is one that specifies the amount of

pension benefit to be received by the employee on retirement – normally based on one or more factors, such as age, length of service and pensionable salary.

For the defined-benefit pension plans (ITP2 and Apoteket's pension plan), the liability or receivable recognised in the balance sheet is the present value of the defined benefit obligation on the balance sheet day less the fair value of the plan assets. The defined benefit pension obligation is calculated, annually, by independent actuaries (PRI Pensionsgaranti) using the Projected Unit Credit Method. The present value of the defined benefit obligation is established by discounting estimated future cash flows based on the discount rate for Swedish mortgage-backed bonds, which are issued in the same currency and with terms that are comparable with current pension liabilities.

Net interest expense for pension obligation and plan assets is recognised in net financial items. Vesting is recognised in operating profit. The revaluation component, consisting of actuarial gains and losses on pension commitments, along with the difference between actual and expected return on plan assets, is recognised in other comprehensive income.

In a defined contribution plan, the company pays fixed contributions to a separate legal entity. Apoteket's defined contribution pension plans mainly comprise ITP1 and ITPK. It has no legal or informal obligation to pay additional contributions if the legal entity does not have assets sufficient to pay all of the benefits to the employees, which are linked to the employee's length of service during the current or previous periods. In the case of those pension payments recognised as defined contribution plans, the Group pays contributions to an insurance company or insurance association. Once these contributions have been paid, the Group has no further payment obligations. The contributions are recognised as personnel costs when they become due for payment.

Part of the Group's defined-benefit pension plan is financed through Alecta. The part that Apoteket pays to Alecta consists of family pension (ITP2), sickness pensions and waiver of premium (ITP2 and ITP1). According to a statement from the Swedish Financial Reporting Council, UFR 10, this is a defined benefit plan that covers several employers. For the majority of earned pension benefits, Alecta does not have information about the distribution of earnings between employers. The full earnings are instead registered to the last employer. Consequently, Alecta is unable to provide an exact distribution of assets and allocations to each employer. For financial years for which the company has not had access to information enabling this plan to be recognised as a

defined benefit plan, a pension plan according to ITP, which is secured through insurance with Alecta, is to be recognised as a defined-contribution plan.

#### Termination benefits

In the event of notice being served, benefits are payable when an employee is made redundant before the date of the normal pension or when an employee accepts voluntary retirement from employment in exchange for such benefits. The Group recognises severance payments when it is demonstrably obliged either to give notice to an employee according to a detailed formal plan for which no possibility of cancellation exists or to provide benefits when giving notice as a result of an offer made to encourage voluntary retirement from employment.

#### Provisions

Provisions are recognised when the Group has an existing or informal commitment resulting from previous events; it is more likely than not that an outflow of resources to regulate the commitment will be required and when the amount can be reliably estimated, see note 20.

#### Contingent liabilities

Contingent liabilities are recognised when there is a possible commitment originating from occurred events whose existence will be confirmed by one or more uncertain future events. Contingent liabilities could also comprise existing events that are not recognised as a liability or provision because it is not probable that an outflow of resources will be required or when it is not possible to calculate the amount with sufficient accuracy. Contingent liabilities, when they arise, are recognised at their discounted value.

### Note 3 SIGNIFICANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and assumptions are reviewed on a regular basis.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements mainly relate to the following areas: financial assets review of actuarial assumptions for pension calculations, according to IAS 19R, is performed annually. For further information about pension calculations according to IAS 19R, see Note 15.

### Note 4 PARENT COMPANY ACCOUNTING POLICIES

The Parent Company complies with the Group accounting policies, apart from the exceptions and supplements stipulated by the Swedish Financial Reporting Council in Recommendation RFR 2 "Reporting for legal entities".

#### Subsidiaries and associated companies

Participations in subsidiaries and associated companies are reported to the Parent Company according to the acquisition value (cost) method.

#### Leased assets

In the Parent Company, all leases are recognised in accordance with the rules for operating leases.

#### Property, plant and equipment

Property, plant and equipment in the Parent Company are recognised at cost less accumulated depreciation and any impairment, just as for the Group, but including any write-ups.

#### Pensions

In the Parent Company, defined benefit pension plans are recognised in accordance with the provisions of the Pension Obligations Vesting Act (Tryggandelagen) and Financial Supervisory Authority provision (FFFS 2007: 24), which differ from IAS 19R (Group).

The principal differences compared with the rules of IAS 19R are the way in which the discount rate is determined, the fact that the calculation of the defined benefit obligation is based on the current salary level without assuming future salary increases, and that companies whose equity in pension funds exceeds the capital value of the pension liabilities do not report this surplus in the balance sheet.

### Note 5 BREAKDOWN OF INCOME

#### Net sales include income from:

	Group		Parent Company	
	2015	2014	2015	2014
.....				
Sales of goods	19,076	18,031	19,076	18,031
Sales of services	492	503	492	503
Invoiced costs	4	9	4	9
Notification charges, statutory charges	24	24	24	24
Rental income	0	0	0	0
Other income	3	0	3	0
<b>Total</b>	<b>19,599</b>	<b>18,567</b>	<b>19,599</b>	<b>18,567</b>

#### Other operating income includes income from:

	Group		Parent Company	
	2015	2014	2015	2014
.....				
Franchise fee	12	84	12	84
Recovered bad debts	1	1	1	1
Gains, sales of equipment	9	6	9	6
Government grants received	2	4	2	4
Other income	3	6	3	6
<b>Total</b>	<b>27</b>	<b>101</b>	<b>27</b>	<b>101</b>

**Note 6 OPERATING LEASE CHARGES**

Future minimum lease fees relating to operating leases that cannot be terminated were distributed as follows:

	Group		Parent Company	
	2015	2014	2015	2014
Within 1 year	238	225	238	225
Between 1 and 5 years	506	467	506	467
After more than 5 years	77	81	77	81
<b>Total</b>	<b>821</b>	<b>773</b>	<b>821</b>	<b>773</b>

Leasing costs relating to operational leases during the year amounted to SEK 260 (271) million in the Group and to SEK 264 (274) million in the Parent Company.

Apoteket's leasing charges relate mainly to the rental of premises for pharmacies and headquarters. Most rental agreements expire within five years, although there is nothing to indicate that they will not be re-negotiated.

**Note 7 FEES FOR AUDITORS AND AUDIT COMPANIES**

	Group		Parent Company	
	2015	2014	2015	2014
<b>Ernst &amp; Young AB</b>				
Audit activities	0.6	1.7	0.6	1.7
Tax advisory services	0.2	0.4	0.2	0.4
<b>KPMG AB</b>				
Audit activities	1.0	–	1.0	–
Audit activities besides audit assignments	0.3	–	0.3	–
Tax advisory services	–	–	–	–
Other assignments	–	–	–	–
<b>Total</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>

Audit assignments refer to the statutory audit of the annual and consolidated financial statements, the accounting records and the administration of the business by the Board of Directors and the President and CEO, as well as auditing and other review procedures performed in accordance with agreements or contracts. This includes other duties incumbent on the company's auditors as well as advice or other assistance required by the findings in the audit or performance of other tasks.

**Note 8 SALARIES, REMUNERATION AND AVERAGE NUMBER OF EMPLOYEES**

	Group		Parent Company	
	2015	2014	2015	2014
Salaries and remuneration	1,397	1,352	1,397	1,352
Social security fees	596	541	421	373
(of which pension costs) <sup>1</sup>	(171)	(141)	(-3)	(-28)
<b>Total</b>	<b>1,993</b>	<b>1,893</b>	<b>1,818</b>	<b>1,725</b>

1) Of the Group's pension costs, calculated according to IAS 19, SEK 6.0 (7.5) million pertained to the Board of Directors, President, former presidents and other senior executives. The Group's outstanding pension obligations to these persons amount to SEK 52.2 (54.6) million. The defined benefit pension obligations for this category are secured through Apoteket AB's Pension Foundation.

The Parent Company's outstanding pension obligations for the category comprising the President, former presidents and other senior executives, calculated according to the Pension Obligations Vesting Act, decreased to SEK 48.4 (50.1) million. Pension costs for the concerned category (excluding former presidents) amounted to SEK 4.7 (6.1) million. Pension costs are defined as pension premiums paid, change in pension reserve and pensions paid.

A payment of SEK 442 (439) million from Apoteket AB's Pension Foundation had a positive impact on pension costs in the Parent Company. For more information about pensions, see note 15 and note 29.

Pension costs in the Group and Parent Company do not include interest expense, income or a portion of the special employer's contribution.

**Incentive programme**

A results-based programme for employees and first-line managers with direct or indirect contact with customers can give a premium of SEK 6,000 per year to employees and an additional SEK 6,000 per year to first-line managers. The premium target is designed as a financial improvement target. The programme does not cover personnel employed by the central units.

**Salaries and other remuneration distributed among senior executives and other employees**

	Group		Parent Company	
	2015	2014	2015	2014
Board members, President and other senior executives <sup>1</sup>	22	22	22	21
(of which bonuses, etc.)	(-)	(-)	(-)	(-)
Other employees	1,375	1,331	1,375	1,331
<b>Total</b>	<b>1,397</b>	<b>1,353</b>	<b>1,397</b>	<b>1,352</b>

1) In the Group, the group consisting of the Board of Directors, President and other senior executives includes 15 (18) people. In the Parent Company, the equivalent group includes 15 (18) people. Apoteket defines "other senior executives" as members of executive management.

**Average number of employees**

	2015		2014	
	Average number of employees	men, %	Average number of employees	men, %
<i>Parent Company</i>				
Sweden	3,318	14.5	3,474	13.8
<i>Subsidiaries</i>				
Sweden	-	-	-	-
<b>Total Group</b>	<b>3,318</b>	<b>14.5</b>	<b>3,474</b>	<b>13.8</b>

**Board members and senior executives**

	2015		2014	
	Number	men, %	Number	men, %
<i>Group</i>				
Board members	8	38.0	8	38.0
President and other senior executives	7	57.1	10	50.0
<i>Parent Company</i>				
Board members	8	38.0	8	38.0
President and other senior executives	7	57.1	10	50.0

Note 8 cont'd

**Remuneration and benefits paid to senior executives in 2015**

	Member of executive management since	Salary, SEK k	Other benefits, SEK k <sup>1</sup>	Total, SEK k	Pension age	Pension expenses, SEK k <sup>2</sup>	Period of notice (employee/company)	Severance pay
Ann Carlsson, President <sup>3</sup>	2010	4,557	68	4,625	65	1,237	6 mos/6 mos	18 mos
Ulrika Eriksson, Vice President and Director of Sales <sup>5</sup>	2009	6,180	37	6,216	65	501	6 mos/6 mos	18 mos
Eva Fernvall, Director of Corporate Communications <sup>4</sup>	2005	132	5	137	65	46	6 mos/6 mos	18 mos
Kenneth Hagsten, Director of Human Resources	2013	1,762	69	1,831	65	475	6 mos/6 mos	6 mos
Anna Rogmark, Chief Legal Officer and Director of Legal Affairs & Sustainability	2010	1,762	69	1,831	65	471	6 mos/6 mos	18 mos
Carina Fält, Director of Business Development <sup>4</sup>	2012	112	16	128	65	33	6 mos/6 mos	12 mos
Pontus Rosén, Director of Product Range & Marketing <sup>4</sup>	2012	117	5	122	65	30	6 mos/6 mos	6 mos
Jan Johansson, CFO	2011	2,459	66	2,525	65	754	6 mos/6 mos	18 mos
Lars Skutholm, Director of Marketing	2011	1,931	54	1,985	65	570	6 mos/6 mos	12 mos
Olle Carls, Director of Logistics	2012	2,009	52	2,062	65	594	6 mos/6 mos	12 mos
<b>Total</b>		<b>21,021</b>	<b>441</b>	<b>21,462</b>		<b>4,711</b>		

1) Other benefits mainly comprise the tax assessment value of a company car.

2) The pension cost pertaining to defined-benefit pensions is calculated according to the Pension Obligations Vesting Act. Pension costs comprise accrued pension during the year, interest on earlier provisions and pension premiums.

3) President Ann Carlsson has a defined-contribution pension at a rate of 30 per cent of her basic salary.

4) Member of executive management through 31 January 2015.

5) Ulrika Eriksson, Vice President and Director of Sales through 31 August 2015 received termination pay and severance pay for 18 months. Payment of severance pay will occur in 2016 and 2017.

**Remuneration and benefits**

Remuneration and benefits for the President and other senior executives consist of a salary, paid in cash, other benefits/other remuneration and pension commitments. All amounts are stated excluding social security contributions and special employer's contributions. The President and other senior executives have a six-month mutual period of notice. In the event of termination of employment by the employer, severance pay will also be paid. The President receives severance pay of 18 months' salary, while other senior executives receive severance pay corresponding with between 6 and 18 months' salary. Deductions will be made against any future benefits.

**Pension terms**

President and CEO Ann Carlsson has a defined-contribution pension at a rate of 30 per cent of her basic salary, with retirement age at 65. Two senior executives have defined benefit pensions in accordance with ITP2 with retirement age beginning at age 65. Other senior executives have defined-contribution terms and conditions for pensions.

**Basis for decisions**

Remuneration and benefits payable to the President have been decided by the Board of Directors. Remuneration and benefits payable to other senior executives have been decided by the Board of Directors following preparation by the Remuneration Committee.

## Note 8 cont'd

**Remuneration and benefits paid to senior executives in 2014**

	Member of executive management since	Salary, SEK k	Other benefits, SEK k <sup>1</sup>	Total, SEK k	Pension age	Pension expenses, SEK k <sup>2</sup>	Period of notice (employee/ company)	Severance pay
Ann Carlsson, President <sup>3</sup>	2010	3,997	65	4,062	65	1,149	6 mos/6 mos	18 mos
Ulrika Eriksson, Vice President and Director of the Consumer business area	2009	2,253	59	2,312	65	739	6 mos/6 mos	18 mos
Eva Fernvall, Director of Corporate Communications	2005	1,618	64	1,682	65	562	6 mos/6 mos	18 mos
Kenneth Hagsten, Director of Human Resources	2013	1,695	62	1,757	65	452	6 mos/6 mos	6 mos
Anna Rogmark, Chief Legal Officer and Director of Business Support	2010	1,714	85	1,799	65	498	6 mos/6 mos	18 mos
Carina Fält, Director of Business Development	2012	1,378	184	1,562	65	399	6 mos/6 mos	12 mos
Pontus Rosén, Director of Product Range & Marketing	2012	1,545	64	1,609	65	371	6 mos/6 mos	6 mos
Jan Johansson, CFO	2011	2,421	60	2,481	65	741	6 mos/6 mos	18 mos
Lars Skutholm, Director Healthcare & Enterprise	2011	1,925	57	1,982	65	567	6 mos/6 mos	12 mos
Olle Carls, Director of Logistics	2012	1,942	57	1,999	65	572	6 mos/6 mos	12 mos
<b>Total</b>		<b>20,488</b>	<b>757</b>	<b>21,245</b>		<b>6,050</b>		

1) Other benefits mainly comprise the tax assessment value of a company car.

2) The pension cost pertaining to defined-benefit pensions is calculated according to the Pension Obligations Vesting Act. Pension costs comprise accrued pension during the year, interest on earlier provisions and pension premiums.

3) President Ann Carlsson has a defined-contribution pension at a rate of 30 per cent of her basic salary.

**Note 9 INCOME TAX**

	Group		Parent Company	
	2015	2014	2015	2014
Current tax for the year	-134	-99	-135	-99
Current tax for earlier years	0	-2	0	-2
Deferred tax	1	-29	1	-18
<b>Total</b>	<b>-133</b>	<b>-130</b>	<b>-134</b>	<b>-119</b>
Deferred tax recognised in other comprehensive income attributable to pensions	-46	-21	-	-

The tax on the pre-tax earnings of the Group and the Parent Company differs in the following manner from the theoretical amount that would have resulted from applying a weighted average tax rate to the earnings of the Group and the Parent Company as shown in the following table:

	Group		Parent Company	
	2015	2014	2015	2014
Pre-tax earnings	591	481	597	556
Tax at the existing tax rate	-130	-106	-131	-122
Tax effect of other tax-exempt income	1	0	1	56
Adjustment of tax attributable to earlier period	0	-2	0	-2
Tax effect of non-deductible costs	-4	-5	-4	-54
Reporting of previously unrecognised loss carryforwards	-	3	-	3
Other tax effects	0	0	0	0
<b>Total</b>	<b>-133</b>	<b>-110</b>	<b>-134</b>	<b>-119</b>

The income tax rate for 2015 is 22.0 (22.0) per cent. Deferred tax has been taken into account at a rate of 22.0 (22.0) per cent.

**Note 10 DEFERRED TAX**

	Group		Parent Company	
	2015	2014	2015	2014
<i>Deferred tax expense/revenue pertaining to:</i>				
non-current assets	1	7	1	7
loss carryforwards	-	-25	-	-25
tax allocation reserves	-10	4	-	-
pension claims	10	-15	-	-
<b>Deferred tax in comprehensive income</b>	<b>1</b>	<b>-29</b>	<b>1</b>	<b>-18</b>
<i>Deferred tax liabilities pertain to:</i>				
pension claims	-851	-815	-	-
non-current assets	-9	-10	-9	-10
tax allocation reserves	-154	-144	-	-
<b>Total deferred tax liabilities</b>	<b>-1,014</b>	<b>-969</b>	<b>-9</b>	<b>-10</b>
<b>Net debt</b>	<b>-1,014</b>	<b>-969</b>	<b>-9</b>	<b>-10</b>

**Note 11 EARNINGS PER SHARE**

	Group	
	2015	2014
Net earnings for the year, SEK m	458	371
Number of shares	175,000	175,000
Earnings per share, SEK	2,615	2,123

**Note 12 INTANGIBLE NON-CURRENT ASSETS**

Intangible non-current assets are categorised in three groups: development work, rental contracts and other intangible assets. Capitalised development expenditures are recognised in the development work category. As at 31 December 2015, the category includes capitalised expenditure for an e-commerce platform, dispensing operations, a group-wide order system and software licenses.

Investments in development work during the year amounted to SEK 15 million and mainly comprised further development of the e-commerce platform, a PDA solution and licenses.

In the rental contracts category, capitalised expenditure is recognised for the acquisition of rental contracts, and these relate to strategically located premises. The category of Other intangible assets includes interior fittings in property belonging to third parties, which were reclassified from tangible assets in connection with the net-asset transfer to subsidiaries. The category also includes goodwill from an acquired subsidiary.

Determination of any need for impairment for intangible assets was performed according to IAS 36, whereby the estimated recoverable value was compared with the carrying amount for each intangible asset. Regarding the valuation of intangible assets, Apoteket has assessed that no impairment charge is necessary.

Group	Development work		Leases		Other intangible assets		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Accumulated cost at the beginning of the year	288	263	29	30	19	19	336	312
Investments	15	28	–	–	3	–	18	28
Divestments/disposals	–5	–3	–	–1	–	–	–5	–4
<b>Accumulated cost at year-end</b>	<b>298</b>	<b>288</b>	<b>29</b>	<b>29</b>	<b>22</b>	<b>19</b>	<b>349</b>	<b>336</b>
Accumulated depreciation at the beginning of the year	–76	–59	–27	–25	–19	–19	–122	–103
Depreciation according to plan	–23	–20	–2	–3	–	–	–25	–23
Divestments/disposals	5	3	–	1	–	–	5	4
<b>Accumulated depreciation at year-end</b>	<b>–94</b>	<b>–76</b>	<b>–29</b>	<b>–27</b>	<b>–19</b>	<b>–19</b>	<b>–142</b>	<b>–122</b>
Accumulated impairment losses at the beginning of the year	–126	–126	–	–	–	–	–126	–126
Impairment losses for the year	–	–	–	–	–	–	–	–
<b>Accumulated impairment losses at year-end</b>	<b>–126</b>	<b>–126</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–126</b>	<b>–126</b>
<b>Residual value at year-end according to plan</b>	<b>78</b>	<b>86</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>–</b>	<b>81</b>	<b>88</b>

Parent Company	Development work		Leases		Total	
	2015	2014	2015	2014	2015	2014
Accumulated cost at the beginning of the year	307	282	29	30	336	312
Investments	15	28	–	–	15	28
Accumulated cost on assets from Group companies	–	–	–	–	–	–
Divestments/disposals	–5	–3	–	–1	–5	–4
<b>Accumulated cost at year-end</b>	<b>317</b>	<b>307</b>	<b>29</b>	<b>29</b>	<b>346</b>	<b>336</b>
Accumulated depreciation at the beginning of the year	–100	–83	–27	–25	–127	–108
Depreciation according to plan	–23	–20	–2	–3	–25	–23
Accumulated depreciation on assets from Group companies	–	–	–	–	–	–
Divestments/disposals	5	3	–	1	5	4
<b>Accumulated depreciation at year-end</b>	<b>–118</b>	<b>–100</b>	<b>–29</b>	<b>–27</b>	<b>–147</b>	<b>–127</b>
Accumulated impairment losses at the beginning of the year	–121	–121	–	–	–121	–121
Impairment losses for the year	–	–	–	–	–	–
<b>Accumulated impairment losses at year-end</b>	<b>–121</b>	<b>–121</b>	<b>–</b>	<b>–</b>	<b>–121</b>	<b>–121</b>
<b>Residual value at year-end according to plan</b>	<b>78</b>	<b>86</b>	<b>0</b>	<b>2</b>	<b>78</b>	<b>88</b>

### Note 13 PROPERTY, PLANT AND EQUIPMENT

Group	Buildings, land, land improvements		Equipment		Total	
	2015	2014	2015	2014	2015	2014
Accumulated cost at the beginning of the year	42	42	1,826	1,905	1,868	1,947
Acquisitions	4	1	59	42	63	43
Divestments/disposals	-	-1	-183	-121	-183	-122
<b>Accumulated cost at year-end</b>	<b>46</b>	<b>42</b>	<b>1,700</b>	<b>1,826</b>	<b>1,746</b>	<b>1,868</b>
Accumulated depreciation at the beginning of the year	-18	-17	-1,404	-1,394	-1,422	-1,411
Divestments/disposals	-	-	180	117	180	117
Depreciation according to plan	-1	-1	-106	-127	-107	-128
<b>Accumulated depreciation at year-end</b>	<b>-19</b>	<b>-18</b>	<b>-1,330</b>	<b>-1,404</b>	<b>-1,349</b>	<b>-1,422</b>
Accumulated impairment losses at the beginning of the year	-	-	-121	-107	-121	-107
Reversal of impairment losses	-	-	-	-	-	-
Impairment losses for the year	-	-	-3	-14	-3	-14
<b>Accumulated impairment losses at year-end</b>	<b>-</b>	<b>-</b>	<b>-124</b>	<b>-121</b>	<b>-124</b>	<b>-121</b>
<b>Residual value at year-end according to plan</b>	<b>27</b>	<b>24</b>	<b>246</b>	<b>301</b>	<b>273</b>	<b>325</b>
Carrying amount, buildings	21	22				
Carrying amount, land, land improvements	2	2				
Tax assessment, buildings	14	14				
Tax assessment, land	2	2				

Parent Company	Buildings, land, land improvements		Equipment		Total	
	2015	2014	2015	2014	2015	2014
Accumulated cost at the beginning of the year	-	-	1,826	1,877	1,826	1,877
Acquisitions	-	-	61	42	61	42
Accumulated cost taken over from Group companies	-	-	-	-	-	-
Divestments/disposals	-	-	-185	-93	-185	-93
<b>Accumulated cost at year-end</b>	<b>-</b>	<b>-</b>	<b>1,702</b>	<b>1,826</b>	<b>1,702</b>	<b>1,826</b>
Accumulated depreciation at the beginning of the year	-	-	-1,418	-1,381	-1,418	-1,381
Accumulated cost taken over from Group companies	-	-	-	-	-	-
Divestments/disposals	-	-	178	89	178	89
Depreciation according to plan	-	-	-106	-126	-106	-126
<b>Accumulated depreciation at year-end</b>	<b>-</b>	<b>-</b>	<b>-1,346</b>	<b>-1,418</b>	<b>-1,346</b>	<b>-1,418</b>
Accumulated impairment losses at the beginning of the year	-	-	-107	-93	-107	-93
Impairment losses for the year	-	-	-3	-14	-3	-14
<b>Accumulated impairment losses at year-end</b>	<b>-</b>	<b>-</b>	<b>-110</b>	<b>-107</b>	<b>-110</b>	<b>-107</b>
<b>Residual value at year-end according to plan</b>	<b>-</b>	<b>-</b>	<b>246</b>	<b>301</b>	<b>246</b>	<b>301</b>

**Note 14 SHARES IN ASSOCIATED COMPANIES**

	Group		Parent Company	
	2015	2014	2015	2014
At the start of the year	8	8	9	9
Percentage of profit/loss <sup>1</sup>	0	0	-	-
<b>At year-end</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>9</b>

1) Percentage of loss stated after tax.

**Group holdings in associated companies**

2015	Assets	Liabilities	Income	Profit/loss
Kårhuset Pharmen AB 556043-3277, Uppsala	7	2	0	0
<b>Total</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>0</b>
2014				
Kårhuset Pharmen AB 556043-3277, Uppsala	7	2	0	0
<b>Total</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>0</b>

**Specification of shares in associated companies**

2015	Holdings	Holding in per cent	Carrying amount	
			Group	Parent Company
Kårhuset Pharmen AB 556043-3277, Uppsala	27,000	45	8	9

**Note 15 GROUP PENSION ASSETS**

<b>Pension benefits</b>	2015	2014
Pension obligation, balance at 1 January	8,008	7,728
Benefits earned during the period	66	64
Early retirement pensions	13	4
Interest expense	255	286
Pensions paid	-380	-371
Actuarial gains/losses on pension obligation	-193	297
<b>Pension obligation, balance at year-end</b>	<b>7,769</b>	<b>8,008</b>
Fair value of plan assets, balance at 1 January	10,988	10,654
Estimated interest income on managed assets	357	398
Payment	-442	-439
Actuarial gains/losses on managed assets	-24	375
<b>Fair value of plan assets, balance at year-end</b>	<b>10,879</b>	<b>10,988</b>
Changes in net assets or (net liabilities)		
Pension assets at the beginning of the year	2,980	2,926
Pension cost	23	44
Pensions paid	380	371
Payment	-442	-439
Actuarial gains/losses	169	78
<b>Pension assets at year-end, excluding special employer's contribution</b>	<b>3,110</b>	<b>2,980</b>
Special employer's contribution	755	723
<b>Pension assets recognised on the balance sheet</b>	<b>3,865</b>	<b>3,703</b>

Note 15 cont'd.

	2015	2014
<b>Breakdown of plan assets</b>		
Shares and similar financial instruments	2,736	3,866
Interest-bearing securities, etc.	7,554	6,162
Other	589	960
<b>Total plan assets</b>	<b>10,879</b>	<b>10,988</b>
<b>Income statement items</b>		
Interest expense	-255	-286
Estimated interest income on managed assets	357	398
Special employer's contribution	25	27
<b>Net financial items – pensions</b>	<b>127</b>	<b>139</b>
Benefits earned during the period	-66	-64
Early retirement pensions	-13	-4
Other pension insurance	-59	-44
Special employer's contribution	-33	-28
<b>Total pension costs (included in personnel costs)</b>	<b>-171</b>	<b>-140</b>
<b>Other comprehensive income items</b>		
Items that cannot be reclassified to comprehensive income for the period		
Actuarial gains/losses on pension obligation		
– experience-based adjustments	91	190
– effects of changes in demographic assumptions	23	22
– effects of changes in financial assumptions	79	-509
Return on plan assets excluding amounts included in interest income	-24	375
<b>Subtotal other comprehensive income</b>	<b>169</b>	<b>78</b>
Special employer's contribution	41	19
Deferred tax	-46	-21
<b>Total other comprehensive income</b>	<b>164</b>	<b>76</b>
<b>Distribution by plan for defined benefit pension obligations</b>		
Apoteket plan	4,558	4,815
ITP2 plan	3,211	3,193
<b>Total pension obligations</b>	<b>7,769</b>	<b>8,008</b>

	31 Dec. 2015 number	31 Dec. 2015 SEK m	31 Dec. 2014 number	31 Dec. 2014 SEK m
Number of retirement benefits, divided among active, paid-up and pensioners				
Active	2,314	1	2,480	1
Paid-up policyholders	16,981	2	17,693	2
Pensioners	14,688	5	14,154	5
<b>Total commitments included in the obligation</b>	<b>33,983</b>	<b>8</b>	<b>34,327</b>	<b>8</b>

The actual return on plan assets amounted to SEK 333 (773) million.

Actual return is recognised including operating expense.

The principal actuarial assumptions used were as follows:	2015	2014
Discount rate, % <sup>1</sup>	3.30	3.25
Future salary increases, %	2.50	3.00
Inflation, %	2.00	2.00
Staff turnover, %	9.00	6.50
Remaining life span ITP2 under own management, women	25	25
Remaining life span Apoteket's pension plan, women	24	24
Remaining life span ITP2 under own management, men	23	23
Remaining life span Apoteket's pension plan, men	20	20

1) For a sensitivity analysis regarding the discount rate, please see page 39.

- The present value of the defined benefit obligation is established by discounting estimated future cash flows based on the discount rate for Swedish mortgage-backed bonds, which are issued in the same currency and with terms that are comparable with current pension liabilities.
- Inflation reflects the trend in the consumer price index (CPI) and is used by Apoteket for indexation of the pension base.
- The expected salary increase reflects future expected percentage salary increases, taking into account expected future inflation.
- Staff turnover is based on historical facts and on expected future staff turnover.

*Note 15 cont'd.*

Apoteket is exposed to a number of risks through its defined-benefit pension plans. The most important are described below:

- **Market risk** – Apoteket AB's Pension Foundation has adopted investment rules to regulate the permissible positioning interval relating to the division between nominal and real assets. The overarching objective is for the medium and long-term return on investment assets to correspond to at least the development of the pension obligation.
- **Inflation risk** – Pension obligations are linked to inflation. Higher inflation will result in an increased pension obligation. Plan assets are not affected by inflation to any significant extent. Overall, higher inflation will cause net pension assets to decrease in value.
- **Discount rate** - The pension obligation is calculated using a discount rate based on mortgage-backed bonds. If plan assets generate lower returns than the discount rate, a deficit will be created. The plan assets include a significant percentage of shares, which are expected to provide higher returns than mortgage-backed bonds in the long term, while providing higher volatility and risk in the short term.
- **Life expectancy** – The purpose of the pension plans is to generate a pension that spans the lifetime of the employee. This means that if life expectancy increases, the pension obligation will also increase.

#### **Average maturity of payments corresponding to the pension liability**

The average maturity (duration) for discounted payments corresponding with the pension liability as of 31 Dec. 2015 calculated under IAS 19 is 14 years.

#### **Benefits using defined-benefit plans**

A defined-benefit retirement pension is set at a specific percentage of pensionable salary when the individual retires, provided that the individual has been employed with ITP2 or equivalent occupational pension for 360 months from the age of 28. The benefit is based on final salary at age 65.

The percentage varies for different income ranges; 2015:

ITP2 pension plan

10%	retirement pension	SEK 0–435,750
65%	retirement pension	SEK 435,751–1,162,000
32.5%	retirement pension	SEK 1,162,001–1,743,000

Apoteket's pension plan

10%	retirement pension	0% family pension	15% sickness pension	SEK 0–340,500
65%	retirement pension	32.5% family pension	65% sickness pension	SEK 340,500–908,000
32.5%	retirement pension	16.5% family pension	32.5% sickness pension	SEK 908,000–1,362,000
0%	retirement pensions	0% family pension	0% sickness pensions	SEK 1,362,000

The commitments for retirement and family pensions for salaried employees in Sweden are secured through an insurance policy with Alecta. The year's contributions for pension insurance taken out with Alecta amounted to SEK 45 (44) million. At year-end 2015, Alecta's surplus, in the form of the collective consolidation rate, was 153 (144) per cent. The collective consolidation rate comprises the market value of Alecta's assets expressed as a percentage of the insurance commitments, calculated according to Alecta's actuarial computation assumptions, which do not comply with IAS 19.

The Group anticipates fees in 2016 relating to defined benefit plans amounting to SEK 393 million. The expected return on plan assets is based on the existing composition of the investment portfolio.

#### **Pension foundation's management of assets**

The size of Apoteket's pension liability varies based on factors such as interest rates, inflation and real wage developments in Sweden. Investments in Apoteket's Pension Foundation will therefore primarily be exposed to assets that reflect the characteristics of the pension liability.

In view of the above, the Pension Foundation's Board of Directors has adopted an investment orientation, whereby a portion of the capital is to be invested in interest-bearing assets issued by the Swedish state or other lenders with a high credit rating. In addition, investments are to be made in equities with a main focus on the Swedish market.

The overall objective is to diversify the managed assets in terms of both nominal and real assets and thus reduce the risk, while achieving a favourable long-term return.

**Note 16 INVENTORIES**

	Group		Parent Company	
	2015	2014	2015	2014
Goods for resale	1,345	1,250	1,345	1,250
<b>Total</b>	<b>1,345</b>	<b>1,250</b>	<b>1,345</b>	<b>1,250</b>

The expenditure for expensed inventories is included in Goods for resale and amounted to SEK 15,768 (14,927) million in the Group and SEK 15,768 (14,927) million in the Parent Company. Provision for obsolescence amounted to SEK 26 (25) million. Write-down of inventory for the year was SEK 4 (3) million.

**Note 17 OTHER RECEIVABLES**

	Group		Parent Company	
	2015	2014	2015	2014
VAT receivables	304	316	304	316
Receivables, credit card	23	21	22	21
Other receivables	0	0	0	0
<b>Total</b>	<b>327</b>	<b>337</b>	<b>326</b>	<b>337</b>

**Note 18 PREPAID EXPENSES AND ACCRUED INCOME**

	Group		Parent Company	
	2015	2014	2015	2014
Prepaid leases	65	64	65	64
Accrued income	21	7	21	7
Prepaid expenses	37	47	37	47
Accrued suppliers' bonus	3	12	3	12
Other items	0	0	0	0
<b>Total</b>	<b>126</b>	<b>130</b>	<b>126</b>	<b>130</b>

**Note 19 ACCRUED EXPENSES AND PREPAID INCOME**

	Group		Parent Company	
	2015	2014	2015	2014
Accrued holiday pay	156	158	156	158
Bonus to employees	22	12	22	12
Accrued salaries	8	4	8	4
Accrued expenses	46	33	46	33
<b>Total</b>	<b>232</b>	<b>207</b>	<b>232</b>	<b>207</b>

**Note 20 PROVISIONS**

	Group		Parent Company	
	2015	2014	2015	2014
At the start of the year	9	34	9	34
<i>Expensed in profit or loss</i>				
Additional provisions	10	–	10	–
Reversed unutilised amounts	–	–2	–	–2
Utilised during the year	–9	–23	–9	–23
<b>At year-end</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>9</b>
Of which, current provision	–	9	–	9

## Note 21 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Apoteket's financial risk management is governed by the Group's financial policy, as adopted by Apoteket's Board of Directors. The finance policy encompasses guidelines for liquidity management, capital supply and other financial risks. The Group's overall risk management policy aims at minimising potentially unfavourable effects on consolidated financial earnings and position. Financial management is centralised to a Group-wide function within the Parent Company, whose task is to capitalise on coordination gains, reduce earnings and cash-flow fluctuations and ensure favourable risk management. The subsidiaries and the Parent Company's operational units are responsible for identifying, reporting and following up the financial risks that arise in the operations.

### Policy and principles for financial risk management

The goals of financial risk management are to maintain good access to funds and efficient use of capital, while securing capital supply. Principles for financial risk management:

- Financial risks arising in the Group's operations are maintained within established parameters in terms of credit risk, market risk and refinancing risk. A rule for all risk management is that speculative trading is not permissible.
- All credit granting must be based on commercial considerations that take into account both financing costs and risk. Credit will not be granted until a credit assessment of the borrower has been conducted.
- The Group's financial management and credit granting must be characterised by such organisation, including internal controls and reporting, so that the administrative risks are minimised.

### Liquidity risk

Caution, in terms of the management of liquidity risk, involves having sufficient cash and cash equivalents and available financing through sufficient committed lines of credit. Apoteket's liquidity policy aims to reduce external debt as much as possible while keeping liquid assets as close to zero as possible. Liquid assets in the Group should primarily be used to reduce the Group's external debt. Any cash surplus within the Group is managed by the finance function, which is also responsible for ensuring that the necessary liquidity reserves are available. Apoteket's short-term investments consist of certificates with maturity of up to three months.

### Interest rate risk

The Group's exposure to interest rate risk is essentially associated with its pension assets. See also note 15. The Pension Foundation strives for an investment of plan assets that offsets the risk associated with the value trend for the pension liability. Otherwise, short-term financial borrowing and investment is subject to limited exposure to interest rate risk.

### Currency risk

Since purchasing and sales essentially occur in SEK, currency exposure is limited.

### Credit risk

The Group has no significant concentration of credit risks. There is an established policy for credit risk management.

Sales in the consumer market are paid for in cash or via the most commonly used credit cards. Instalment payment accounts are offered to private customers. Apoteket conducts credit assessments for all newly added customers who apply for credit. This credit assessment is based on whether the customer has a record of non-payment of debt and/or a debt balance with the Enforcement Service. Customers who fail to pay their debts are blocked and denied continued credit after approximately two months from the date of payment default.

The County Councils and the Swedish eHealth Agency account for 95 per cent of Apoteket's outstanding receivables to contract customers. The risk has been assessed as very low. The receivables are normally paid within the specified credit period.

### Due dates for receivables

Group	2015	2014
<i>Overdue, but not impaired</i>		
< 30 days	49	81
30–90 days	5	10
<i>Overdue and impaired</i>		
91–180 days	1	5
> 180 days	2	3
<b>Total</b>	<b>57</b>	<b>99</b>

### Provision for doubtful receivables

Provision for doubtful receivables amounted to SEK 4 (23) million. Provision for doubtful receivables has changed as follows:

Group	2015	2014	2013	2012
Opening amount	23	22	5	3
Utilised by previous years' reserves	-23	-	-	-
Provision for anticipated losses	4	1	17	2
<b>Amount at year-end</b>	<b>4</b>	<b>23</b>	<b>22</b>	<b>5</b>
Confirmed losses	2	6	5	4
Recovered bad debts	0	1	0	0

The year's cost for doubtful receivables amounted to SEK 6 (7) million. The percentage of doubtful receivables is calculated on the basis of an established model that has been tried and tested by Apoteket. Accordingly, the carrying amount provides a fair approximation of the fair value.

Note 21 cont'd.

### Fair value of financial instruments

The nominal amount less any assessed credit entries for accounts receivable and accounts payable is assumed to match the fair value since the maturity is less than three months and usually even shorter.

2015	Accounts and loans receivable	Available-for-sale financial assets	Other financial liabilities	Total carrying amount	Fair value
Accounts receivable	2,039			2,039	2,039
Other current receivables	23			23	23
Short-term investments <sup>1</sup>		265		265	265
Cash and cash equivalents <sup>1</sup>	92			92	92
<b>Total financial assets</b>	<b>2,154</b>	<b>265</b>		<b>2,419</b>	<b>2,419</b>
Accounts payable			1,989	1,989	1,989
<b>Total financial liabilities</b>			<b>1,989</b>	<b>1,989</b>	<b>1,989</b>

2014	Accounts and loans receivable	Available-for-sale financial assets	Other financial liabilities	Total carrying amount	Fair value
Accounts receivable	2,066			2,066	2,066
Other current receivables	23			23	23
Cash and cash equivalents <sup>1</sup>	44			44	44
<b>Total financial assets</b>	<b>2,133</b>			<b>2,133</b>	<b>2,133</b>
Current liabilities to credit institutions			100	100	100
Accounts payable			1,977	1,977	1,977
<b>Total financial liabilities</b>			<b>2,077</b>	<b>2,077</b>	<b>2,077</b>

1) In the Group, Cash and cash equivalents as well as Short-term investments are both categorised as Cash and cash equivalents.

Financial liabilities to credit institutions	Group		Parent Company		Granted
	2015	2014	2015	2014	
Handelsbanken	–	–	–	–	300
Commercial paper	–	100	–	100	1,500
<b>Total utilised credit</b>	<b>–</b>	<b>100</b>	<b>–</b>	<b>100</b>	<b>1,800</b>

The granted overdraft facility amounts to SEK 300 million. There were no loan liabilities as of 31 December 2015. The maturity of the certificate is eight days.

Note 21 cont'd.

### Interest income and interest expense on financial instruments

The table below shows the interest income and interest expense pertaining to all of Apoteket's financial assets and financial liabilities:

	Group		Parent Company	
	2015	2014	2015	2014
Interest income on financial assets	0	2	0	2
Interest expense on financial liabilities	0	-3	0	-3
Exchange rate gains/losses on liabilities	0	0	0	0
<b>Total</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-1</b>

### Note 22 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	2015	2014	2015	2014
Sureties, PRI Pension Guarantee	43	41	43	41
Guarantee commitments, other	10	18	10	18
<b>Total contingent liabilities</b>	<b>53</b>	<b>59</b>	<b>53</b>	<b>59</b>
Pledged assets	None	None	None	None

Following reregulation of the pharmacy market in 2010, Apoteket AB provided guarantees for leases that were signed by other pharmacy operators. The remaining number of guarantees is 12 and surety amounts to SEK 10 (18) million.

Apoteket has signed a guarantee agreement with PRI Pensionsgaranti. The mutual responsibility is 2 per cent of the ITP2 pension liability. In 2015, this amounted to SEK 43 (41) million.

### Note 23 TRANSACTIONS WITH RELATED PARTIES

#### Group companies

For the Parent Company, Group companies accounted for 0.1 (0.1) per cent of purchases and 0.0 (0.0) per cent of sales transactions with Group companies during the year. With regard to purchases and sales between Group companies, the same principles apply to pricing as to transactions with external parties.

#### Swedish state

Apoteket is wholly owned by the Swedish state. Purchases and sales of products and services to and from government authorities and companies take place on a commercial basis.

#### Other interest income and interest expense

The Parent Company's interest income includes SEK 0 (2) million pertaining to interest payments relating to Group companies. Interest expense includes interest payments relating to Group companies in the amount of SEK 0 (0) million.

#### Remuneration to senior executives

Remuneration of senior executives is presented in Note 8.

#### Other organisations in Sweden

Apoteket's Pension Foundation manages the plan assets that secure the defined benefit pension obligations for Apoteket AB and Apoteket Farmaci AB. Apoteket AB received a payment of SEK 442 (439) million in 2015.

### Note 24 SHARE OF EARNINGS OF GROUP COMPANIES

	Parent Company	
	2015	2014
Group contributions received	-	-
Dividends from subsidiaries	-	255
Impairment of shares in the subsidiaries Apoteket Farmaci (2014), Farmacifamiljen Malmö AB (2014), Helene Widegren Hälsofokus AB (2014)	-	-227
<b>Total</b>	<b>-</b>	<b>28</b>

### Note 25 APPROPRIATIONS

	Parent Company	
	2015	2014
Tax allocation reserve, provision for the year	-203	-149
Reversal of tax allocation reserve	157	165
<b>Total</b>	<b>-46</b>	<b>16</b>

**Note 26 SHARES IN GROUP COMPANIES**

	Parent Company	
	2015	2014
Accumulated cost at the beginning of the year	27	257
Capital contribution to subsidiaries and acquisitions	4	–
Impairment <sup>1</sup>	–	–230
<b>Accumulated cost at year-end</b>	<b>31</b>	<b>27</b>

1) 2014: Impairment of shareholdings in Apoteket Farmaci and Apoteksinformation, since the subsidiaries paid retained earnings to the Parent Company during the year and then became dormant.

**Specification of the Parent Company's and subsidiaries' holdings of shares and participations in Group companies:**

Group Company/Corp. id. no. /Registered office	Number of shares	Proportion in per cent	Carrying amount	
			2015	2014
Förvaltnings AB Tanken 556500-6953, Solna	1,000	100	0	0
Snabboteket AB 556819-9656, Solna	97,808	100	4	–
<i>Dormant companies</i>				
Apoteket Farmaci AB 556758-1789, Solna	25,000	100	25	25
Apoteksakademin i Sverige AB 556792-4005, Solna	1,000	100	0	0
Apoteket International AB 556606-4266, Solna	1,000	100	0	0
Apoteket Svanen AB 556822-8430, Solna	1,000	100	0	0
Farmacifamiljen Malmö AB 556839-1170, Malmö	1,000	100	0	0
Apoteksinformation AB 556043-0984, Stockholm	50,000	100	1	1
Apoteksbolaget AB 556459-6723, Stockholm	500	100	1	1
<b>Total</b>			<b>31</b>	<b>27</b>

**Note 27 DIVIDEND PER SHARE**

At the Annual General Meeting on 18 April 2016, a cash dividend for 2015 of SEK 6,285.71 (902.86) per share, for a total of SEK 1,100 (158) million, will be proposed. The dividend will be recognised as a distribution of earnings. A dividend of SEK 158 million was paid to the owner in 2015.

**Note 28 UNTAXED RESERVES**

	Parent Company	
	2015	2014
Tax allocation reserves were distributed as follows:		
Tax allocation reserve, 2010 tax assessment	–	157
Tax allocation reserve, 2012 tax assessment	35	35
Tax allocation reserve, 2013 tax assessment	66	66
Tax allocation reserve, 2014 tax assessment	245	245
Tax allocation reserve, 2015 tax assessment	149	149
Tax allocation reserve, 2016 tax assessment	203	–
<b>Total</b>	<b>698</b>	<b>652</b>

**Note 29 PARENT COMPANY PENSIONS**

	2015	2014
Capital value of pension obligation		
Capital value of pension obligation at start of year	7,030	6,937
Revenue/cost, excluding interest expense, charged to earnings	103	–10
Interest expense	144	170
Effect of new parameters under the Pension Obligations Vesting Act	455	304
Payment of pensions	–380	–371
<b>Capital value of pension obligation at year-end</b>	<b>7,352</b>	<b>7,030</b>

Note 29 cont'd.

### Specially detached assets managed by the foundation

Specially detached assets	2015	2014
Fair value of assets at start of year	10,988	10,654
Return on specially detached assets <sup>1</sup>	333	773
Payment from Apoteket's Pension Foundation	-442	-439
<b>Fair value of assets at year-end</b>	<b>10,879</b>	<b>10,988</b>

1) Return on specially detached assets for 2015 and 2014 is recognised including operating expense.

Plan assets minus pension obligations	2015	2014
Fair value of assets at year-end	10,879	10,988
Capital value of pension obligation at year-end	-7,352	-7,030
<b>Pension assets</b>	<b>3,527</b>	<b>3,958</b>
Liability/receivable recognised in the balance sheet	-	-

Specification pertaining to the year's pension costs	2015	2014
Pensions paid	-380	-371
Pensions through insurance	-59	-40
Payment	442	439
<b>Total pension costs of Parent Company</b>	<b>3</b>	<b>28</b>

### Market value plan assets

Asset class	2015	Share, %
Shares and similar financial instruments	2,736	25
Interest-bearing securities	7,554	70
Other	589	5
<b>Total</b>	<b>10,879</b>	<b>100</b>

The Parent Company anticipates fees in 2016 relating to defined benefit plans amounting to SEK -393 million. The expected return on plan assets is based on the existing composition of the investment portfolio.

### Interest rate assumptions

Apoteket AB's connection to the ITP plan largely involves a change in the application of the interest rate assumptions, partly as a result of Apoteket now safeguarding the newly vested retirement pension, ITP2, in Apoteket's Pension Foundation, and partly due to the indexation being removed for vested pensions and pension payments in accordance with Apoteket's pension plan. For newly vested defined-benefit retirement pensions, ITP2, the Pension and Registration Institute's (PRI) interest rate assumption of 3.84 per cent (net) applies.

For newly vested pensions until retirement, as per Apoteket's pension plan, the Swedish Financial Supervisory Authority's FFFS 2007:31 provision, concerning actuarial grounds, applies. This provision specifies the grounds for securing pension obligations that are to be used to calculate capital values for securing pension obligations that are not secured by life assurance companies or retirement pension funds. For other pension payments and vested pensions according to Apoteket's pension plan, an interest rate applies for the commitments, which does not imply a pledge of future values or indexing at 0.8 per cent (gross).

### Note 30 EVENTS AFTER THE BALANCE SHEET DATE

In January 2016 Apoteket AB and Apoteket Hjärtat entered into an agreement for the purchase and sale of pharmacies. Apoteket will take over eight Apotek Hjärtat pharmacies in City Gross locations and Apotek Hjärtat will simultaneously acquire four pharmacies from Apoteket.

# Proposed distribution of earnings

## The following earnings and unrestricted funds are at the disposal of the Annual General Meeting

Retained earnings	SEK 906,259,352
Profit for the year	SEK 463,124,188
<b>Total</b>	<b>SEK 1,369,383,540</b>

## The Board of Directors proposes that the available earnings be distributed as follows:

dividend to the shareholder of SEK 6,285.71 per share, for a total of	SEK 1,100,000,000
To be carried forward	SEK 269,383,540
<b>Total</b>	<b>SEK 1,369,383,540</b>

The undersigned declare that the consolidated and annual financial statements have been prepared in accordance with IFRS, as adopted by the EU and generally accepted accounting policies in Sweden, and provide a true and fair view of the Group's and Parent Company's position and performance, and that the Administration Report provides an accurate overview of the development of the Group's and the Parent Company's operations, position and performance and describes significant risks and uncertainties faced by the companies included in the Group.

The statement of earnings and balance sheets will be adopted at the Annual General Meeting on 18 April 2016.

Solna 7 March 2016

Christian W. Jansson  
CHAIRMAN

Maria Curman  
BOARD MEMBER

Gert Karnberger  
BOARD MEMBER

Kristina Schauman  
BOARD MEMBER

Sussi Kvart  
BOARD MEMBER

Leif Ljungqvist  
BOARD MEMBER

Lisa Ekstrand  
EMPLOYEE REPRESENTATIVE

Gunilla Larsson  
EMPLOYEE REPRESENTATIVE

Ann Carlsson  
PRESIDENT

Our Auditor's Report was submitted on 7 March 2016

KPMG AB

Ingrid Hornberg Román  
AUTHORISED PUBLIC ACCOUNTANT

# Auditor's Report

This is the translation of the auditor's report in Swedish.

To the annual meeting of the shareholders of Apoteket AB (publ), corp. id 556138-6532

## Report on the annual accounts and consolidated accounts

**We have audited** the annual accounts and consolidated accounts of Apoteket AB (publ) for the year 2015. The annual accounts and consolidated accounts of the Company are included in the printed version of this document on pages 35–77.

### RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on

our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the annual accounts and consolidated accounts 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing

Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

### OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and in accordance with the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of

the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

#### **OTHER MATTERS**

The audit of the annual accounts for year 2014 was performed by another auditor who submitted an auditor's report dated 6 March 2015, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

### **Report on other legal and regulatory requirements**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the Managing Director of Apoteket AB for the year 2015.

#### **RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR**

The Board of Directors is responsible for the

proposal for appropriations of the Company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the Company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors proposed appropriations of the Company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the Company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the Company. We also examined

whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

#### **OPINIONS**

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 7 March 2016

KPMG AB

Ingrid Hornberg Román  
Authorised Public Accountant

# Accounting policies sustainability report

**Apoteket's sustainability report is based on the Global Reporting Initiative (GRI) framework for sustainability reporting.**

## PAGE

80	About this report
80	Sustainability management and monitoring
81	Health
82	Product range
83	Environment
84	Diversity
86	Business performance
86	Anti-corruption and compliance
86	Materiality analysis
87	Stakeholder dialogue
88	GRI index

## ABOUT THE REPORT

Apoteket reports its sustainability work annually based on the sustainability aspects of our business that we have deemed significant in dialogue with our stakeholders. The most recent report was published on 28 March 2014.

### Global Reporting Initiative (GRI) reporting framework

The Report is prepared in accordance with the Global Reporting Initiative (GRI) international framework for sustainability reporting, version G4, using the "Core" option. The GRI index can be found on pages 88–89 and the overview of the materiality analysis on page 86. All indicators have been externally reviewed; please see the assurance report on page 91.

### Changes in this year's report

This year's report has been expanded with indicator SO9 to complement reporting of Apoteket's supplier audit. Indicator LA6 was adjusted to be more in line with Apoteket's management of employee issues. Apoteket's own indicator Availability of prescription medications has been updated with the performance indicator level of service. The year that Apoteket joined the Global Compact was corrected to 2010. The percentage of customers who returned leftover medicine in 2014 was corrected. Adjustments of the previous year's results are stated in each table.

### External regulations, standards and policies

Apoteket has been certified to ISO 14001 since 2007 and joined the Global Compact in 2010. For information on laws and regulations affecting Apoteket, see page 86.

## SUSTAINABLE GOVERNANCE AND MONITORING

Apoteket conducts business in compliance with laws and other requirements in a financially, environmentally and socially

sustainable manner. Many different tools are used to achieve this objective.

### Apoteket's targets

Apoteket's targets are monitored on a regular basis in Executive Management. The financial targets are set by Apoteket's owners, while sustainability targets are set by the Board. Executive management is responsible for ensuring that the business works to achieve the targets. Read more on pages 14–15.

Executive management also regularly monitors deviations, audit results and other indicators related to patient safety, quality and the environment.

### Systematic quality and environmental management

Apoteket has an integrated quality and environmental management system. The system is certified to environmental standard ISO 14001 and its self-monitoring tools also meet the National Board of Health and Welfare requirements for quality management systems. The management system is the tool for working systematically to achieve patient safety and legislative compliance, as well as to reduce environmental impact. Apoteket's new sustainability policy, which was adopted in October 2015 by the Board of Directors, is an important component of the management system as it indicates the direction in which the business should be conducted. Guidelines such as Apoteket's Code of Conduct are established by the President.

Each pharmacy conducts an annual self-inspection to verify compliance with laws and other requirements. Internal audits are conducted regularly for additional control. Deviations are documented and monitored to avoid repeating them. Quality-assured job descriptions are defined for employees who meet customers or work in production.

Employees are trained in sustainable development, quality and

the values in the Code of Conduct. Executive management evaluates the management system annually. An external party conducted a follow-up audit during the year. As a result of this audit, Apoteket's management system continued to be certified and meet the requirements of ISO 14001.

#### **Occupational health and safety management systems**

Apoteket works systematically to ensure a good work environment for employees. Work environment inspections allow risks to be identified and deviations corrected. A risk analysis is always conducted prior to major changes. Employee feedback is analysed through the annual employee survey and in the system for suggested improvements. Statistics for sickness absence, work attendance and occupational injuries are continually monitored.

#### **Membership in organisations**

Apoteket is a member of the Swedish Trade Federation, the Swedish Pharmacy Association, the Centre for Business and Policy Studies, Pharmacists Without Borders, the Confederation of Swedish Enterprise Security Delegation and Swecare.

#### **HEALTH**

Health and safety for both customers and employees are crucial to Apoteket's business and consistent with the vision of A Life in Health. Our extremely knowledgeable employees have access to ongoing skills development to foster good customer encounters and contribute to our competitiveness.

#### **Customer health and safety**

The customer satisfaction index (CSI) is used as a measure of how customers experience the support they receive at Apoteket regarding their health. In 2014 CSI surveys were conducted at the 75 largest pharmacies, at apoteket.se and among Apodos customers. In 2015 surveys were conducted at the 100 largest pharmacies and among contract customers. Consumers completed an online survey, while contract customers completed a survey and were also interviewed. The CSI survey results were 85 for pharmacy customers, 83 for online customers and 83 for Apodos customers. All pharmacies will participate in 2016. Customer feedback is also captured and monitored through Apoteket's follow-up system.

#### **Availability of prescription medications**

One key assumption for customer health and safety is that the right drugs must be available. This aspect is monitored by the performance indicator level of service, which describes delivery reliability in terms of stock availability, order processing and punctual delivery. Level of service is based on the error rate for order lines of all incoming (non-emergency) prescriptions dispensed within the agreed lead time. The level of service has been consistently higher than 95 per cent during the year. The performance indicator only applies to outpatient pharmacies.

#### **Evaluation of products and services**

Products that are not medicines undergo Apoteket's six-step quality control procedure. The Swedish Medical Products Agency reviews all medications. Apoteket reviews the information on all pharmacy products other than medications to ensure that they comply with applicable rules and provide customers with appropriate guidance. Labelling of medicinal products is governed by regulatory requirements. Apoteket's health and pharmacy services are designed in consultation with experts and carried out by specially trained pharmacists. The employees' basic education and professional skills development, together with regular calibration of equipment, ensure that services are carried out in accordance with current regulations and with consideration taken to health, safety and the environment.

#### **Employee health and safety**

Employee health and safety are regularly monitored. The goal is to improve work attendance, which entails a maximum of seven sick days per person and year. Absence due to illness increased somewhat during the year to 4.9 (4.8). The results are based on the percentage of sick hours of total scheduled hours during the period for all employees. All work injury reports are submitted to Apoteket's HR Unit, where they are documented as they arise and compiled annually.

The data for career development reviews this financial year are based on the outcome for 2014 because career development reviews are no longer carried out in the annual employee survey. A new assessment method is being formulated that will apply beginning in 2016.

## GOALS AND INDICATORS HEALTH

Metrics	Goal 2016	Goal 2015	2015	2014	2013
Percentage satisfied customers, SCI <sup>1</sup>	80	80	85	85	85
Work attendance, %	75	74	70	69	67
Availability of prescription medications, %	–	–	>95	–	–
Occupational injuries, each	–	–	25	33	49
Performance reviews, %	–	–	85	85	–
Sickness absence, %	–	–	4.9	4.8	4.1

1) SCI results in the table refer only to pharmacies that are among the surveyed customer groups. Results for 2015 refer to the 100 largest pharmacies.

### PRODUCT RANGE

The Apoteket product range comprises medicinal products, other pharmacy products and services that make it easier for our customers to feel well. Apoteket has about 1,100 product suppliers, of which two thirds are suppliers of medications and one third are suppliers for other pharmacy products. The suppliers are located primarily in Europe and Asia. Most of Apoteket's private labels are manufactured in Sweden. Apoteket works to reduce and prevent negative impacts on people and the environment throughout the value chain.

### Apoteket's Code of Conduct

The purpose of Apoteket's Code of Conduct is to promote good environmental and work environment conditions during production. The Code of Conduct is based on Apoteket's sustainability policy as well as international conventions and guidelines, the Universal Declaration of Human Rights, the ILO Conventions and the OECD Guidelines for Multinational Enterprises. It includes the areas of environmental, social and business-related ethical issues, as well as animal welfare, and places demands on suppliers to take a systematic approach to these issues.

Apoteket's long-term ambition is to have all suppliers sign the Code of Conduct. However, Apoteket's ability to influence conditions varies among different types of suppliers, for which reason well-defined milestones are established to systematically address all suppliers. The goal applies to suppliers of non-prescription drugs and other pharmacy products, contractual suppliers of indirect materials, and prescription medication suppliers.

**Suppliers of non-prescription medications and other pharmacy products:** The goal applies to all suppliers for which Apoteket's purchase costs exceed SEK one million annually. Some suppliers for which purchase costs are less than SEK one million have also signed the Code of Conduct. However, the figures do not include these suppliers. By year-end 2015, 89 per cent of suppliers had signed the Code of Conduct.

**Suppliers of indirect materials:** The goal applies to all suppliers of indirect materials for which Apoteket's purchase costs exceed SEK one million annually. The goal does not apply to IT and transport providers, but efforts are underway to include these areas moving forward. Some IT and transport providers and other suppliers for which purchase costs are less than SEK one million, have also signed the Code of Conduct. However, the figures do not include these providers. By year-end, 72 per cent had signed the Code of Conduct. The goal for 2016 remains at the same level as 2015 since the goal moving forward will also include IT and transport services.

### Prescription medication suppliers where Apoteket is distributor:

The goal applies to all prescription medication suppliers brought in through Apoteket's own wholesale operations. By year-end 2015, 96 per cent of suppliers had signed the Code of Conduct.

**Other prescription medication suppliers:** The goal applies to all suppliers for which Apoteket's purchase costs exceed SEK one million annually. By year-end, 6 per cent had signed the Code of Conduct.

GOALS AND INDICATORS PRODUCT RANGE					
	Goal 2016	Goal 2015	2015	2014	2013
Suppliers of non-prescription medications and other pharmacy products who signed Apoteket's Code of Conduct, % <sup>1</sup>	100	100	89	94	–
Prescription medication suppliers (through own wholesale operations) who signed Apoteket's Code of Conduct, % <sup>2</sup>	100	30	96	18	–
Prescription medication suppliers (other) who signed Apoteket's Code of Conduct, % <sup>2</sup>	10	30	6	18	–
Suppliers of indirect material who signed Apoteket's Code of Conduct, %	50	50	72	30	–

1) The calculation method was changed in 2015. Consequently the results for the year are not comparable with 2014.

2) The goal regarding prescription medication suppliers was divided into two metrics to clarify that Apoteket can set more specific requirements for those suppliers whose products are brought in through its own wholesale operations. The outcome for 2014 represents a combination of these two supplier categories and is therefore not directly comparable with the 2015 results.

### Supplier audit

According to Apoteket's quality control procedures, all suppliers of products that are not medications must be audited to ensure that production is correct and that the product contents meet Apoteket's requirements. The audit covers quality, the environment, business ethics and social responsibility. The procedures also ensure that suppliers sign the Code of Conduct. The audit is conducted in connection with the introduction of new products into the product line. Existing suppliers are audited at least every three years to ensure that the information about the suppliers in Apoteket's system is up to date.

The supplier audit is carried out in the form of self-assessments, submission of third-party certificates, meetings or site visits. Based on Apoteket's risk classification, the

audit focuses specifically on the requirements in the Code that are most relevant for each supplier. Depending on the results of the audit, Apoteket decides on how the collaboration will continue as well as the need for action plans and follow-up audits. The objective is always to correct deviations in close dialogue with the supplier. Collaborations are terminated only in exceptional cases, mainly in the event of serious deviations from the Code of Conduct that are not corrected.

During the year 14 on-site factory audits were conducted. Deviations identified at site visits may involve inadequate fire safety, overtime work and poor handling of chemicals. Of the site audits carried out during the year, all suppliers demonstrated improvements in how they systematically work with deficiencies. No serious violations of Code requirements were identified during the year.

### Environmental impact of products and services

Apoteket reduces the negative environmental impacts of products and services through procedures such as collecting and sending pharmaceutical waste for safe incineration. Apoteket also engages in dialogues with suppliers regarding substances that are approved in the product line. Consequently, in certain cases Apoteket refuses to bring in products whose contents do not live up to the requirements. In other cases, unsuitable ingredients may be replaced with others that are more environmentally acceptable. Apoteket follows the precautionary principle, which is included in the quality control process.

### ENVIRONMENT

Apoteket's activities impact the environment both directly and indirectly, mainly through handling and use of medications, as well as through transport services.

### Emissions to water and waste

Pharmaceutical waste and hazardous waste have the greatest environmental impact for Apoteket, for which reason reporting is limited to these types of waste. All pharmaceutical waste is safely incinerated, while hazardous waste is managed in different ways depending on the waste code involved. Apoteket's goal is to increase the number of customers who turn in leftover medicinal products to Apoteket. A total of 390 tonnes of pharmaceutical waste were sent for incineration, while 26 tonnes of hazardous waste were removed. Read more on pages 32-33.

### Emissions to air

Apoteket's carbon dioxide emissions are primarily caused by transportation of goods, electricity, heating and business travel, of which transportation of goods is responsible for the largest percentage. The goal is for all transport services to be provided using vehicles rated Euro 5, the lowest environmental class, by 2020. In addition, transports will be completely fossil-free by 2030.

Emission calculations are based on carbon dioxide equivalents (CO<sub>2</sub>e). The base year for the emissions calculations is 2014, the year that the measurement methodology was reviewed.

**Scope 1** relates to Apoteket's company cars. The calculation is based on kilometres driven and emission factors per company car.

**Scope 2** includes electricity and heating of Apoteket's premises. Heating calculations are based on the assumption of one hundred percent district heating for all of Apoteket. The template for district heating use is based on annual statistics on the use of district heating per area in premises heated solely by district heating from the Swedish Energy Agency, as well as data on Apoteket's total floor space. Electricity consumption for units where Apoteket has its own electricity agreements is calculated based on actual electricity use. Calculations for units where electricity is included in the rent use a standard figure based on actual electricity use per office space and office space for units where electricity is included in the rent. Since the electricity origin is not labelled, a Nordic electricity mix is assumed.

**Scope 3** relates to Apoteket's transportation of goods and business travel excluding company cars. Calculations of emissions from transportation of goods are based on standard EN 16258. Unless the delivery service provider specifies otherwise, return transports are assumed to be included in the calculations. If fuel type is unknown, diesel MK 1 D5 (5 vol.-% biofuel) is assumed. Air travel is calculated based on the number of kilometres per trip, based on input data from the travel supplier, using DEFRA emission factors. Business travel by own car is calculated based on the number of kilometres driven per car, with input data from Apoteket's travel expense system, using the Swedish Transport Administration's weighted average for passenger cars as the emission factor. Car hire and taxi figures are based on calculations from the supplier. Train travel is calculated based on the number of kilometres travelled per trip, using input data from the travel supplier and an emission factor from NTM.

### GOALS AND INDICATORS ENVIRONMENT

	Goal 2016	Goal 2015	2015	2014	2013
Percentage of customers who return leftover medicine, % <sup>1</sup>	80	80	54	–	–
Ecosmart transportation of goods (lowest Euro 5), % <sup>2</sup>	85	78	73	66	–
Travel more climate-smart (reduced carbon dioxide emissions), g/km	123	125	128	129	–
Carbon emissions from business travel, tonnes	–	–	678	749	1,450
Carbon dioxide emissions from electricity and heating, tonnes	–	–	1,481	1,657	971
Carbon emissions from transportation of goods, tonnes <sup>3</sup>	–	–	4,877	4,897	6,662
Carbon emissions total, tonnes	–	–	7,037	7,303	9,083
Carbon emissions, g/SEK <sup>4</sup>	–	–	0.36	0.37	150
Pharmaceutical waste, tonnes	–	–	390	426	378
Hazardous waste, tonnes <sup>5</sup>	–	–	26	18	16

1) In base year 2012 the percentage was 75 per cent; results based on an industry survey. The 2015 survey was conducted only among Apoteket customers with the narrower question of whether customers turned in waste to Apoteket's local units.

2) The outcome is an estimate based on information from Apoteket's delivery service providers. Dialogue will continue in 2016 to achieve a clearer measurement method. Adjusted outcome 2014. Corrected calculation due to errors in documentation.

3) Adjusted outcome 2014. Corrected calculation due to errors in documentation.

4) The 2013 outcome is based on grams of carbon dioxide per package and is therefore not comparable with the outcomes from 2014 and 2015.

5) The increase is because the 2015 figure also includes volumes from a county council that provides in-house removal.

### DIVERSITY

Apoteket strives to have the composition of managers and employees reflect the diversity of society in order to better meet customer needs and to increase Apoteket's attractiveness as an employer.

### Gender equality and equal opportunity

Apoteket's diversity goals are to increase the percentage of motivated employees, the percentage of men and the percentage of employees with a foreign background. Employee representatives are not included when reporting gender balance on the Board of Directors. Read more about the gender and age distribution of Apoteket's executive management and Board of Directors on pages 92–95.

### Employee indicator delimitations

All employee indicators in the Report are based on the actual number of employees as of 31 December unless otherwise stated. Temporary substitute employment, seasonal employment and employment during probationary periods are not reported. The statistics are not broken down by region since Apoteket's business is conducted only in Sweden, which is considered as a single region. Consultants represent only about 2 per cent of the total workforce and are therefore not included.

The number of employees who work as needed for an hourly wage varies during the year. This segment is mainly related to holiday/vacation periods and major holidays when extra resources are needed to replace regular staff taking time off. During a typical month, Apoteket has about 340 hourly employees and in the summer and at Christmas and New Year, the number more than doubles to 800-900 hourly employees. Hourly employees work an average of 25 per cent of a full-time position. All employees are covered by collective bargaining agreements, which are available on Apoteket's intranet.

#### GENDER AND AGE DISTRIBUTION BY EMPLOYEE CATEGORY

	Men	<30 years	30-50 years	>50 years
Pharmacists 2015	117	178	944	546
Other employment categories 2015	338	297	979	602
Total 2015	455	475	1,923	1,148
Total 2014	458	701	1,955	1,301
Total 2013	545	558	1,848	1,489

#### GOALS AND INDICATORS DIVERSITY

	Goal 2016	Goal 2015	2015	2014	2013
Motivated employees, %	78	74	77	72	67
Percentage men <sup>1</sup>	17	16	15	14	14
Number of employees with foreign background, % <sup>2</sup>	25	25	23	21	–
Total number of employees	–	–	3,546	3,660	3,894
Men	–	–	455	458	545
Indefinite-term staff	–	–	3,404	3,496	3,449
– men	–	–	414	424	437
Fixed-term employees	–	–	142	164	445
– men	–	–	41	34	108
Full-time employees	–	–	2,167	2,266	2,298
– men	–	–	365	381	379
Part-time or hourly employees	–	–	1,237	1,230	1,253
– men	–	–	49	43	43

1) Percentage of men is based on average number of employees, see note 22.

2) Definition of foreign background was adjusted to be consistent with the SCB definition: born abroad or born in Sweden with two parents born abroad. The previous year also included employees born in Sweden with one parent born in Sweden and one born abroad. The 2014 outcome was adjusted according to the new definition.

### BUSINESS PERFORMANCE

Long-term profitability is essential for Apoteket to continue to be a competitive operator in the pharmacy market. Apoteket's owner attaches great importance to the Board and executive management working towards long-term, ambitious and realistic targets to ensure value creation. The financial targets identified are long term and evaluated over one business cycle or five to seven years. Significant changes in the business plan or the

market may warrant a renewed overview of the financial targets. The owner decided on the current financial targets at the AGM in 2013. Apoteket's objective is in accordance with the owner's requirements to increase the Company's long-term profitability, which is expected to provide a direct positive impact on society. Increased profitability is essential for the business to be able to continue to develop to meet the needs of the customers. In addition, more money will be paid in dividend to the owner, which benefits the entire Swedish population. For more information about outcomes and circumstances within the economic area, see pages 47–55.

#### GOALS AND INDICATORS BUSINESS PERFORMANCE

	Goal 2016	Goal 2015	2015	2014	2013
Profitability target, operating margin, %	3	3	2.4	1.8	1.9
Debt/equity ratio, %	40–80	40–80	neg.	3	18
Distribution, % of pension-adjusted net income	40–60	40–60	324 <sup>1</sup>	60	51

1) According to the Board's proposal, see page 77

#### ANTI-CORRUPTION AND COMPLIANCE

Apoteket's work relating to anti-corruption and compliance is a cornerstone for business to be conducted sustainably.

##### Anti-corruption

Apoteket's bribery and anti-corruption guidelines have been updated to clearly indicate compliance with the "Code on gifts, rewards and other benefits in business" from the Swedish Anti-Corruption Institute. This undertaking is in line with the Government commitment that state-owned companies should serve as role models in the Swedish business community. Read more on page 21. The guidelines have been implemented through training initiatives in management, middle management and additional units. Efforts to update the compulsory sustainability training programme for new employees continued during the year. Implementation is expected in 2016. No confirmed incidents of corruption occurred during the year (zero confirmed incidents for 2013–2014 as well).

#### Compliance

Apoteket is subject to laws and regulations that regulate Swedish pharmacy operations. Regulators are primarily the Medical Products Agency, the National Board of Health and Welfare, the National Board of Dental and Pharmaceutical Benefits Agency, the Health and Social Care Inspectorate, the Data Protection Authority and the e-Health Authority. Other regulations also apply, such as environmental and occupational safety legislation. Apoteket works systematically to monitor regulatory changes in order to make timely adjustments to internal procedures. Read more about Apoteket's systematic approach on pages 80–81. No significant fines or non-monetary sanctions were imposed against Apoteket during the year for violation of applicable laws and regulations (no significant fines or non-monetary sanctions in 2013–2014).

#### MATERIALITY ANALYSIS

The materiality analysis was conducted in 2014 and the results of the analysis were validated in 2015. For more detailed information about the 2014 materiality analysis, see pages 80–81 of the 2014 Annual and Sustainability Report. Apoteket's material aspects and magnitude of impact are presented in the GRI index on pages 88–89. Business performance is covered by the audited sections of the report.

This year's validation is based on a dialogue with external and internal stakeholders. The dialogue was conducted throughout the year and supplemented by a number of interviews. Read more about the stakeholder dialogue on page 87. During the year Apoteket's goals and sustainability aspects were monitored and discussed by executive management. Discussions were also conducted in the accounting steering committee and with the auditor. The analysis results show that Apoteket's existing objectives and material aspects will remain in place with the addition of the "Supplier Follow-up" aspect with respect to social impact. This approach will present Apoteket's supplier audit as a whole, which is also reflected in the Code of Conduct.

The interviews conducted in the fall of 2015 underscored some areas of particular interest to be highlighted in the text of the report. Examples of such areas are medicinal products and the environment, product content, responsibility in the supply chain and health trends.

## Stakeholder dialogue

**Apoteket conducts ongoing** dialogues with various stakeholders to identify risks and opportunities for improvement. In 2015 a number of interviews were also conducted prior to the work on the Annual and Sustainability Report to identify and summarise the most important sustainability issues of the year. The table below presents an overview of the results.

Stakeholder	Dialogue channels	Key sustainability issues 2015	Apoteket's actions taken
<b>Owner</b> Swedish state through Ministry of Enterprise and Innovation	Ownership policy, shareholder dialogue, Annual General Meeting, seminars.	Monitor sustainability targets, integrate sustainability issues in operational governance	Decisions, implementation and monitoring of sustainability targets.
<b>Healthcare customers</b> Existing and potential contract customers: county councils, municipal health-care facilities, private care providers and companies	Meetings, specifications, deviations and opinions, customer audit of Apoteket, Apoteket's report on operations.	Environmental impact of medications and environmentally responsible transport services	Meet compulsory requirements for transport services and environmental impact of medications, Apodos, prefilled syringes, services that help customers with review of medication procedures, monitoring of deviations/comments.
<b>Consumers</b> Existing and potential private customers	Customer encounter, customer surveys, system for deviation management and suggested improvements.	Health, accessibility, environmental impact of medications, product content, responsibility in the supply chain	More pharmacies with expanded opening hours, My prescriptions mobile app, improved mobile version of apoteket.se, information campaign on phasing out of cyclic silicones, collection of pharmaceutical waste, new bags made partly from recycled plastic.
<b>Employees</b> Existing and potential employees	Leadership forums, employee meetings, employee survey, occupational health and safety management system, intranet, performance management, skills check, system for suggested improvements, pharmacist survey, career days, national internship council.	Leadership, staffing, motivation, diversity	Implementation of Apoteket's leadership model and leadership programme, membership in Diversity Charter, communication related to Multi-religious calendar. Staffing initiatives such as "teknikerlyftet" to train new pharmacists, trainee programmes, and the 100 Club and Fast Track initiatives to help newly arrived asylum seekers enter the workforce. Initiatives aimed at students, revised performance management model.
<b>Suppliers</b> Suppliers of medications, other health products and materials for use within Apoteket	Meetings, email, phone, dialogue prior to acceptance of new products or supplier, collective bargaining, reviews.	Quality control, Code of Conduct, Apoteket's guide to unapproved substances, monitoring and cooperation	Code of Conduct mandatory attachment in contracts with suppliers, phasing out of unsuitable substances, improvement initiative in collaboration with suppliers, continued dialogue with pharmaceutical suppliers about the Code of Conduct.
<b>Stakeholder and professional organisations</b> Swedish Cancer Society, Save the Children, Check your Drugs, National Forum, Medicinska expertrådet	Email, phone, meetings, seminars, forums	Health promotion and prevention, proper medication use, availability, environmental impact of pharmaceuticals	Dialogue with National Forum patient organisations on issues of concern and Apoteket's business. Continued cooperation with pensioners' associations through Check your drugs. In the Medical Expert Advisory Panel increased focus on health promotion and the effects of Apoteket's Health Check-up. Pink Ribbon campaign. Cooperation with Save the Children regarding asylum seekers.
<b>Media</b> Channels used to learn about and share knowledge about stakeholders, as well as to influence the image of Apoteket	All media	Quality, availability, products, Apoteket's overarching operations	Editorial advertisements in daily press, theme attachments, press conference for trade press in connection with quality campaign, communication about Apoteket's sustainability work, meetings with individual journalists.
<b>Politicians and authorities</b> Ministries and authorities that influence Apoteket's operations	Personal encounters, seminars and panel debates, apoteket.se	Availability, medication use, Apoteket's Health Check-up, Check your drugs	Information to authorities and concerned ministries about how Apoteket works with medication use, such as Check your drugs, as well as availability through multiple channels: apoteket.se, mobile devices, subscription service, pharmacies and pharmacy representatives.

## GRI index

The Sustainability Report has been prepared based on the Global Reporting Initiative's (GRI) international guidelines for sustainability reporting, G4, and meets the requirements for the Core application level. All aspects and indicators have been externally reviewed. Own indicators are identified as "Own". The GC column refers to the principles of the Global Compact.

Indicator	Description	Page	Omissions/comments	GC
<b>Strategy and analysis</b>				
G4-1	Statement from President	6–8		
<b>Organisational profile</b>				
G4-3	Name of the organisation	35		
G4-4	Primary brands, products and services	56		
G4-5	Location of the organisation's headquarters	56		
G4-6	Number of countries where the organisation operates	56		
G4-7	Nature of ownership and legal form	35		
G4-8	Markets served	35		
G4-9	Scale of the organisation	47, 56, 60, 85		
G4-10	Total workforce by employment type, employment contract, region, and gender	85		6
G4-11	Percentage of total employees covered by collective bargaining agreements	85		3
G4-12	Description of the organisation's supply chain	22–23, 82–83		
G4-13	Significant changes during the reporting period	4-5, 35		
G4-14	Explanation of whether and how the organisation addresses the Precautionary Principle	83		
G4-15	Externally developed economic, environmental, and social charters, principles or other initiatives to which the organisation subscribes or endorses	21, 32–33, 80		
G4-16	Membership of associations and national or international advocacy organisations	81		
<b>Material aspects and boundaries</b>				
G4-17	Entities included in the organisation's consolidated financial statements	75		
G4-18	Description of process for defining the report content and the Aspect Boundaries	86		

Indicator	Description	Page	Omissions/comments	GC
G4-19	List of all identified material aspects	86, 89		
G4-20	For each material aspect, report the aspect boundary within the organisation	89		
G4-21	For each material aspect, report the aspect boundary outside the organisation	89		
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	80		
G4-23	Significant changes from previous reporting periods	80		
<b>Stakeholder engagement</b>				
G4-24	Stakeholder groups engaged by the organisation	87		
G4-25	Basis for identification and selection of stakeholders	86–87		
G4-26	Approaches to stakeholder engagement	86–87		
G4-27	Key topics and concerns that have been raised through stakeholder engagement	87		
<b>Governance</b>				
G4-28	Reporting period	35		
G4-29	Date of most recent previous report	80		
G4-30	Reporting cycle	80		
G4-31	Contact point for questions regarding the report or its contents	99		
G4-32	Table of contents according to GRI Core reporting level and report for external assurance	88–89, 91		
G4-33	The organisation's policy and current practice for external assurance for the Report	91		
G4-34	Governance structure of the organisation	41–46, 80		
<b>Ethics and integrity</b>				
G4-56	The organisation's values, principles, standards and norms of behavior	41, 80–81, 86		10

Indicator	Description	Page	Omissions/comments	GC
<b>Environmental</b>				
DMA	Emissions	15, 30, 32, 80–81, 84, 86	Includes Apoteket and supply chain	7–8
EN15	Direct greenhouse gas (GHG) emissions (scope 1)	84		7–8
EN16	Energy indirect GHG emissions (scope 2)	84		7–8
EN17	Other indirect GHG emissions (scope 3)	84		7–8
EN18	GHG emissions intensity	84		8
DMA	Effluents and waste	15, 32–33, 80–81, 83–84, 86	Includes Apoteket, supply chain and customer chain	8
EN23	Total weight of waste	32–33, 83–84		8
DMA	Products and services	15, 22–23, 80–81, 83, 86	Includes Apoteket, supply chain and customer chain	7–9
EN27	Extent of impact mitigation of environmental impacts of products and services	22–23, 32		7–9
DMA	Supplier Environmental Assessment	15, 23, 82–83, 86	Includes supply chain	8
EN32	Percentage of new suppliers that were screened using environmental criteria	82–83		8
<b>Labor practices and decent work</b>				
DMA	Occupational Health and Safety	14, 18, 80–82, 86	Includes Apoteket	
LA6	Work-related injuries, occupational diseases, lost days, absenteeism, and fatalities	82	ODR, IR, AR and LDR are replaced by number of occupational injuries and sickness absence. The indicator is not divided into gender or region	
Own	Sickness absence	82		
Own	Work attendance	82		
DMA	Training and education	21, 81–82, 86	Includes Apoteket	6
LA11	Performance and career development reviews	82	The indicator is not divided up into gender or employment category	6

Indicator	Description	Page	Omissions/comments	GC
DMA	Diversity and Equal Opportunity	15, 18–19, 80–81, 84–86	Includes Apoteket and customer chain	6
LA12	Diversity within the organisation	18–19, 62, 84–86, 94–97		6
DMA	Supplier Assessment for Labor Practices	15, 23, 82–83, 86	Includes supply chain	
LA14	Percentage of new suppliers that were screened using labor practices criteria	82–83		
<b>Human rights</b>				
DMA	Supplier Human Rights Assessment	15, 23, 82–83, 86	Includes supply chain	1–2, 4–5
HR10	Percentage of new suppliers that were screened using human rights criteria	82–83		2
<b>Society</b>				
DMA	Anti-corruption	22, 80–81, 86	Includes Apoteket and supply chain	10
SO5	Confirmed incidents of corruption and actions taken	86		10
DMA	Compliance	80–81, 86	Includes Apoteket	
SO8	Significant fines and non-monetary sanctions for non-compliance with laws and regulations	86		
DMA	Supplier Assessment for Impacts on Society	15, 23, 82–83, 86	Includes supply chain	
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	82–83		
<b>Product responsibility</b>				
DMA	Customer Health and Safety	14, 28–31, 80–81, 86	Includes Apoteket and customer chain	
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed	22–23, 81–83		
Own	Availability of prescription medications	28–30, 81		
DMA	Product and Service Labeling	80–81, 86	Includes Apoteket	
PR5	Results of surveys measuring customer satisfaction	14, 81		

## Board of Directors on the Sustainability Report

**The sustainability report**, which covers the areas in Apoteket's integrated Annual and Sustainability Report referred to in the GRI index on pages 88-89, was approved for publication by the Board of Directors.

Solna 7 March 2016

Christian W. Jansson  
CHAIRMAN

Maria Curman  
BOARD MEMBER

Gert Karnberger  
BOARD MEMBER

Kristina Schauman  
BOARD MEMBER

Sussi Kvarn  
BOARD MEMBER

Leif Ljungqvist  
BOARD MEMBER

Lisa Ekstrand  
EMPLOYEE REPRESENTATIVE

Gunilla Larsson  
EMPLOYEE REPRESENTATIVE

Ann Carlsson  
PRESIDENT

# Auditor's Limited Assurance Report on Apoteket's Sustainability Report

This is the translation of the auditor's report in Swedish.

## To Apoteket AB (publ.)

We have been engaged by the Board of Directors of Apoteket AB (publ) to undertake a limited assurance engagement of Apoteket's Sustainability Report for the year 2015. The Company has defined the scope of the Sustainability Report to the pages referred to in the GRI Index on page 88–89.

## Responsibilities of the Board of Directors and the Group Management for the Sustainability Report

The Board of Directors and the Group Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 80, and are the parts of the *Sustainability Reporting Guidelines* (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

## Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with *RevR 6 Assurance of Sustainability Reports* issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a compre-

hensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

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

## Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

Stockholm 7 March 2016

KPMG AB

Ingrid Hornberg Román  
AUTHORISED PUBLIC ACCOUNTANT

Jenny Fransson  
SPECIALIST MEMBER OF FAR

## Board of Directors and Auditor

### CHRISTIAN W JANSSON

Chairman  
MSc in Business Administration and Economics, Honorary PhD in economics and management.  
Board member since 2009.  
Born 1949.

**Other significant assignments:**

Chairman of the board of Wynd Inc and Vivoline Medical AB.  
Board member of Europris ASA and KappAhl AB.

### MARIA CURMAN

MSc in Business Administration and Economics.  
Board member since 2012.  
Born 1950.

**Other significant assignments:**

Board Member of Bonnier AB, Bonnier Books, Cappelen Damm A/S, Teracom AB and Work for you.

**Previous positions:**

CEO Bonnier Books and CEO Sveriges Television.

### GERT KARNBERGER

Technical college degree in engineering.  
Board member since 2009.  
Born 1943.

**Other significant assignments:**

Member of Alecta's Board of Directors.

**Previous positions:**

President, CEO and Board member of Clas Ohlson AB, Board member of Swedol and Vice President of Systembolaget AB.

### KRISTINA SCHAUMAN

MSc in Business Administration and Economics.  
Board member since 2009.  
Born 1965.

**Other significant assignments:**

Other significant assignments: Board member and chairperson of the Audit Committee at BillerudKorsnäs AB, Coor Service Management AB, Ellos Group Holding AB, Orexo AB and ÄF AB.

Board member of Livförsäkringsbolaget Skandia, ömsesidigt.

**Previous positions:**

CFO Carnegie Investment Bank AB, CFO OMX AB and CFO Investor AB.

### SUSSI KVART

LLM.  
Board member since 2015.  
Born 1956.

**Other significant assignments:**

Board member and member of the Audit Committee of H&M Hennes & Mauritz AB, and Board member of DGC One AB. Chair of Kvinvest AB.

**Previous positions:**

Advokatfirman Lagerlöf, political expert for the Riksdag and Cabinet Office. Legal Counsel Ericsson.



**LEIF LJUNGQVIST**

MSc in Business Administration and Economics.  
Board member since 2012.  
Born 1971.

**Other significant assignments:**  
Company manager at the State Ownership Unit at the Ministry of Enterprise and Innovation. Board member of Akademiska Hus AB, Samhall AB and Statens Bostadsomvandling AB.

**Previous positions:**  
Board member of AB Svensk Bilprovning, Vasallen AB and AB Bostadsgaranti. Equity analyst Kaupthing Bank and Hagstromer & Qviberg.

**LISA EKSTRAND**

Employee representative (deputy), appointed by the Swedish Pharmacists Association. MPharm. BPharm.  
Served on Apoteket's Board of Directors since 2015.  
Born 1975.

**Other significant assignments:**  
Vice chair Swedish Pharmacists Association.

**GUNILLA LARSSON**

Employee representative appointed by Unionen. BPharm.  
Served on Apoteket's Board of Directors since 2009.  
Born 1951.

**Other significant assignments:**  
Board of Directors of Apoteket's Pension Foundation. Deputy in Apoteket's Personnel Foundation.

**MARIE REDEBORN**

Employee representative, appointed by the Swedish Pharmacists Association. BPharm.  
Served on Apoteket's Board of Directors since 2012.  
Born 1964.

**Auditor****INGRID HORNBERG ROMÁN**

Authorised public accountant. KPMG AB, elected 2015.  
Born 1959.

**Other significant assignments:**  
BAE Systems Hägglunds AB, BAE Systems Bofors AB, BillerudKorsnäs AB, EQT Partners AB and Linas Matkasse AB.

**LENA RHODIN**

Employee representative (deputy), appointed by Unionen. Pharmacy technician  
Served on Apoteket's Board of Directors since 2014.  
Born 1959.



# Executive Management

## ANN CARLSSON

CEO and President  
B.A. Employed and member of executive management since 2010. Born 1966.

**Other significant assignments:**  
Board member of Axfood AB, Svensk Handel, SNS - Studieförbundet Näringsliv and Samhälle as well as Ruter Dam.

**Previous positions:**  
Assignments within the ICA Group, most recently as head of the ICA Business areas.

**Favourite at Apoteket:**  
Apoliva hand soap with cactus flower

## JAN JOHANSSON

CFO and Director of Finances & IT  
Master of Science in Business Administration and Economics. Employed and member of executive management since 2011. Born 1962.

**Other significant assignments:**  
Board member (deputy) of Apoteket AB's Pension Foundation.

**Previous positions:**  
CFO at Eniro and Nobia.

**Favourite at Apoteket:**  
Etixx Iron Absorption+

## JOACHIM NIELSEN

Pharmacy Network Director  
Master of Science in Business Administration and Economics. Employed 2015 and member of executive management since January 2016. Born 1965.

**Previous positions:**  
Assignments within the ICA Group (business and store development), Head of New Establishment Apoteket AB and founder of the pharmacy chain Medstop AB.

**Favourite at Apoteket:**  
Apoteket's travel kit with refill

## LARS SKUTHOLM

Director of Marketing  
Master of Science in Business Administration and Economics. Employed 2009 and member of executive management since 2011. Born 1968.

**Previous positions:**  
Assignments at Pharmacia, Nycomed, Novartis and Nestlé.

**Favourite at Apoteket:**  
Apofri Moisturising Nasal Spray

## ANNA ROGMARK

Chief Legal Officer and Director of Legal Affairs and Sustainability. LLM. Employed 2005 and member of executive management since 2010. Born 1965.

**Other significant assignments:**  
Board member (deputy) of Apoteket AB's Pension Foundation.

**Previous positions:**  
Company lawyer Biovitrum AB and Pharmacia AB.

**Favourite at Apoteket:**  
Apoliva BB Cream



**KENNETH HAGSTEN**

Director of Human Resources  
MBA. Employed and member of  
executive management since 2013.  
Born 1970.

**Previous positions:**

Assignments within ICA, most  
recently Director HR Development.

**Favourite at Apoteket:**

MyggA mosquito spray

**OLLE CARLS**

Director of Logistics  
MBA. Employed and member of  
executive management since 2012.  
Born 1960.

**Previous positions:**

Director of Logistics Dahl Sverige AB,  
CEO UPS Logistics Group Nordic AB,  
Head of Marketing and IT Schenker  
CLC AB, Logistics Manager Computer  
2000 AB.

**Favourite at Apoteket:**

Försvarets hudsalva skin ointment

**WICTORIA GLANS**

Director of Sales North  
Master of Science in Business and  
Economics. Employed 2013 and  
adjunct member of executive  
management since January 2016.  
Born 1974.

**Previous positions:**

Sales manager as well as Head  
Accountant and Business controller  
JC AB, Head Accountant Svensk  
Handel.

**Other significant assignments:**

Board member of Aktieinvest  
Fondkommission AB.

**Favourite at Apoteket:**

Apoliva Hand & Care hand cream

**CALVIN ANDERSON**

Director of Sales South  
Employed 2013 and adjunct  
member of executive management  
since January 2016.  
Born 1974.

**Previous positions:**

Retail Director Peak Performance  
AB, Head of Retail Gant Sweden AB.

**Favourite at Apoteket:**

DentiPro Flourskölj Starka tänder  
fluoride mouth rinse



# The story of Apoteket

1552

Gustav Vasa issues a letter of appointment with the royal seal to Hans König, who can then call himself a pharmacist to His Majesty the King.

1575

Johan III gives his consent to allow the court pharmacist to move out of the Royal Palace in Stockholm and start the first pharmacy that is accessible to the public. The name of the pharmacy was Lejonet – the Lion.



1742

CW Scheele, pharmacist and one of the foremost chemists in eighteenth century Europe, was born. He was granted a charter to operate the pharmacy in Köping and was the first to analyse and describe a variety of chemical substances, which after his death came to be regarded as elements, such as oxygen and chlorine.



1898

The Apoteket Storken pharmacy opens in Stockholm, with its ebony, jacaranda and rosewood interior. The golden stork was mounted above the entrance. According to the Swedish National Heritage Board, Apoteket Storken is the most historically valuable pharmacy in Sweden.

1928

Agnes Arvidson becomes Sweden's first female pharmacy proprietor with both a charter and a pharmacist's degree. She was the owner and director of the pharmacy in Norsjö.

1936

A new system of charges is introduced to even out the differences between small and large pharmacies.

1971

Apoteksbolaget is formed with exclusive rights to retailing of medicinal products. All pharmacies are incorporated into the company. A contest is held to design Apoteket's first logo. The snake and bowl pharmacy symbols are included.



1975

Non-prescription drugs no longer need to be sold from behind the counter. Customers may choose directly from the shelf.

1987

Apoteksbolaget takes over operation of hospital pharmacies in Stockholm, which means its remit includes running all hospital pharmacies in Sweden.



1989

Multi-dose packaged medications, Apodos, begin to be produced.

1996

Apoteket.se is launched.

## 1997

The first e-prescriptions are sent from prescribers to Apoteket.



## 1998

Apoteksbolaget changes its name to Apoteket AB.

## 2004

Apoteket launches its customer loyalty club and customers can accumulate points for their purchases of self-care products.

## 2006

The Government appoints an inquiry about reregulation of the pharmacy market in Sweden. Apoteket launches the option to order medications by phone and online with home delivery.



## 2008

The market for medicinal products for inpatient care is opened to competition. Since existing agreements remain in force, the first new operator did not take over providing medicines to the healthcare system in any county council until 2011.

## 2009

Certain non-prescription medications begin to be sold by operators other than pharmacies. Apoteket launches its current logo. Pharmacy symbols are included in stylized format.

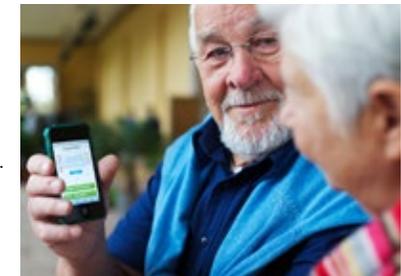


## 2010

Apoteket sells 466 pharmacies to new operators, leaving over 150 pharmacies to a state-owned small enterprise. New operators open pharmacies.

## 2013

New operators established in the market for multi-dose packaged medications. Apoteket launches online shopping for medicines by mobile device.



## 2014

Apoteket introduces environmental bonus for loyalty club members who return leftover drugs.

## 2015

Apoteket launches the My prescriptions app. The story of Apoteket is presented in text and photos at [apoteket.se](http://apoteket.se)

# Definitions

## **GROSS PROFIT**

Difference between net sales and cost of materials.

## **GROSS PROFIT MARGIN**

Difference between net sales and cost of materials as a percentage of net sales.

## **COSO**

The Committee of Sponsoring Organisations of the Treadway Commission (COSO) publishes an Internal Control Integrated Framework for internal governance and control systems.

## **WORK ATTENDANCE**

Percentage of indefinite-term staff with fewer than eight sick days during the year.

## **PAYMENT FROM PENSION FOUNDATION**

Utilisation of pension fund surplus as compensation for pension costs paid.

## **GOODS FOR RESALE**

Includes Apoteket's product costs for the sale of pharmaceuticals and other pharmacy products.

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

Standards issued by the International Accounting Standards Board (IASB).

## **COMPARABLE PHARMACIES**

Stores that were in operation for twelve months, both the current year and the previous year.

## **CONSUMER MARKET**

Apoteket's in-store and mail order sales.

## **EMPLOYEES**

Number of indefinite-term staff, temporary staff and hourly employees, regardless of time worked and absence.

## **AVERAGE NUMBER OF EMPLOYEES**

This is calculated according to Recommendation R4 of the Swedish Accounting Standards Board as the average of the number of employees based on monthly surveys during the financial year. An adjustment has been made for part-time personnel, as well as employees on parental leave, leave of absence or long-term sick leave.

## **NET DEBT/ASSET**

Interest-bearing liabilities less interest-bearing assets, excluding pension assets.

## **OPERATING CASH FLOW**

Cash flow from operating activities and cash flow from investing activities excluding corporate acquisitions and divestments.

## **PENSION-ADJUSTED EQUITY**

Equity adjusted for returns, net assets and deferred tax relating to pension assets in Apoteket's Pension Foundation.

## **PENSION-ADJUSTED NET INCOME**

Net income adjusted for net financial pensions and related deferred tax.

## **EARNINGS PER SHARE**

Earnings after tax divided by the number of shares.

## **RETURN ON EQUITY**

Profit after tax as a percentage of average shareholders' equity for the last 12 months.

## **RETURN ON CAPITAL EMPLOYED**

Profit after net financial items plus financial expenses as a percentage of average capital employed.

## **OPERATING MARGIN**

Operating profit after depreciation, amortisation and impairments as a percentage of this year's net sales.

## **SICKNESS ABSENCE**

Total number of hours of sick leave for all employees in relation to scheduled time.

## **DEBT/EQUITY RATIO**

Interest-bearing net debt divided by pension-adjusted equity.

## **EQUITY/ASSETS RATIO, %**

Shareholder's equity as a percentage of the balance sheet total.

## **CAPITAL EMPLOYED**

Balance sheet total (excluding pension assets) less non-interest-bearing liabilities including deferred tax liabilities.

# Glossary

## **PHARMACY REPRESENTATIVES**

Pharmacy representatives are Apoteket's distribution points for medications and other health products. They are usually found in locations that lack ordinary pharmacies.

## **PHARMACY PRODUCTS**

Products sold in pharmacies that are not medications, such as skin and hair care products, dental care products, personal care products and nutritional supplements.

## **MULTI-DOSE PACKAGES/ DISPENSED DRUGS**

Each pouch contains the medications the patient must take at one time, such as morning, noon and night. Apodos is Apoteket's service for individual packaging of medications.

## **DOSE IN ORIGINAL PACKAGING**

Medicines that cannot be packaged in pouches for patients who qualify for dose-packaging, such as ampoules, fluids and syringes. These are provided in their original packaging along with multi-dose packaged medications.

## **PHARMACIST**

Healthcare professional with an undergraduate or graduate degree in pharmacy.

## **CONSUMABLES**

Products used in ostomy, delivering drugs to the body (such as a syringe) or to monitor medications (such as test strips for measuring blood glucose in patients with diabetes).

## **PRESCRIBED PRODUCTS**

Product ordered by prescription. They can be non-prescription drugs or they may require a prescription. Other pharmacy products can also be prescribed and in such cases are included in the sales statistics.

## **GENERICS**

Medicinal products containing the same active substance in the same amount but may have a different appearance. They can be used interchangeably, but have the same effect.

## **GRI G4 CORE**

Base level of the sustainability guidelines from the Global Reporting Initiative (GRI).

## **INDIRECT MATERIALS**

Products and services that Apoteket purchases for its own business, such as shop fittings and office supplies.

## **PERSONALISED MEDICINES**

Medicinal products that are not produced in the pharmaceutical industry for various reasons, but that are still needed. They are manufactured based on individual customer needs. They are also called extemporaneous medicines or custom-made medicines.

## **LICENSED MEDICINAL PRODUCT**

Medicine that has not been approved for sale on the Swedish market, but where the Swedish Medical Products Agency has granted special permission for sale, usually for an individual patient.

## **SWEDISH MEDICAL PRODUCTS AGENCY**

The MPA is responsible for oversight of medical devices and cosmetics, as well as authorising and monitoring medications and herbal products.

## **MEDICATIONS THAT REQUIRE A PRESCRIPTION**

Medicinal products for which a prescription must be ordered by a healthcare professional.

## **NON-PRESCRIPTION MEDICATIONS**

Medicinal products that do not require a prescription ordered by a healthcare professional. Also referred to as Over-The-Counter (OTC) drugs.

## **INPATIENT CARE**

Healthcare services provided to patients who are admitted to a hospital or equivalent.

## **THE DENTAL AND PHARMACEUTICAL BENEFITS AGENCY (TLV)**

Government agency that reviews and makes decisions about which medications and dental treatments to include in the high-cost database.

## **OUTPATIENT CARE**

Healthcare services provided to patients who are not admitted to a hospital or equivalent.

*FINANCIAL REPORTING CALENDAR 2016*

Interim report January-March 2016: 22 April

Interim report January - June 2016: 20 July

Interim report January - September 2016: 26 October

Apoteket's Annual General Meeting 18 April 2016 in Solna

*PLEASE CONTACT US!*

We welcome your comments and feedback on our Annual and Sustainability Report.

[kundservice@apoteket.se](mailto:kundservice@apoteket.se)

For additional information regarding Apoteket's sustainability programmes, please contact Eva Fernvall, Director of Community Relations, or Anna Rogmark, Director of Legal Affairs and Sustainability. They can all be reached at +46 (0)10-447 50 00.

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