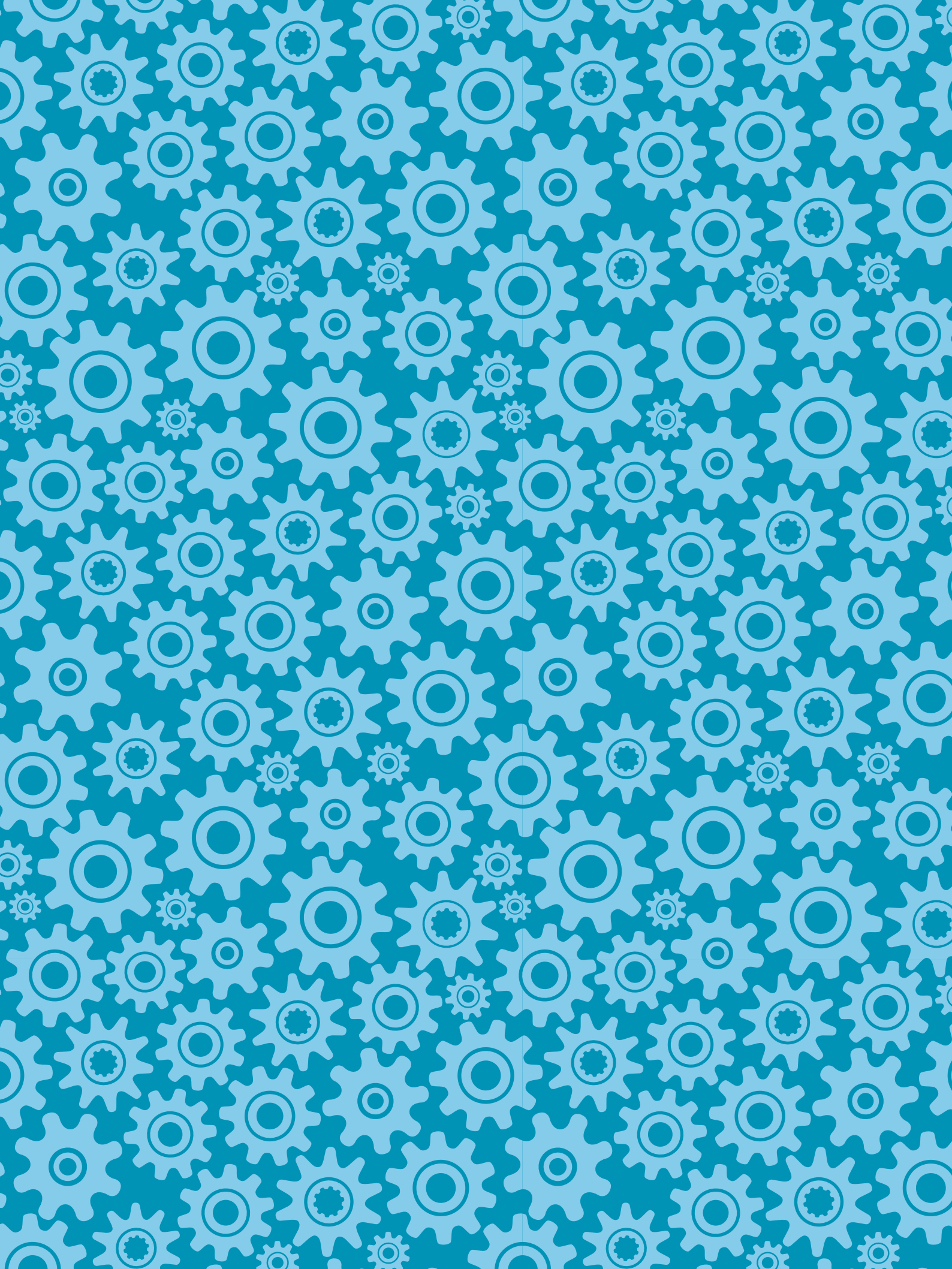


.se | Annual Report

2022



Annual Report 2012









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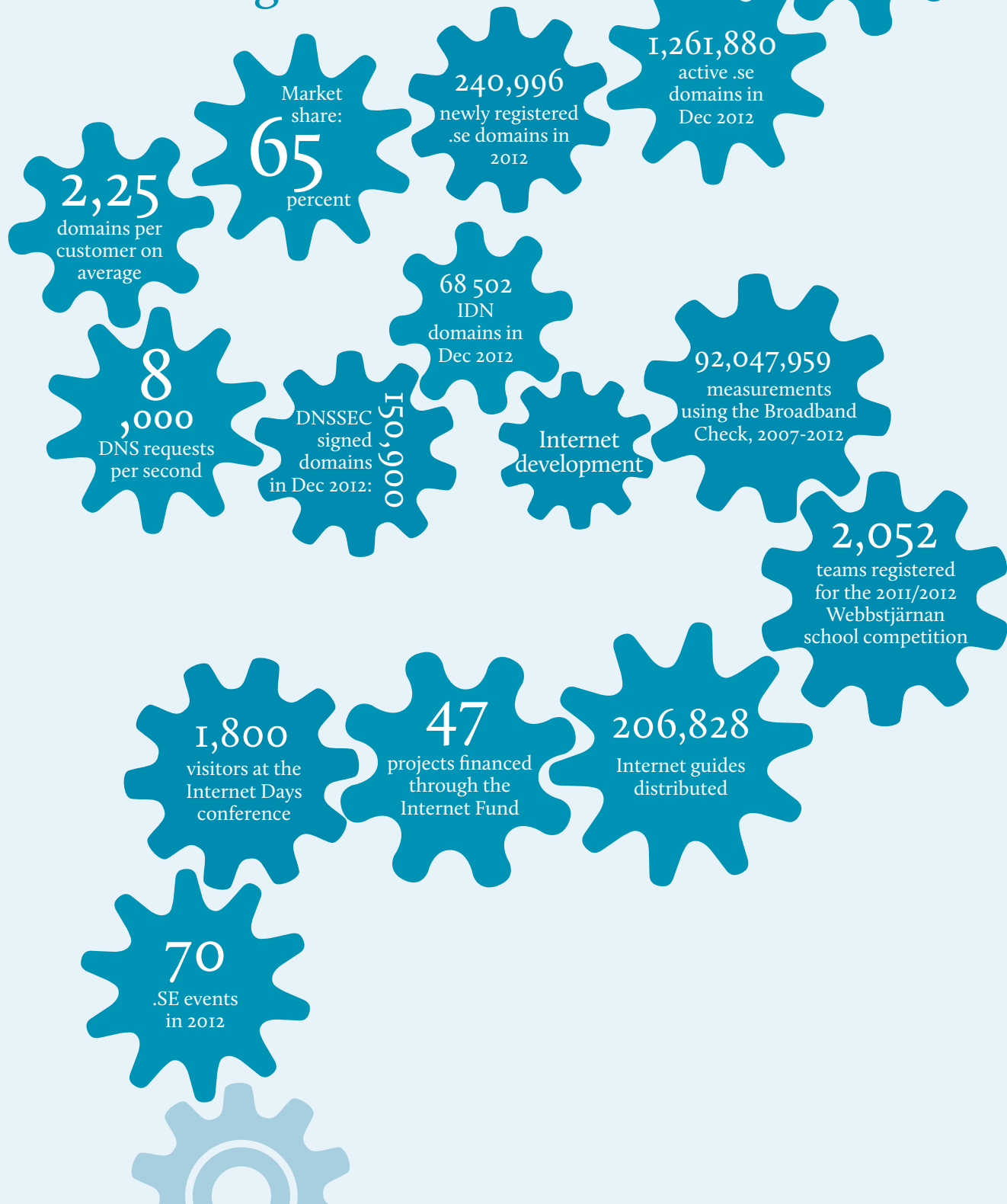
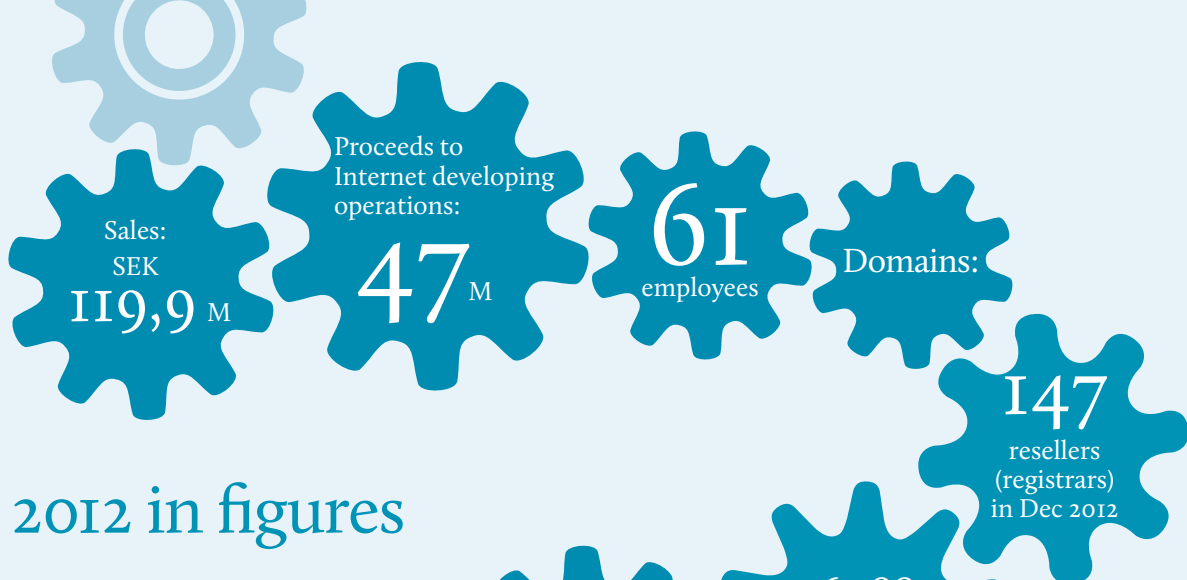
.SE in brief

.SE (The Internet Infrastructure Foundation) is an independent non-profit organization that works to ensure the positive development of the Internet in Sweden.

We are responsible for the Internet's Swedish top-level domain .se, including the registration of domain names, as well as the administration and technical operation of the national domain name registry. In this capacity, our operations are governed by the Act concerning National Top-level Internet Domains for Sweden. The government communications authority, the Swedish Post and Telecom Agency (PTS), serves as the supervisory authority.

There are currently more than 1.2 million registered .se domains. .SE is and aims to be the first choice for companies, private individuals and organizations that want a domain name associated with Sweden. Domain-name sales are conducted through resellers known as registrars. One of these is .SE's own registration operation, .SE Direkt.

Pursuant to the Foundation's charter and statutes, we promote the development of the Internet in various ways in Sweden. .SE invests the proceeds that are generated by domain-name registration fees in initiatives and services that contribute in various ways to the Internet's development and also provide future revenue. .SE's Internet development project is based on our charter and statutes.



Vision

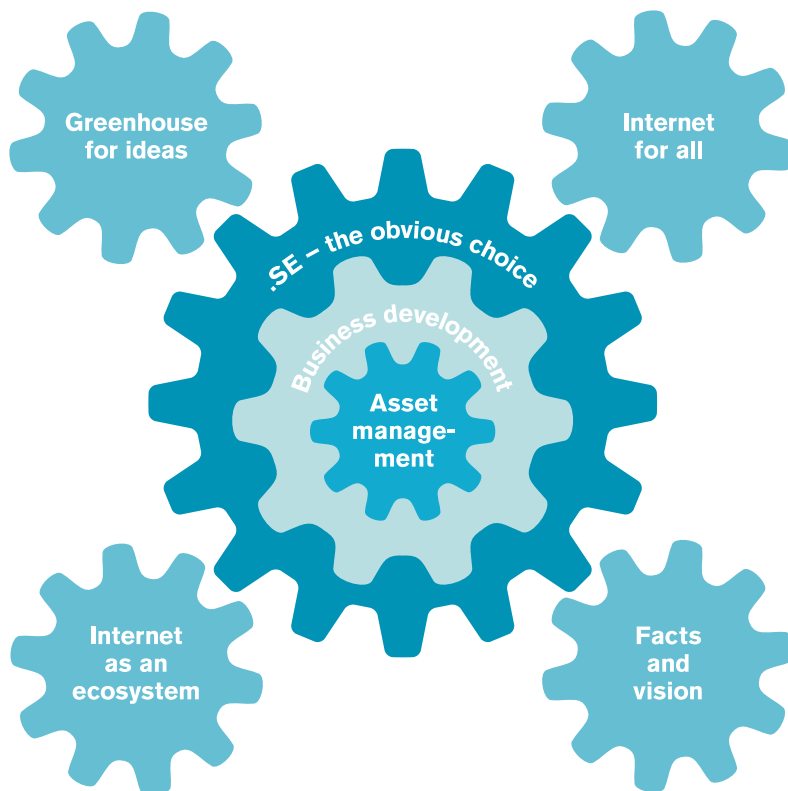
.se – the obvious choice!

.se is the obvious route to the Internet for everyone with ties to Sweden. Everyone should have a unique, secure and personal Internet address.

For internet development

We are moving the Internet forward – one Internet for all!

All Swedes dare, want, and know how to use the Internet. At .SE, we champion a long-term positive development and use of the Internet.



Business concept

For domain administration

We supply a unique and attractive domain name that provides companies and private customers with a secure and unique identity on the Internet.

We work in a cost-conscious and efficient manner and identify new ways to supply our services, thus creating resources for the research and development of products and services to expand .SE's operations and to improve and facilitate the use of the Internet. New products and services can be geared toward a DNS-proficient customer segment in Sweden and abroad.

We conduct sales through highly qualified and high-performing registrars who package domains with services in accordance with customer needs.

For new business

By enabling the joint management of user identities and authorizations, our federation services help advance our members' operations.

We operate our services with a high level of security and safeguard the personal privacy of our users. We contribute to our members' business development by offering information and organizing an exchange of experience. We partner with leading industry organizations.

In addition to being a top-level domain administrator of the top-level domain under .se, we also provide registry services for other top-level domains. In addition to our knowledge and experience of registry services, DNS and DNSSEC, we identify new ways of offering services that relate to these areas.

For Internet development

Internet for all

.SE provides services that educate, facilitate and promote increased Internet us-

age, primarily in Sweden. We work to advance existing Internet users' ability to use the Internet and enable non-Internet users to become active Internet users.

Knowledge hub for the Internet

.SE disseminates information regarding the Internet and its usage with the help of publications, seminars, training courses and by participating in the public discourse. .SE promotes a visionary approach to the Internet and social development. Various information initiatives are directed toward a broad general public and toward the specialists who work with the Internet and social development.

The Internet's ecosystem

.SE contributes to the development of the Internet's infrastructure through evaluations, product developments, and by measuring and spreading information regarding solutions for a more secure, stable and scalable Internet. We collaborate with all those contributing to the Internet's infrastructure, primarily in Sweden.

Greenhouse for ideas

.SE promotes, cultivates and harnesses ideas from companies, organizations and private individuals by financing various independent projects to advocate the Internet's development in Sweden. The Internet Fund subsidizes various projects in the best interests of Internet users.

.SE's initiatives pertaining to the development of the Internet contribute to the Foundation's success by:

- Developing new products,
- Strengthening the .SE brand,
- Increasing domain-name sales,
- Increasing the value of a domain name by spreading the use of new domain name applications, and
- Increasing trust in .SE as a supplier of Internet infrastructure.

Values

We appreciate and believe in the Internet

We value the opportunities that the Internet offers individuals and believe that the Internet can make a positive contribution to the development of individuals and society.

We want a stable and scalable Internet

The infrastructure of the internet must be secure, stable and scalable to benefit users in the best possible way.

We want one Internet for all

All people in Sweden shall have the same rights and opportunities to use the services offered by the Internet. The Internet shall be secure – users shall feel secure and be able to trust services on the Internet.

We strive for openness and sharing

We share our knowledge of the Internet and are receptive to the ideas and requests of others regarding Internet development. .SE aims to be a hub of knowledge for questions concerning the Internet and how the Internet and its use will evolve in the future.

An open flow of information and open standards contributes to the long-term, stable and scalable development of the Internet and its services. Information and services are to be independent of platforms and interfaces and not limited or curbed by the market's players.

A word from the Chairman



Anders Flodström,
Chairman

2012 may be the year that changed .SE forever. We have noted the first effects of the Board's deliberate strategy for .SE's long-term focus. Over the course of several years, the operation has come to encompass a vast social commitment with a host of Internet-related initiatives.

The high level of competence concerning the domain name system and the infrastructure of the Internet, and in the use of the Internet has resulted in opportunities that have enabled .SE to transition from primarily being active in Sweden to being an international player. This enables us to promote the positive development of the Internet on a broader scale. The trend in 2012 could mark the beginning of an entirely new journey for .SE.

We use the surplus from our domain operations to finance the Internet-developing operations – both in terms of technical initiatives and consumer tools, and providing information and knowledge to those who are not yet digitally inclusive. Through Digidel and the Webbstjärnan school competition, .SE has become a key national player in bridging the last social kilometer – in other words, creating the foundation and ability for everyone to use the Internet.

We are pleased to note that our work is having the desired effect. However, from a broader perspective, there is naturally a great deal left to do and the Internet is constantly changing. For example, we have seen the transition from IPv4 to IPv6 take longer than we had hoped. Likewise, we realize the importance of DNSSEC being fully adopted to achieve a safer domain name system.

.SE operates in an international arena – this has long been the case, but during the past year, new opportunities have emerged. For example, we are on our way to being

able to offer the operation of more top-level domains than our own. As early as in the autumn of 2013, .SE will take over the technical and administrative operation of .nu from the current administrator.

As a result of our knowledge of and expertise in operating a top-level domain and the domain name system in general, we have been commissioned by ICANN – under a competitive process – to be the technical test organization for the 1,400 new generic top-level domains. It is a prestigious assignment that strengthens our brand and creates new development opportunities. The assignment for ICANN and the operation of .nu also generate long-term financial opportunities to further develop .SE's operations.

This is without even mentioning the development of the federations in which our knowledge and our integrity as a third party contribute to providing better education and healthcare in Sweden.

This development would not have been possible without .SE's management and employees who work hard – beyond the call of duty as they say – and help us achieve our long-term goals.

Our position bears with it new responsibility. Anybody who works with risk knows that success does not create immunity to new risks and setbacks. Accordingly, .SE's Board conducts regular risk assessments and has a positive view of the development potential brought on by our new direction.

We are well on our way and I look forward to the next strategy meeting at which we will discuss how to proceed down our chosen path to becoming an internationally recognized knowledge organization. We are now operating fully in line with the Board's directive and we know what approach to take.

A word from the CEO



Danny Aerts,
CEO

Although I have never tried rock climbing, I would like to compare .SE's current situation with making it to the top of the first mountain and seeing higher peaks ahead of us. Personally, I am enjoying the fresh mountain air in my lungs and smiling at the challenge that the high peak ahead of me entails.

For several years, the Foundation's revenues have experienced an advantageous trend enabled by the strong position and growth of .se domain names. This has enabled us to focus on many projects and services that promote the development of the Internet in Sweden. In last year's Annual Report, I mentioned that .SE has become a hub in the Internet world in Sweden in many areas; statistics, schools, education and information.

Along with the growth of revenues and our Internet initiatives, we have also put a great deal of energy into building a robust, safe and skilled organization. We have been rewarded with the 2010 Swedish Quality Award from SIQ and are now also ISO 27001 certified.

In 2012, we intently pursued our strategy of trying to expand the operation. Although life feels safe and enjoyable right now, it is very important to begin focusing on more than just the .se domain. After all, we are an organization that is dependent on one product.

Results were achieved more rapidly than expected! By the end of the year, we had signed two key agreements.

The first agreement is with the Internet Corporation for Assigned Names and Numbers (ICANN), which has selected

.SE as the technical test organization for applications for new top-level domains. .SE will conduct tests to ensure that those who apply for new top-level domains comply with the technical and operational requirements imposed by ICANN.

The second agreement is with WorldNames, Inc., which has managed and handled the operation of the top-level domain .nu since 1998. They elected to make .SE responsible for the administration and technical operation of the top-level domain .nu. The actual transition will take place at the end of August 2013.

These are the agreements that cause me to see a new higher peak glimmering in the distance. With the forthcoming management of .nu, we are now taking the step into operating several top-level domains and ICANN's assignment enables us to grow into an internationally respected skill center in domain-related operations and the measurement of the Internet.

We can now strengthen our team with more IT specialists who will have the fantastic opportunity of building something completely unique. I am convinced that skilled new employees will help us realize new possibilities and build new strengths in the operation.

The coming year will probably be challenging and will require hard and focused work. But the results will be equivalent to an energy drink for .SE as an organization.

If we succeed in climbing to the next peak, the landscape will open for many new projects and services that will promote the development of the Internet in Sweden and abroad.



.SE – a retrospective

1983

- The domain name system (DNS) was created by Paul Mockapetris.
- On Thursday, April 7, Björn Eriksen received the first e-mail in Sweden.

1986

- Björn Eriksen registered the country code .se for Swedish domain names. The first .se domains are enea.se, luth.se, chalmers.se, lu.se and sema.se.

1989

- The Swedish university network, Sunet, was connected to the US. The connection's data transfer rate was a heady 56 Kbit/s, compared with a median bandwidth speed in December 2012 of 28 Mbit/s among Sweden's ten largest Internet service providers (Source: Bredbandskollen).

1990

- The first Swedish commercial Internet service provider Swipnet was started, which also makes it one of the first commercial Internet service providers outside the US. In 1994, Swipnet becomes part of Tele2.

1991

- The first website is published on the Internet. During the year, more than 100 .se domains were registered.

1994

- The number of .se domains passed the 1,000 mark.
- The results of the general election were transmitted for the first time over the Internet to the media.

1997

- On August 27, the Internet Infrastructure Foundation (IIF Foundation) and the operating company NIC-SE are formed. In conjunction with this, Björn Eriksen hands over the administration of the .se domain to the Foundation.

1999

- NIC-SE assumes responsibility for the technical operation of the .se domain from Björn Eriksen and the Royal Institute of Technology in Stockholm.

2000

- The Internet survives the millennium.
- The first Internet Days conference is organized.

2001

- In partnership with the Swedish Consumer Agency, .SE (formerly the IIF Foundation) assumes responsibility for the broadband test, the TP Test, from the IT Commission and also involves the Swedish Post and Telecom Agency in the continued development work.

2002

- The 100,000th .se domain is registered during the year and the first blogs begin appearing.

2003

- New regulations for the registration of .se domains were implemented. The preliminary examination was eliminated and it became possible for anyone to register any free .se domain. In conjunction with this, the Alternative Dispute Resolution proceeding is also

1983
DNS

1989
56
Kbit/s

1994

1,0
00
.se domains

2003

Å Ä Ö
+ Ü É



2011

160,000

.se domains are
registered in one
month

introduced, and the first disputes over domain names are settled.

- IDN domain names that allows the use of the characters å, ä, ö, ü and é in .se domains were implemented.

2004

- The first independent project, which aimed in various ways to promote Internet development, was funded by .SE through the Internet Fund.

2005

- .SE became the first country code top level domain to sign its zone with DNSSEC. The II Foundation and the operating company NIC-SE were merged into one joint organization.

2006

- Danny Aerts assumed his post as CEO in conjunction with the Foundation instituting a new governance and organizational structure.
- The organization becomes increasingly business and market-driven, and also sets the goal of winning a quality award.
- The Foundation started to use the name .SE.
- The Top-Level Domain Act entered force on July 1 and the Swedish Post and Telecom Authority (PTS) became the regulatory authority for .SE.

2007

- The world's first commercial DNSSEC service for end-users was launched by .SE and a department was launched to conduct research and development.
- Broadband Check was launched, which is a web-based tool enabling broadband subscribers to measure the actual bandwidth they are receiving.
- Registration of .se domains with characters from all the official Swedish minority languages, including Yiddish was enabled.

2008

- Operations were expanded with Internet for All, an initiative aimed at individuals who, for various reasons, were excluded from the Internet and through the issue of free Internet guides. The school Web Star competition was started.

2009

- A change of business model was implemented by .SE, which meant that all sales of domain names went through resellers (registrars). In parallel with this transition, 400,000 domain name holders went from being customers of .SE to customers of their registrars.
- The Internet Days celebrated its ten-year jubilee and .SE acted host for IETF75, where over 1,000 people met in Stockholm to discuss standards and established practices for the development and operation of Internet.

2010

- The one millionth domain name was registered under .se, and ICANN signs the root zone with DNSSEC.
- The Swedish Quality Award 2010 was presented to the Foundation in recognition of .SE's quality work.

2011

- .SE launches a faster and less expensive form of conflict resolution known as "Accelerated Dispute Resolution."
- ICANN decides to open up for the registration of new generic top-level domains.
- A DNSSEC campaign leads to more than 160,000 .se domains being signed in a single month – December 2011.
- The Digidel 2013 campaign starts with the goals of increasing the number of people who are digitally active in Sweden by 500,000 before year-end 2013. The office for the campaign is operated by .SE and coordinated by a campaign comprising representatives from general education, libraries, the business community, government and municipal operations.



2010

1,000,000

.se domains

2012 – the year in review

January

- The Internet Fund opened up for the year's first round of applications. During the year, about SEK 9 million will finance 47 projects.
- Kristina Alexanderson, Head of the Internet at School initiative at .SE, moderated a Future Day for the members of parliament to give them input from researchers and experts regarding how to tackle tomorrow's major challenges. One of the themes in focus was the Internet.

February

- The Internet Fund finances the project Common Terms, which aims to make user agreements more easily comprehensible and accessible by using symbols for the various parts of the agreements.
- The so-called Anti Counterfeiting Trade Agreement receives considerable attention in Sweden and globally. It is an international agreement that place greater responsibility with Internet service providers to report suspicions of copyright infringement.

March

- Nominet, which operates the British top-level domain .uk, supports the development of OpenDNSSEC with a capital injection of GBP 35,000. Later, the Canadian Internet Registration Autho-

rity (CIRA) also supports the continued development of OpenDNSSEC.

- The "Source criticism on the Internet" guide is published – a book that helps the reader evaluate the credibility of information on the Internet.

April

- The .SE blog celebrates its first anniversary. Some 130 entries were posted during the first year of the blog.
- In partnership with the Swedish Foreign Ministry and Sida, .SE organizes the international conference – Stockholm Internet Forum 2012.

May

- Class 9D1 at the Ekilla School in Sigtuna wins the 2012 Webbstjärnan school competition for its website about WWII – ekilla9d1.se.

June

- During the Internet Fund's spring application round, SEK 2.8 million is distributed among 14 projects.
- .SE prevails in the Administrative Court of Appeal and is not required to submit data on all domain holders to the Swedish Tax Agency.
- The English Volunteering Project by a Swedish volunteer matching agency called Volontärbyrå becomes the first project to receive financing from .SE's

SEK

9,000
,000 M
= 47 projects

A total of

70
.SE events
during 2012



2 052
teams registered
for the 2011/2012
Webbstjärnan
school
competition



More than
1,800
people visit the
Internet Days

Internet Fund through what is known as crowdfunding.

- The 24-hour hacking session known as 24 hour business camp was held at Yasaragi Hasseludden.
- ICANN publishes the names of those who have applied to operate new top-level domains. A total of slightly more than 2,000 applications were submitted.

July

- During the summer, the Webbstjärnan school competition and Digidel organize a competition for children and young people who are knowledgeable about the Internet. The challenge is to teach a relative or someone else who is not digitally active to use the Internet.

August

- The Internet Fund opens the second round of applications for the year.
- The Webbstjärnan school competition commences.

September

- .SE's new website is launched at iis.se.

October


- The 2012 Swedes and the Internet report indicates that Internet use continues to increase among younger children. In other groups of the population, the increase has essentially stopped.

- The Internet Days conference gathers slightly more than 1,800 participants at the Stockholm Waterfront Congress Centre during three days. The keynote speaker is Professor Lawrence Lessig from Harvard University.
- .SE publishes its sixth report on the health status of the Swedish Internet, which indicates that the situation is slowly improving.

November

- Sambi, the identity federation for medical services, health and care, launches its website sambise and hosted a dialogue seminar.

December

- The .SE blog is nominated for the European Excellence Award, in the Blogs category.
 - iis.se is ranked one of Sweden's 100 best websites in 2012 by the magazine Internetworld.
 - ICANN appoints .SE as the technical test organization for all of those applying for new top-level domains.
 - The Webbstjärnan 2013 school competition breaks a record with more than 2,000 teams registered before Christmas.
 - The current administrator Worldnames, Inc. chooses to hand over responsibility of the top-level domain .nu to .SE with a transition planned for the autumn of 2013.
- 

.SE – what we do

.SE, is an independent foundation with 61 employees who ensure that the Swedish section of the Internet works and evolves. We are responsible for the administration and technical operation of the Swedish top-level domain .se. There are currently 1.2 million registered .se addresses.

Fifteen years of responsibility

The top-level domain .se is and aims to be the natural choice for companies, private individuals and organizations that want a domain name associated with Sweden. Our market share is 65 percent. The Swedish top-level domain .se achieved its major breakthrough in 2003 when the rules for registration were liberalized and the “first come, first serve” principle was introduced. During the year, 116,749 new .se addresses were registered and since then, there has been a strong influx of new domain names. In the autumn of 2010, the one-million mark was passed for .se domains, and in late 2012, there were 1,261,710 active .se domains.

However, it all began as early as in 1986, when Björn Eriksen registered .se as the country code for Swedish domain names. He handed over responsibility to .SE, which was formed in August 1997, at the initiative of the Swedish chapter of the international association, the Internet Society, ISOC. In other words, we are in our 16th year as the administrator of the top-level domain .se.

All domain name sales are conducted through resellers known as registrars in industry parlance. Today, we have slightly more than 145 registrars, one of which is .SE's proprietary registrar, .SE Direkt. Our systems respond to about 8,000 domain name requests every second, and must respond quickly and correctly for .se domains to be accessible online.

Our domain operations are governed by the National Top-Level Domains for

Sweden on the Internet Act. The Swedish Post and Telecom Agency has been our supervisory authority since the National Top-Level Domains for Sweden on the Internet Act came into effect on July 1, 2006.

Giving back to the Internet

We use the proceeds from domain-name management to finance projects and operations that help the development and use of the Internet in Sweden. In other words, if you register a .se address, you are indirectly helping support the development of the Internet in Sweden. In 2012, we invested more than SEK 47 million in our Internet developing activities, as stipulated in our charter. Our charter stipulates that .SE, in addition to operating and developing the top-level domain .se, must support the positive development of the Internet, proper stability in the infrastructure and research, development, training and instruction in data and telecommunications, with a particular focus on the Internet.

This has resulted in an extensive social involvement with a substantial and growing operation that moves the Internet forward. The aim is to create added value for all holders of .se domains and other Internet users and to provide them with the means to capitalize on all of the Internet's possibilities.

We focus on two core areas: Internet infrastructure and one Internet for all. We endeavor to give everyone the same rights and opportunities to utilize the Internet's services, by which we mean that everyone should be able to trust the Internet and



its services concerning such aspects as security and integrity. We also strive to incorporate Internet skills in education and continuing education in Sweden, making them available to everyone. The Internet's infrastructure is to be secure, stable and scalable to optimally benefit users.

Effective dissemination of knowledge

To enable more individuals to be able to use the Internet, we organize seminars, training courses and provide informational material and facts about the Internet in several formats. Examples of our initiatives are the Internet at School including the Web Star competition for grade school and high school, digital inclusion including the Digidel 2013 campaign, as well as our Internet guides and the annual Internet Days conference. We also offer several free tools, including the Broadband Check, which checks your broadband connection directly in your web browser or mobile phone.

To ensure that we have gathered solid facts about the Internet and to pass these on to others, we conduct independent surveys and studies concerning the health of the Swedish portion of the Internet and its use. We issue such publications as an annual report on the quality of the Internet

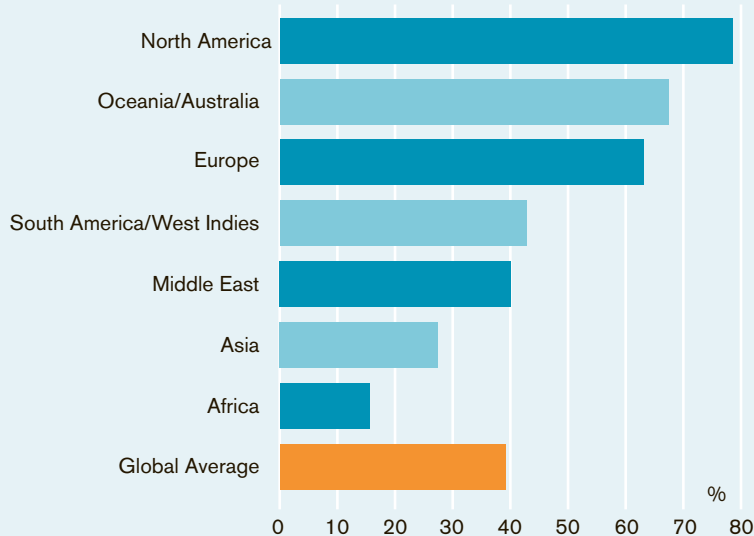
infrastructure in Sweden and the Swedes and the Internet report concerning usage.

Through the Internet Fund, we also finance external projects that promote Internet development in Sweden. Since its inception in 2004, the Internet Fund has financed about 240 projects, with broad array of focuses, all of which aim to promote the development of the Internet in Sweden. In 2012, a total of SEK 9 million was allocated through the Internet Fund.

To spread knowledge about the Internet and to encourage more individuals to dare, want to and have the ability to use the Internet and to utilize all of its possibilities, we use many channels to spread our knowledge and the results of the surveys and operations that we conduct. We primarily use digital media and various meeting places.

New initiatives

In 2012, .SE established two identity and authorization federations; the School Federation and Sambí. By year-end, ICANN also finalized its decision to have .SE perform the technical tests on the new top-level domains that will be launched in 2013. You can read more about the new operational areas further on in the Annual Report.



Percentage of Internet users
by continent
Source: Internet World Stats

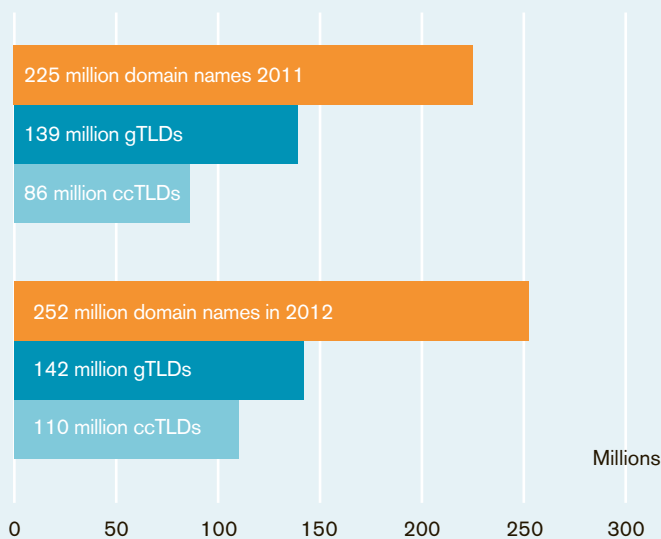
Internet in the world and in Sweden

In December 2012, global Internet penetration totaled 39 percent. Compared with the preceding year, this is an increase of 6 percent or 421 million new users. This means that about 2.7 billion of the world's seven billion inhabitants use the Internet on a regular basis. In Sweden, about 89 percent of the population has access to the Internet.

In the past decade, the Internet has experienced a sharp increase in new users. Between 2000 and 2012, the number of people in the world with access to the Internet rose by a full 566 percent. The corresponding statistic increase in Europe during the same period was 393 percent. Asia is the global region that has the

greatest number of connected citizens – about one billion users – which corresponds to 45 percent of the total number of global users. The corresponding figure for North America is about 11 percent or 274 million Internet users. However, Europe has the greatest Internet penetration and 77 percent of the combined population in the region has Internet access.

Africa is the region of the world where Internet access is currently experiencing the fastest growth and by year-end 2012, the increase was a full 3,606 percent compared with 2000. However, Africa has the lowest overall percentage of Internet users at 15.6 percent, which explains the spectacular rise. Among the nations on the African continent, Morocco stands apart with an Internet penetration of 51 percent of the population, which is



Country code top-level domains (ccTLDs) compared with generic top-level domains (gTLDs) Source: Zooknic and Verisign

the highest in the region. In the Middle East, Internet penetration has increased by 2,639 percent from the year 2000 to date. In the region, Bahrain is the most connected nation, with 77 percent of the population enjoying access to the Internet.

One in five Internet users is European

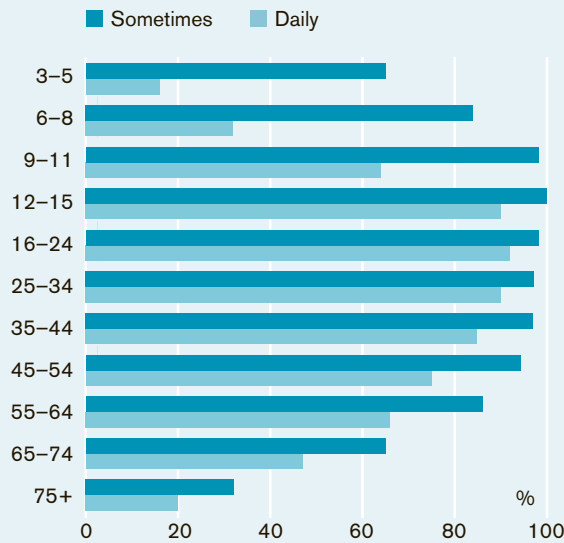
Late in the preceding year, nearly 77 percent of Europe's approximately 820 million inhabitants used the Internet on a regular basis. One in five global Internet users resided in Europe in December 2012.

The European country with the greatest number of users in 2012 was Germany with 67 million connected citizens, or 83 percent of the country's population. The European country with the lowest

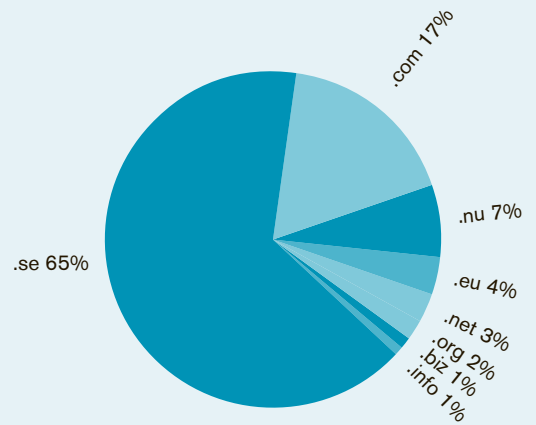
percentage of Internet users was Kosovo with 20 percent, followed by Romania with 40 percent. Since Eastern European countries generally have low penetration figures compared with other European countries, these countries are also experiencing the sharpest rates of expansion. Countries such as Albania and Bosnia-Herzegovina increased their Internet usage dramatically in recent year by tens of thousands of percent. Iceland had the highest percentage of users of the European countries with 98 percent of the adult population.

Use among Swedes

Internet use in Sweden has increased from 2 percent in 1995 to 89 percent by the end of last year. By 2012, about nine in ten people living in Sweden had In-



Use of Internet among Swedes in different age groups
Source: Swedes and the Internet 2012



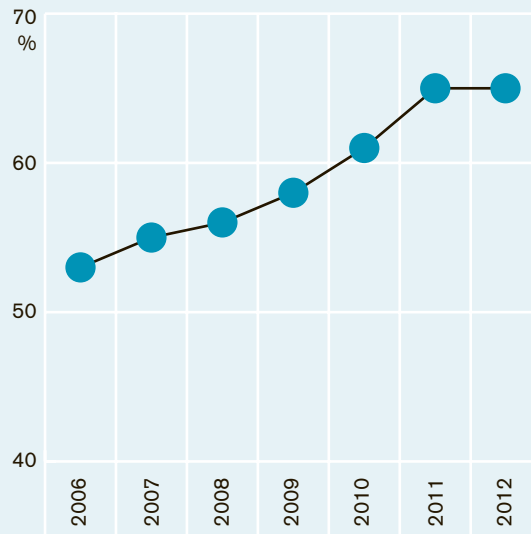
Top-level domains market share in Sweden, December 2012
Source: Zooknic and Webhosting

Internet access, corresponding to 8,504,745 people. Access to the Internet in Sweden is no longer increasing among those over 18. While digital exclusion – meaning people who do not have Internet access – has declined by about 100,000 people since 2011, there are still 1.2 million Swedes who never or very rarely use the Internet. These people are generally over the age of 45. In addition, one of four people between the ages of 16 and 45 do not feel particularly included in the information society.

Domain market changing

There were a total of 252 million registered domain names in the world at December 31, 2012, up by 6.1 million domains year-on-year. The 280 country code top-level domains (ccTLDs), to which .se pertains, account for 44 percent of the total

number of domains worldwide. At year-end 2012, there were 110 million domains registered under ccTLDs, up 22 percent compared with 2011. The largest ccTLD, measured by the number of registered domains, is the German suffix .de. What are known as generic top-level domains (gTLDs – .com, .net, .org and so forth) collectively lead the global market. The .com (106.2 million) and .net (14.9 million) top-level domain names remained the largest players among the generic top-level domains in 2012 with 121 million active domain names and a total of 48 percent of the market. In the global market, .org had 10 percent of the total number of registered domains and .info had 7.5. In 2011, the Internet Corporation for Assigned Names and Numbers (ICANN) announced that they would be opening new gTLDs for registration. In early 2012,



.SE's market share over time
Source: Zooknic

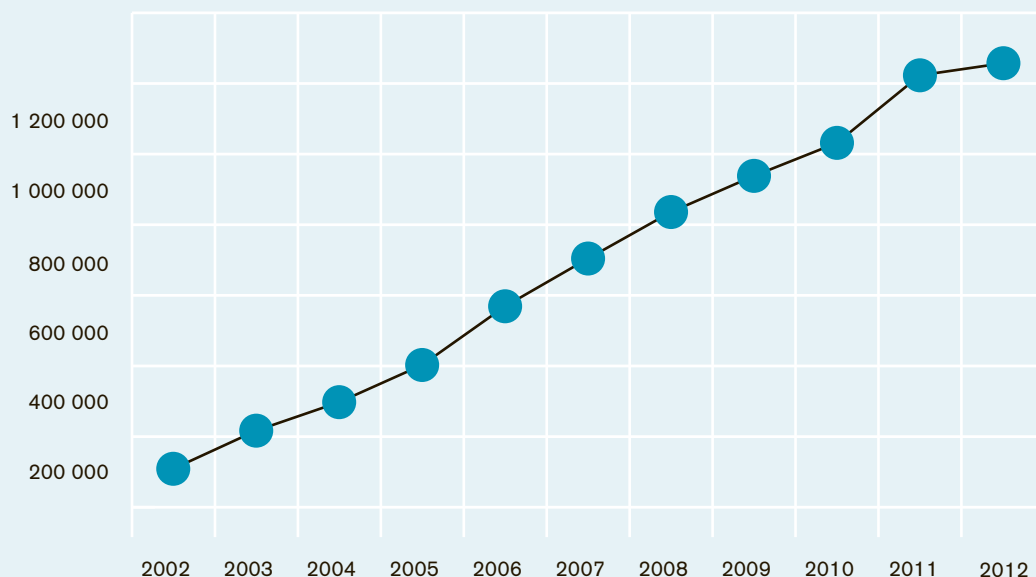
ICANN opened the application period and the first new top-level domains will be available for launch in 2013. ICANN bears ultimate responsibility for the allocation of IP addresses and for the domain name system, DNS. The new top-level domains will be able to represent corporate and product names or be comprehensive, such as .beauty or .lol. Naturally, the market effect of the new top-level domains cannot yet be inferred from the number of registered domain names and existing top-level domains or market shares for 2012.

.SE largest in Sweden

The one millionth .se domain was registered on October 4, 2010. By year-end 2012, there were 1,261,880 active .se domain names, compared with 1,221,128 at year-end 2011. In other words, the num-

ber of .se domains increased by 40,752 in 2012, which was a rise of 3.3 percent compared with the preceding year. By year-end 2012, .se domains commanded slightly more than 65 percent of the Swedish domain market. The closest competitor is the gTLD .com, which, however, is losing ground in Sweden. In 2012, the market share for .com in Sweden was 17 percent, down 2 percent compared with 2010. In 2012, the ccTLD .nu was the third-largest player in the Swedish domain market with a share of 7 percent. Fourth place was held by .eu with nearly 4 percent of the market. Of all companies in Sweden with ten or more employees that have registered their own domain name, nine of ten have selected a .se domain name.

Source: Verisign, Zooknic, Statistics Sweden, .SE, U.S. Census Bureau, ITU

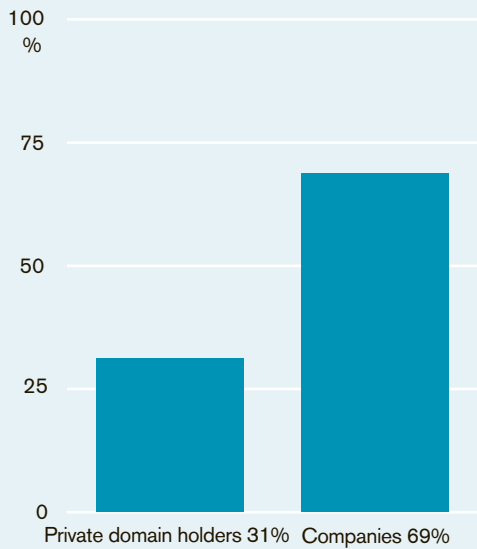


Annual growth of active .se domains

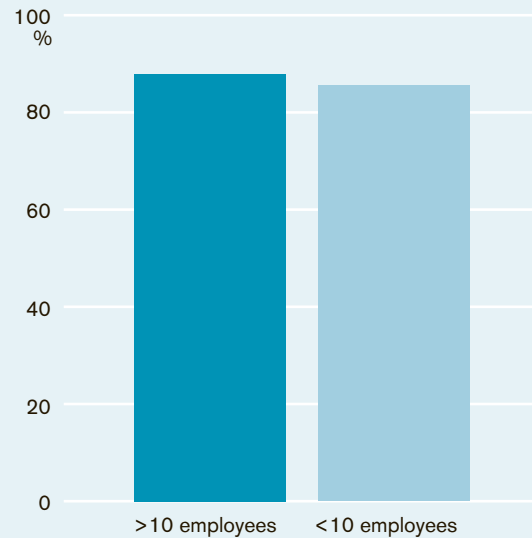
Customers and registrars

The top-level domain .se dominates the Swedish domain market. The market share for .se in Sweden increased from 53 percent in 2006 to 65 percent in 2012. In 2011, 240,996 new domains were registered, compared with 305,671 in 2012, which indicates that the rate of growth is declining somewhat.

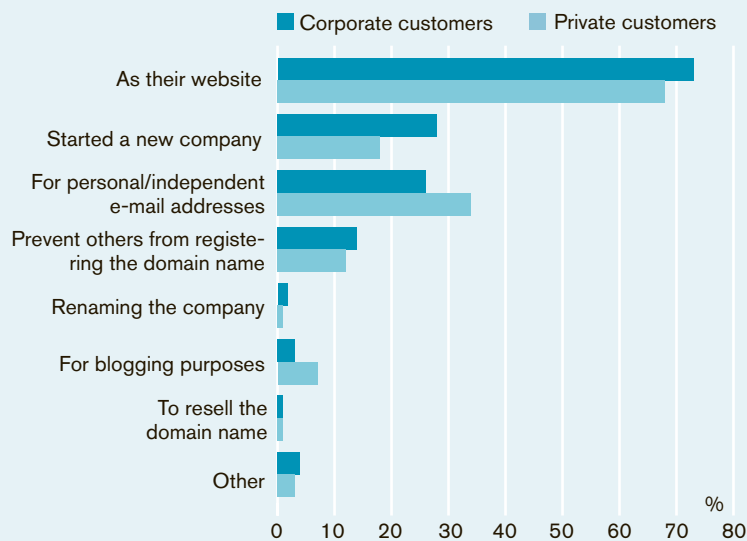
According to Statistics Sweden's (SCB) major survey of IT use in Sweden in 2012, 85 percent of companies with ten or more employees have registered their own domain name. Among smaller companies – those with fewer than ten employees – 62 percent stated that they have registered their own domain name. Both small and large companies – nine of ten – register the top-level .se domain as their first choice. Of companies with ten or more employees, 36 percent also opted to register a .com address, 10 percent a .nu address and 7 percent a .org address. The small companies, with fewer than ten employees, did not opt



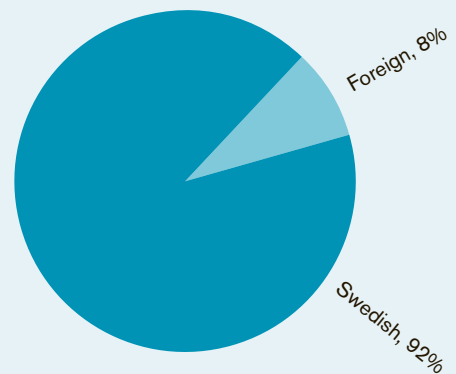
Allocation of .se domains among private domain holders and companies in 2012



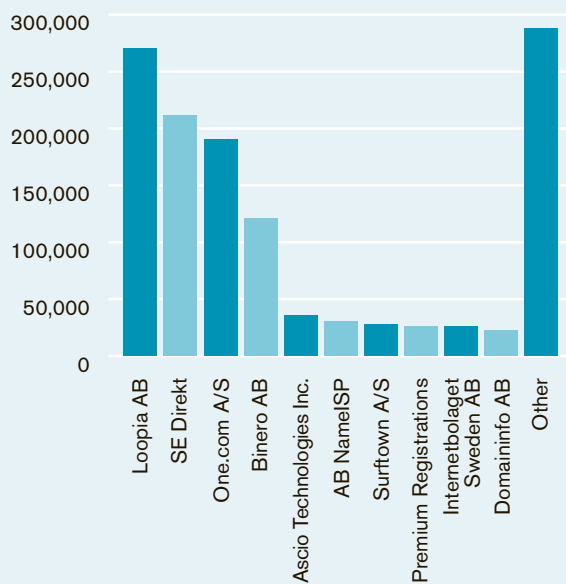
The percentage of large and small companies that have .se as their primary top-level domain in 2012. Source: SCB



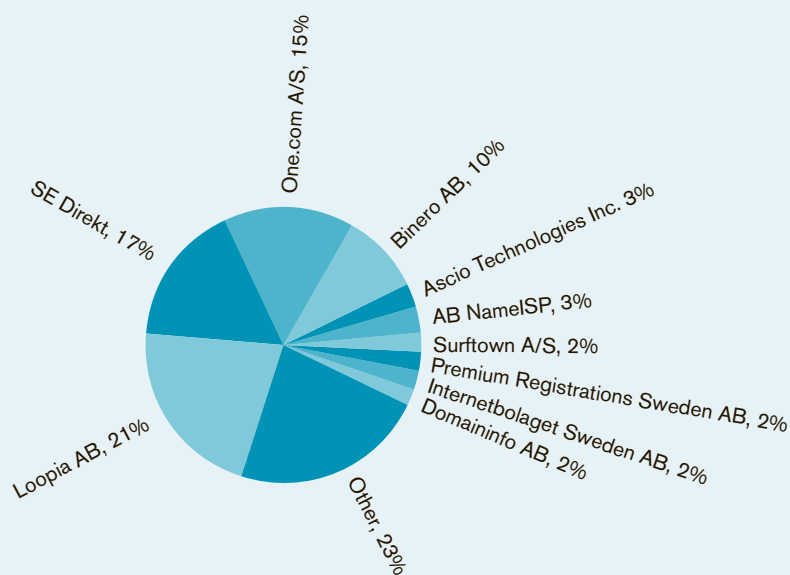
What is the primary reason(s) that you registered a domain name under the top-level domain .se? (Several responses can be given).



The allocation among Swedish and foreign domain holders in 2012



.SE's ten largest registrars in December 2012 by number of domains



The ten largest registrars in December 2012 by percentage points of domains

to register addresses other than .se to the same extent.

One of 50 private individuals plans to acquire their own domain name

It is more common for companies to register domain names than private individuals. In total, slightly more than one out of ten in the 16-74 age group have their own domain name. Men aged 35-44 are most likely to have their own domain name, with 22 percent of this group having one. Nearly two of three of those with their own domain name have it under the top-level domain .se. A total of two percent of everyone aged 16-74 plans to acquire a domain name. The percentage of those who plan to acquire their own domain name is highest among students, with six of ten planning to acquire one.

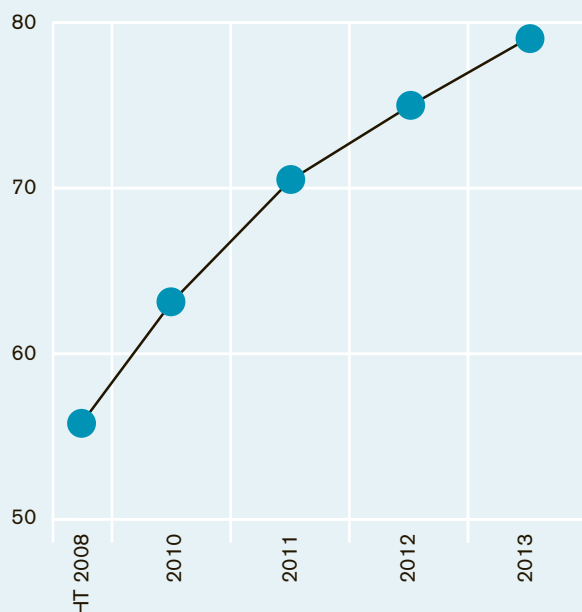
Of the overall number of registrants of .se domains, corporate customers comprise 69 percent. The most important reason for registering a .se domain is wanting

to use the domain name for a website (73 percent), start a new company (28 percent), obtain a personal e-mail address (26 percent) or to register the name of their company for protective purposes (14 percent).

Of holders of .se domains, 31 percent are private customers and the most common reason for registering a .se domain is wanting to have their own website (68 percent), obtaining a personal web address (34 percent) or starting a new company (18 percent). Private individuals also register domain names for protective purposes (14 percent).

Satisfied domain holders

Most private and corporate customers are satisfied with their registrar, according to the annual customer surveys conducted by .SE. For private customers, the general assessment level remains unchanged (Customer Satisfaction Index of 82) and the corresponding level for corporate customers is 80, compared with the industry average for the telecom sector which is be-



Registrar satisfaction trend, 2010-2013

tween 60 and 70 depending on the service, according to the Swedish Quality Index.

Domain names are exclusively registered through .SE's accredited resellers, which are known as registrars and numbered 147 at year-end. The ten largest registrars accounted for nearly 80 percent of the number of active .se domains in 2012. The largest registrar was Loopia, with 21 percent of .se domains, followed by .SE's own registrar .SE Direkt (17) and One.com (15). These three players collectively accounted for more than half of the market for .se domains in 2012.

For .SE, it is important to maintain strong relations with our registrars and, therefore, we continuously monitor their satisfaction. Since the new business model was introduced, the index curve has continuously pointed upward. More than three of four of those surveyed (Satisfied Customer Index of 77) were satisfied with .SE's registry operations and its service for registrars. We are pleased to confirm that

the registrars are becoming increasingly satisfied over time and we have noted a clearly positive trend since we began measuring satisfaction in 2008.

Proprietary .SE Direkt registrar

In late 2012, .SE Direkt's market share was 17 percent, compared with 20 percent in 2011. Part of our strategy all along has been that .SE Direkt will not compete with other registrars in terms of pricing. Accordingly, the price has continuously been raised, most recently in April 2012, when the price was raised by SEK 24. .SE Direkt does not offer additional services such as name servers, web hosting services or e-mail. The customers who opt for .SE's own registrar must thus either manage their own servers and other services or choose another provider of optional services. .SE Direkt focuses on customers and works methodically with its improvement efforts. In 2012, customers gave .SE Direkt a grade of four on a scale of five.

Operation of the top-level domain .se

.SE is responsible for Sweden's national top-level domain. This entails that we ensure that the .se zone is always available on the Internet. This work has resulted in rapid and correct responses for everyone searching for web or e-mail addresses.

Since web and e-mail access comprise part of Swedish society's critical infrastructure, .SE's operational security is assigned the highest priority. Every second, .SE's name servers handle an average of 8,000 DNS queries, although traffic peaks of about 80,000 queries per second are commonplace.

The objective is for the DNS service to always be available and for the response time for DNS lookups to be as short as possible. DNS operations are based on a combination of various suppliers, hardware platforms, name-server programs and routing methodologies – unicast and anycast – which generate high capacity, considerable resistance to denial-of-service attacks and high redundancy.

DoS attacks increasing globally

In the past year, so-called DDoS attacks (distributed denial of service) have increased worldwide and in Sweden. The aim of these attacks is to bog down a computer system or network by using all available resources (sessions, bandwidth, etc.) by initiating a vast number of simultaneous queries. Improvement efforts are constantly under way at .SE, and in 2012, we continued to focus

on raising our preparedness for possible DoS attacks. We also have strong partnerships with our slave-server operators and with Internet service providers in our efforts to handle these attacks. Since 2011, we have relocated the operations center for the production environment.

Technology in brief

On the Internet, all connected units must be identified by a unique series of numbers known as an IP address. As a result of the DNS (domain name system) catalogue service, domain names, for example iis.se, can be used instead of IP addresses to navigate the Internet, such as the website www.iis.se (which has the IP address 91.226.36.46). DNS translates domain names to IP addresses just as a telephone catalogue translates names to telephone numbers and vice versa.

.SE is responsible for the registry that maintains the DNS information for the more than 1.2 million registered .se domain names. Since .SE makes the .se zone available on the Internet, you can identify the right web and e-mail server for a specific domain name with the .se suffix. You will find more information concerning how DNS functions on .SE's website.

Operations governed by Swedish law

The technical operation of the .se domain and its stability have been governed by a special law since July 1, 2006 – the National Top-Level Domains for Sweden on the Internet Act – with the Swedish Post and Telecom Agency as the supervisory authority.

.SE's role

.SE's registry does not contain information concerning all technical details for all individual .se domains. Responsibility for supplying this information on the Internet is delegated to each domain registrant. They can in turn delegate responsibility for the maintenance of the domain's name server to, for example, web hosting services and Internet service providers. However, .SE always provides updated information concerning all of these delegations.

DNS lookup

The domain name system (DNS) translates a domain name to a form with which computers can communicate. Every time an address (url – uniform resource locator) is entered into the web browser, your computer sends a DNS query to identify what IP address the address entered is delegating.

Security efforts

.SE's core operation is administering and managing the technical operation of the top-level domain .se. The top-level domain is a key resource for Internet users in and outside Sweden, and is highly significant to Swedish society, particularly considering all of the critical public functions available online.

ISO-certified operation

.SE invests major resources in its quality and safety efforts. We have conducted a systematic, multi-year information security effort focused on the implementation of a management system that is tied to the internationally accepted standard ISO/IEC 27001, "Information Security Management System." The standard offers a process-oriented approach to creating, implementing, using, monitoring, reviewing, maintaining and improving the internal system for work with information security. In December 2012, .SE's audit ahead of its ISO 27001 certification began with an inspection, and in January 2013, we received the pleasing news that our core operations fulfill the standard's requirements and are certified.

Optimal protection

The basis for our security efforts is our employees, resellers, domain name holders and all Internet users. As early as 2004, .SE's Board reached a decision on the organization's first information security policy, which has since comprised the basis for our approach. The objective of risk management is to optimally protect the organization, its operations and resources against losses, damage and disruptions. In terms of core operations, the goals are to provide a

high level of availability and to rapidly and correctly respond to all lookups of, for example, Internet and e-mail addresses with the .se suffix, to provide high-quality information and to protect information from unauthorized access.

Standardization in Sweden

Last year, .SE became a member of the Swedish Standards Institute (SIS). In order to proactively contribute to the standardization work in terms of urgent areas, including information security management systems (the ISO 27000 series) and terminology standardization for authentication (ISO DIS 20115), our Head of Security has also become involved in SIS's technical committee for Information Security, TK 318.

.SE's Head of Security named "Security Profile of the Year"

In conjunction with the 2012 Security Gala, .SE's Head of Security, Anne-Marie Eklund Löwinder, received the "Security Profile of the Year" award for her extensive and in-depth knowledge of IT security matters. The recognition is awarded annually by the magazine Aktuell Säkerhet and Företagsuniversitetet (Executive University).

ADR – how domain disputes are resolved

Since 2003, those who first apply for an available .se domain can register the domain without preliminary examination. Those who believe that someone else has registered a domain name to which the first party believes it is entitled can appeal the registration retroactively through the Alternative Dispute Resolution process, ADR.

A total of 13 legal experts act as impartial arbitrators and the costs of the ADR process are heavily subsidized by .SE, making it a faster and less expensive alternative than resolving the dispute in court. In 2012, 65 disputes were resolved by ADR, although the average has been between 40 and 50 per year since the ADR process was introduced in 2003. This should be viewed in relation to the total number of .se domains, which exceeds 1.2 million.

Decision in ten days

In February 2011, .SE launched the option of selecting a faster process when the applicant submits an ADR application. In 2012, this became a permanent option. The accelerated process is only applied if the counterparty fails to respond to the application for dispute resolution. If the matter is to be determined using the accelerated process, a decision is taken within ten business days instead of the normal 30 days. The arbitrator tries all fundamental requirements (requisites) that are applied in a standard ADR matter, but announces its decision with only a short motivation.

In 2012, 13 disputes were resolved through the accelerated process. The cost of an accelerated ADR process is SEK

2,000. The fee is significantly lower than a standard ADR, which costs SEK 4,000 for a private individual, SEK 5,000 for a small business and SEK 10,000 for other legal entities.

To prevail in an ADR dispute, the applicant must:

- Hold a right that is valid in Sweden, such as a brand or company.
- Prove that the registrant of a domain name acted in bad faith when the individual registered or used the domain name.
- Prove that the registrant did not have a vested interest in the domain name.

Decisions regarding ADR cases are public

Decisions in ADR cases can be searched for on our website, where you will find a great deal of valuable information concerning ADRs. If you have further questions, please e-mail us at atf@iis.se.

.SE moves the Internet forward

Since the very moment the Foundation was established in 1997, the aim was to contribute to a positive development of the Internet in Sweden. Since then, this element of the operation has grown considerably, from about SEK 20 M in 2008 to SEK 47 M for Internet-development operations in 2012.

We have four major areas of focus: the Internet for all, the Internet's infrastructure, information and facts about the Internet and its future, as well as greenhouse operations for ideas that promote the development of the Internet. This allows the domain administration proceeds to benefit the Internet and its users.

Internet for everyone

Webbstjärnan school competition

.SE trains and involves students and teachers in the Webbstjärnan school competition to make them aware of how the Internet will work as a medium and how the web can be applied to school work in a valuable way. In the past five years, .SE's school initiative, which targets all students from elementary school to high school, has grown to having teams competing from one in six schools, whereby everybody makes websites out of a school project of their choice. In 2012, the Webbstjärnan school competition organized teacher-training seminars throughout Sweden and slightly more than 600 teachers learned about web publication as an educational tool, copyright law and online source criticism. In May, the winners were celebrated at an event at Rival in Stockholm. This year's Webbstjärnor 2012

was school class 9D1 at the Ekilla School for their website about WWII.

Digidel

The Digidel campaign works to ensure increased digital inclusion in Sweden. We want everyone to dare, want to and have the ability to use the Internet. Digidel aims to pool resources to get at least 500,000 Swedes to begin using the Internet before year-end 2013. The initiatives are also meant to contribute to those who already use the Internet to become better at harnessing the possibilities offered by the Internet to facilitate everyday life, to be part of social developments, to receive better care and healthcare, to have greater employment opportunities and a better education. In 2012, Digidel had 337 partners who worked to increase digital inclusion in Sweden. Since the campaign started, the number of individuals who do not use the Internet declined by 300,000. In 2012, Digidel reached slightly more than 130,000 individuals with its training initiatives.

Information and facts about the Internet

Internet guides

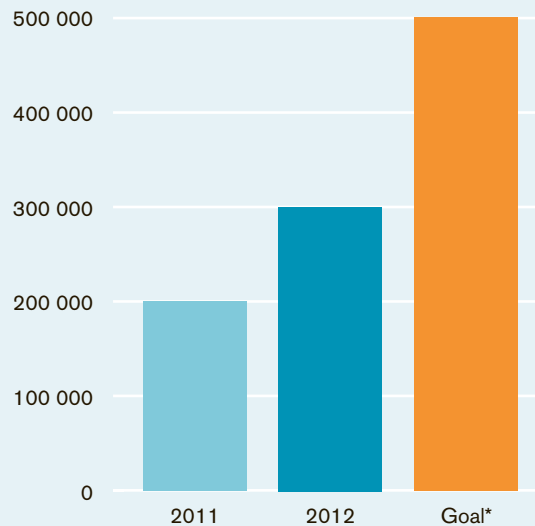
184,353. That is how many times one of .SE's free Internet guides was downloaded



300,000
more people
in Sweden are
digitally active
compared with
2010

600
teachers participated in
the Webbstjärnan
school competition's
teacher trainingcourse
on web publication
in 2012.

2 052
teams registered
for the Webbstjärnan school
competition
2011/2012



Increase in the number of those digitally active since the Digidel campaign started in 2011
***Measured against Swedes and the Internet 2014**

as a PDF or read as a web version last year. This is a record and the result of .SE's conscious effort to shift the reading of printed publications to digital content for the sake of the environment.

In 2012, an editorial council was also appointed for the Internet guides to raise the quality. We are now focusing on more target-group adapted guides and collaborating with partner organizations for each guide to achieve greater dissemination. An example is the "Digital source protection – an introduction" Internet guide, which we issued jointly with the Swedish Union of Journalists. The publication focuses on how the country's editorial boards can better protect their sources digitally and was very popular and one of last year's most read guides. The other Internet guide that was published last year was on the topic of source criticism on the Internet and is a resource for evaluating the credibility of information on the Internet. A new and updated version of the popular "Writing online" Internet guide was also published.

Internet statistics

The daily use of the Internet has increased significantly among school children in elementary and middle school. More than half of the Swedish population now has access to the Internet via mobile phones and the use of tablet computers is also beginning to expand. These are some of results of .SE's annual statistical report, "Swedes and the Internet," which was released in October. The report surveys Swede's use of the Internet and shows how information and communications technology is used and affects individuals, families and society. The report is Sweden's most important survey of individuals' Internet use and has been widely covered by the media. .SE believes that it is important to have access to reliable reports, surveys and analyses to understand how the growth of the Internet has an impact on us, which is why we collect and present such material on our Internetstatistik.se website.

Internet Days

In late October, .SE opened the doors to its Internet Days conference for the 13th



184,353

number of downloaded Internet guides and read web versions.

1,800

Number of visitors at the 2012 Internet Days

22,475

Printed Internet guides in 2012

100,000

number of page views on iis.se's blog.

47

projects financed by the Internet Fund

consecutive year. The event is a key meeting place for the industry and enables representatives for technology, services and the media to network with representatives regarding matters of use and policies. The public sector meets the private sector. Entrepreneurs become acquainted with researchers, and decision-makers listen to developers.

At the 2012 conference, slightly more than 1,800 people converged to listen to and be inspired by more than 100 speakers. Worth noting were the keynote speeches by Harvard professor and copyright guru Lawrence Lessig, security expert Mikko Hyppönen and IT Minister Anna-Karin Hatt. The main themes in 2012 were technology, security, society and the media. Last year, in addition to the main conference, a popular forum day was also organized for the second consecutive year during which various organizations were invited to host their events and where the tickets were heavily subsidized by .SE. Notable events included WordCamp Sthlm, Digidel and Internet Discovery Day.

Stockholm Internet Forum

In partnership with the Swedish Foreign Ministry and Sida, .SE organized the Stockholm Internet Forum on Internet Freedom for Global Development (SIF) last spring. At the conference on April 18-19, 2012, a total of 400 decision makers, Internet activists, business owners, human rights organizations and researchers from around the world converged to discuss matters concerning Internet freedom.

.SE is involved in SIF because we believe in an open, international and free Inter-

net – where the freedom of users is in focus. The conference enables people to have important discussions that transcend both national borders and political domains. At .SE, we are convinced that these matters need to be discussed on a global scale but also encourage people in every country to maintain a dialog with stakeholders to achieve a freer Internet. These are important components to ensuring that the Internet does not become excessively regulated, but rather remains a global and horizontal system. This is also one of the driving forces behind .SE's involvement in the Stockholm Internet Forum. On May 22-23, 2013, .SE organized the second SIF with the Swedish Foreign Ministry and Sida.

The .SE-blog

Since 2011, several of .SE's employees have been posting entries on our company blog – the .SE blog. The aim of the blog is to share knowledge and thoughts and to maintain a dialog with other Internet users. The blog has been successful both internally and externally, which was proven in 2012 when the .SE blog was nominated for the prestigious communications competition European Excellence Award, which recognizes the year's best communications initiatives. Major PR companies are usually behind the nominated contributions. It is gratifying that our blog, which is a completely internal product, fares so well among the competition. In 2012, the blog had more than 100,000 page views and is currently one of .SE's most important channels for external communications. The posts often address news from .SE and current events in each of the bloggers' areas of expertise, or, occa-

sionally deal with completely different Internet-related topics.

The incubator operation that promotes the development of the Internet

Internet Fund

Since its inception in 2004, .SE has financed nearly 250 projects through the Internet Fund, which all aim to advance the Internet in Sweden in different ways. The Internet Fund is open to anyone who wants to seek financing for their non-commercial projects. In 2012, two rounds of applications were held; one in the spring and one in the autumn. A total of 275 applications were received, of which 47 projects were selected, which were allocated a total of SEK 9 M. In 2012, within the framework for the Internet Fund, two pilot projects were also launched. One is a crowd-funding pilot, under which a “Guaranteed financing” concept was developed for the public to be able to be involved in supporting Internet-related projects.

During the year, five projects received financing through “Guaranteed financing.” The other project is called Catalysator and aims to help Internet entrepreneurs realize their ideas at an early stage. A number of events were organized in 2012 within the framework for Catalysator, including 24 Hour Business Camp and the Internet Discovery Day.

Internet infrastructure

Internet's ecosystem

By measuring the quality and functionality of the Internet's infrastructure in Sweden through the Internet's ecosystem operational area, .SE wants to verify that it maintains a strong level of functionality and a high level of availability. The aim is also to detect flaws and improprieties when necessary. For the sixth consecutive year, .SE charted how public administration organizations and other key social functions are managing their technical presence on the Internet through its “Health Status” re-

port. This year's main report indicated that the health status in the .se zone is better than ever – but much remains to be done.

In February, an in-depth survey and analysis were conducted on DNS and DNSSEC. At the time of the survey, about 14 percent of all active domains in the .se zone were signed using DNSSEC.

During the year, through Mailcheck – a testing tool for e-mail servers – and a questionnaire for those in charge of e-mail, we conducted a survey to assess how frequently companies and organizations manage the operations of their own e-mail servers and what level of quality these have. The results can be read in the report “E-mail with quality and finesse.”

DNSSEC

DNSSEC (DNS Security Extensions) is a standardized option to the domain name system and a way of making the Internet's catalogue service – DNS – more secure. DNSSEC protects Internet users from fake or manipulated DNS data. .SE is a pioneer in the area and is also the world-leader in the application of the technology.

Since 2005, when .SE became the first top-level domain in the world to apply DNSSEC when it signed the .se zone, an increasing number of top-level domains have implemented the technology. Often, .SE offers support in the form of training courses, among other measures. In the summer of 2010, DNSSEC was implemented in the Internet's so-called root zone – the most fundamental component of the domain name system. Some 110 of the world's 316 top-level domains are currently signed and 101 have been placed in the root zone. The more domains that are secured using DNSSEC, the more secure and reliable the Internet will be as a whole.

However, the signing of .se domains with DNSSEC is not increasing at the rate that we have hoped. By year-end 2012, slightly more than 150,000 .se domains were signed with DNSSEC, a decrease of slightly more



3,500,000

Broadband Check
measurements a
month

92,047,959

Broadband Check
measurements,
2007-2012

The number of
measurements using
the Broadband Check
app has increased

50-fold
since being launched
in 2008

than 10,000 domains compared with the preceding year-end. The reasons for this lie in undeveloped technological support for signing, a lack of experience and skills and the relevant tools for troubleshooting. .SE is also involved in financing the development of OpenDNSSEC – a tool that simplifies the administration of DNSSEC based on open source code.

Broadband Check

It has been five years since .SE launched the Broadband Check. This was the first time that Swedish consumers had been given access to a free, independent consumer tool for testing and measuring their Internet connection directly in their web browser. Since then, 92 million measurements have been performed and ISPs have been forced to implement more accurate marketing and guaranteed speeds, instead of offering “up to” speeds.

Every month, nearly 3.5 million measurements are conducted via the Broadband Check’s homepage and using the popular apps available for the iPhone, iPad and Android units. In 2012, the Broadband Check continued to grow, both in terms of the number of measurements and revenues. The number of measurements using the iPhone app, for example, has increased 50-fold since being launched in 2008. During the year, .SE initiated further agreements with several telecom operators. For a fee, these operators will receive anonymized raw data that can be used to improve their services.

IPv6

On the Internet, computers and other devices communicate with each other using the so-called Internet protocol, which is abbreviated IP. Today’s Internet remains dominated by the fourth version of the protocol, IPv4, which was developed as early as 1981.

However, IPv4 limits the number of possible IP addresses to slightly more than four billion. By being frugal and clever, the Internet has coped far better than initially expected. IPv6 is the protocol that is replacing IPv4. For several years, .SE has been working to facilitate the implementation of IPv6 for companies, government agencies and organizations. The 2012 report “IPv6 preparedness,” states that companies and organizations in the private and public sector are now – compared with previous years – more inclined to know what IPv6 is and have also begun giving greater consideration to how they will implement it in their organizations. The report also revealed that the public sector has made more progress than the private sector.

To support and simplify the implementation of IPv6 in Sweden, .SE has prepared a free series of e-training courses for those who want to learn more and get started with the implementation in their own environment. In addition to these training series, we also organize IPv6 seminars and workshops and have produced a guide on how to implement IPv6 in practice.

Internet governance

.SE is actively involved in matters concerning the governance of the Internet in Sweden and the world, by participating in the forums in which these matters are discussed and by organizing conferences and events to address the topic. We disseminate knowledge via newsletters and the Internet, primarily to Swedish readers.

In December, .SE participated in the Swedish delegation at what was without a doubt the most important event on Internet governance in 2012, the World Conference on International Telecommunications (WCIT), which is organized by the UN International Telecommunications Union (ITU). The formal task of the meeting was to modernize the international telecommunications regulatory framework from 1987, but as early as in the spring of 2012, it was clear that many of the participating nations also wanted the ITU to play a role in the governance of and business models for the Internet. Several such proposals were also made during the meeting, but no unanimous decision was reached since about 50 nations, including Sweden, opposed the changes. However, the matter has not been closed without discussion, but will instead in all likelihood continue to be addressed in other forums in 2013.

Popular conference

In April, in partnership with the Swedish Foreign Ministry and SIDA, .SE organ-

ized the international conference known as the Stockholm Internet Forum – SIF12 on freedom and openness on the Internet with 400 specially invited participants. The conference was intended to be the first in a series, and will be followed by the SIF13 in the spring of 2013.

Eurodig, the European chapter of the UN Internet Governance Forum, was held in Stockholm in June and was hosted by the Swedish Post and Telecom Authority. .SE participated by compiling program items and nominating speakers for the conference.

The year 2012 will also go down in history as the year in which human rights on the Internet achieved a major breakthrough in the debate. For example, the right to information and freedom of speech, even online, was added to the UN regulatory framework for human rights.

.SE's newsletter on Internet governance was issued 11 times in 2012. The letter is 15-25 pages long and includes a selection of the latest month's events concerning Internet governance, as well as a few longer, analytical articles. In addition to the newsletter, iis.se also features a blog on Internet governance through which we can quickly disseminate information about developments between the publication of the newsletters.

.SE's service development

A key element of .SE's efforts to ensure a long-term, positive development of the Internet lies in the development of new services. In accordance with our charter, we strive to develop more services that generate revenues to ensure a future for our Internet-development operations.

.SE as a federation operator

Reliability and user-friendliness are required to develop trade, management, social media and other e-services online. Replacing the current model of usernames and passwords with e-identifications that are easier to use and administer lies in the interest of users, Internet Service Providers and society. In 2012, .SE established two identity and authorization federations, the School Federation and Sambi, in the aim of making e-services available to sectors that currently have authorization and identity solutions that are difficult to administer and that are unable to manage the services to which users need access.

A federation can most easily be described as a cohesive technical infrastructure in which the management of identities and access rights are associated with an unlimited number of e-services. The users gain access to a number of different e-services in a simple and user-friendly manner.

The federation is based on trust. It is of the utmost importance that all users comply with the shared regulatory framework. In a federation, the so-called federation operator is the party that approves and documents all members, coordinates their use and application of standards and manages the federation's day-to-day operations, including the management of the trust framework and

the federation's joint functions. .SE fills the operator function for Sambi and the School federation. The federation operator's most important function is being in charge of the registry of all members, through which identities are verified securely and impartially.

School Federation

The School Federation aims to increase access to quality digital training material by using a joint solution for schools and Internet service providers. The aim is to create a national standard for providers of school platforms and service providers. The advantage for students is that they will have an easy way to log into a vast number of e-services, while the service providers gain access to a standardized login service for schools without technical customizations and the need to independently have to administer a user registry.

In 2012, the School Federation transitioned from being a pilot service to having four members, and interest in the federation has been substantial right from the start. During the year, .SE organized four experience exchanges and weekend seminars that attracted a total of about 500 participants. The interest resulted in slightly more than 30 school administrators and ISPs in 2012 beginning work on preparing to join the School Federation.

Sambi

In the spring of 2012, in partnership with Apotekens Service AB and the Center for eHealth (an organization promoting greater efficiency in healthcare), .SE launched a

project to evaluate the opportunities for and effects of a joint identity and authorization federation in the healthcare and wellness sector. The assignment was to develop a service description concerning an identity and authorization federation for the sector.

This resulted in Sambi, which is a federal infrastructure solution for the entire healthcare and wellness sector, meaning cohesive technical infrastructure in which the management of identities and access rights are associated with an unlimited number of e-services

On November 8, Sambi was launched in the form of a website and an event, and since then, the work has focused on developing a trust framework and the commitment of the pilot organizations.

Technical test organization for new top-level domains

In late December 2012, the Internet Corporation for Assigned Names and Numbers, ICANN, announced that it had selected .SE as the technical test organization for applications for new top-level domains. .SE was selected for our extensive experience and comprehensive expertise regarding the domain name system. For .SE, it was a gratifying decision and recognition of our technical expertise, capacity and extensive experience as the registry .se and our commitment to DNS and DNSSEC.

The background to ICANN's decision to appoint .SE as the test organization is that, earlier in the year, ICANN launched the option of applying for new generic top-level domains (gTLDs). ICANN has received nearly 2,000 such applications.

.SE will perform tests to ensure that those who are applying for the new top-

level domains comply with the technical and operational requirements imposed by ICANN in their gTLD Applicant Guidebook (AGB). The tests encompass the DNS server infrastructure and the system for registry services.

The project at .SE was initiated in December 2012, and by the spring of 2013, we were ready to handle the first tests of the new top-level domains.

.SE takes over the operations of the top-level domain .nu

In December 2012, the decision for .SE to take over the operation and administration of the top-level domain .nu was made. The current administrator, WorldNames, Inc. will instead focus on its own registration operations.

To ensure stability and continuity, .SE has accepted responsibility for the technical operation and administration of the .nu domain for at least 15 years. The current plan is for the transition to take place on September 2, 2013, when .SE will open its registry system for all interested parties who are .nu registrars approved by .SE at that time.

.SE was selected for our diligence and reliable technical infrastructure, as well as our strong presence in the Nordic domain market, particularly in Sweden, which has been the primary market for .nu for the past 15 years.

.SE can guarantee the robust, stable and secure operation of the top-level domain .nu, under which several key Swedish public service functions are registered. .SE will also implement user-friendly policies to ensure straightforward domain management for both registrars and customers.

Customer-centric business development

Quality is a key component in ensuring customer satisfaction. By maintaining a high level of quality for our customers, resellers (who are known as registrars), service providers, stakeholders and employees, we strengthen the image of the top-level domain .se as the natural choice and succeed in our vision of one Internet for all.

.SE's quality journey

During a ceremony in February 2011, we received the 2010 Swedish Quality Award. This was the result of the quality journey that began in early 2006 when we started our systematic quality efforts based on the Swedish Quality Institute's (SIQ) model for customer-oriented business development.

In its commendation, the jury's statement included the following about .SE: "A well-planned organization based on secure and protected information is operated through a number of integrated and concurrent processes that are continuously being improved in consultation with the organization's customers and service providers. Several processes showed highly favorable results backed by tangible trends."

Since then, our work has continued and we have implemented additional improvements to our approach, particularly in terms of the governance of our processes, projects and services. We have had a project office since 2011 and in 2012, the responsibility for our quality work was handed over to a specifically appointed Quality Manager. Before, our Head of Security held this role as well. In the past year, all of our service departments have

documented all of their processes. A key element of our quality journey was specifically transitioning from a production-line type of organization to a more process-oriented operation with shared goals for all employees.

Governed by the management process

The governance of the operation is based on the business-development process that controls the strategic focus and the objectives that we are striving to achieve. The management process governs, develops and coordinates the core and support processes in daily operations to achieve the objectives that have been established in the business-development process. Our company wide annual targets are defined in a balanced scorecard and targets have also been categorized by department, position and individual. Overriding responsibility for the quality work lies with the Quality Manager, but all services and processes also have a defined owner who is in charge of improvements in their area of responsibility.

Continuous improvements

To maintain a continuously ongoing improvement effort, all employees are involved in these efforts in all processes, services and projects, but we also maintain a structured approach to capturing entirely new ideas. We have a flat and flexible organization with short decision-making paths in which employees can evolve and develop their ideas. Improvement activities are also documented to enable us to learn from each other and for the future.

We also have our own quality program called .SE Upp!, which encom-



passes information and training days for all employees. In addition, quality work is operated in each service and process, but there are excellent opportunities to cooperate across borders since we have shared governance, delivery and support processes. Earlier, we had predetermined quality teams, but these efforts are now governed on the basis of each service and process.

Open dialogs

One of our values is that we foster openness and want to share. Just as we are interested in other people's ideas and requests concerning the development of the Internet, we also share our own experiences. Maintaining open dialogs is just as important a way of capturing the ideas and requirements of others, as identifying the improvement opportunities themselves. .SE aims to be a knowledge hub for questions about the Internet and how the Internet and its use will evolve in the future. Accordingly, we hold ongoing dialogs with our customers, registrars and stakeholders, by phone, e-mail, digital

meeting places, in personal meetings and through various reference groups, where matters of principle are discussed.

Results of the quality effort

We work with intelligent solutions that are followed-up in monthly, quarterly and annual reports. Every year, the business plan and the work in each position and process are evaluated.

In the beginning of our quality journey, .SE's Board formulated long-term goals for the operation. By late 2010, we had achieved all goals except one, which was achieved in 2012 – to create new services that generate long-term revenues. Accordingly, the Board has formulated new long-term objectives for 2015, including receiving recognition for our quality efforts.

In 2012, an analysis was conducted of the organization's strengths and improvement potential based primarily on SIQ's evaluation and a quality plan. Based on this analysis, the management team has established a plan for our quality work in 2013 that includes a number of quality enhancing activities.

HR

In .SE's operation, knowledge is a key success factor. Successfully navigating a changing world requires the staff's expertise, knowledge, skills and experience. Accordingly, we have developed HR processes that match these needs.

At .SE, our operations are largely based on knowledge. For several years, we have strived to be a natural source of knowledge about the Internet, and want to share our expertise since we believe that it will benefit the development of the Internet.

In order to allow our employees to evolve along with the organization and the rapid pace of Internet developments, we have a program for continuous skills development. We have defined the basic skills that are mandatory for all staff. In addition, all employees have an individual skills development plan that is revised on an annual basis in consultation with their immediate superior.

.SE is growing and evolving

In late 2012, we had 61 full-time employees, of which 25 were women and 36 were men. In the management team, the gender distribution is even with five women and six men. The average age at the company is 40.

Between 2007 and 2012, our staff expanded by 25 employees. This is a result of the operation evolving and expanding, particularly in the part of the organization that works with Internet development. The research and development operation began in 2007, and now .SE is also highly involved in the society.

To retain satisfied employees and maintain efficiency, the HR processes have developed in pace with the organization growing and changing. A major improvement effort was implemented as early as 2007 and has since continuously been refined. The results of the 2012 employee survey with an employee index of 4.24, indicates that we were successful in our ambition.



Number of women
and men in the
management team

Five

+

Six



The well-being and health of our employees

One of our most important quality goals is our staff's perception of .SE as a company and employer. We want our employees to be satisfied and feel a sense of well being. Accordingly, we conduct regular health examinations, employee surveys and an annual work environment and health and safety analysis. The aim is primarily to analyze the correlation between the perception of health, lifestyle and work environment, but also to motivate and inspire increased commitment. Based on these results, we actively work on improving the physical and psychosocial work environment. In 2012, we expanded our focus on wellness and promoted a host of shared wellness initiatives.

Everyone involved in the planning of the operation

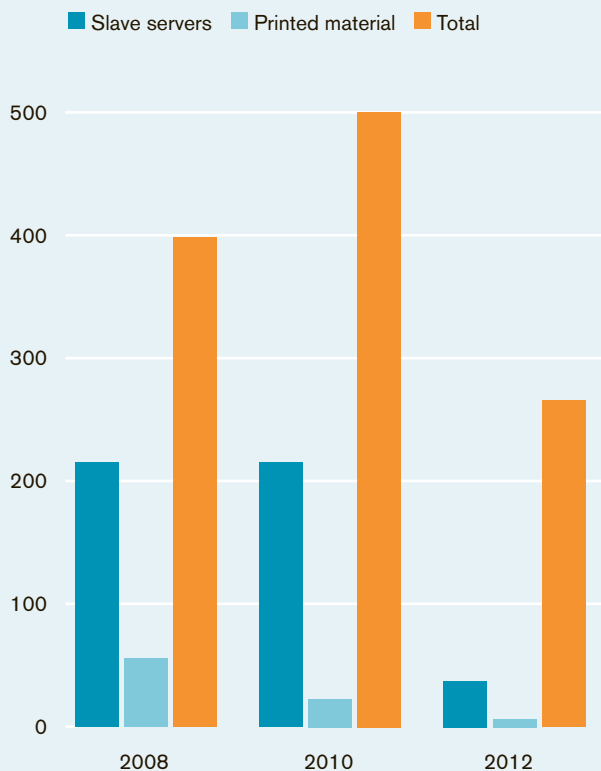
.SE makes a conscious effort to ensure that all employees feel included and that they have the ability to share new ideas. Everyone is involved in the planning of the operation, whereby the plans of ser-

vices, processes and departments are developed into a joint business plan. Afterwards, the business plan's strategies and goals are broken down to the individual level. Since 2009, we have been working with a target-oriented bonus program for all full-time employees. The objectives that the company establishes in its business plan are broken down into individual targets that are tied to a reward system with the option of receiving an 13th month's salary.

.SE has a flat organization with short decision-making paths and excellent opportunities for all employees to maintain a dialog and convey their opinions and ideas. We have also transitioned from being a production-line type organization to being a process-oriented operation, which results in more forums for decisions to be made in than before. For example, in addition to management team meetings, we hold regular meetings with those in charge of services. The fact that our management team is relatively large also contributes to effective communications throughout the entire organization.

Environmental efforts

For many years, .SE has taken a targeted and systematic approach to reducing our climate impact, which is now generating substantial results. This year's climate analysis indicates that our total climate impact was nearly halved in two years – from 500 to 266 tons.



.SE climate impact (tons of CO2)

When assessing the climate impact per employee and per domain, the figures have declined even more, by slightly more than half. Our total energy consumption has declined by 30 percent since 2010, primarily by reviewing and reducing our slave server operations.

In 2012, we also focused on reducing the environmental impact of our internal servers. This is being achieved by shifting to having more virtual servers, which, in reality, reduces the number of servers and thus the electricity consumption. We also strive to ensure that the data centers at which we have our own servers offer green electricity.

Another area that we have focused heavily on is our printed material, which we decreased considerably – the Internet guides alone have been reduced by 87 percent in terms of kilos of paper. Most guides are now digital. For the same reason, the Annual Report that you are now reading is exclusively a digital product. Our internal registrar, .SE Direkt, also works actively to reduce the quantity of paper that it sends out. During the year, for example, the number of customer accounts that had opted for e-billing instead of traditional paper billing increased by 10,000.

.SE has proactively engaged in environmental efforts since 2007 on the basis of an environmental policy that was jointly produced by our employees. Since 2009, we conduct climate analyses on our operations on a regular basis in collaboration with U&W.



Board of Directors

From left, upper row

01. Ove Ivarsen, *appointed by the other members of the Board*; 02. Inger Persson, *appointed by the Swedish Consumers' Association*; 03. Andreas Hedlund, *appointed by the Swedish Trade Federation*; 04. Mikael Abrahamsson, *appointed by the SOF (Swedish Internet Operators Forum)*; 05. Robert Malmgren, *appointed by the ISOC-SE*; 06. Lars Lindgren, *appointed by the Swedish Bankers' Association*; 07. Mikael von Otter, *appointed by the Confederation of Swedish Enterprise*.

From left, bottom row

08. Anders Flodström, *Chairman of the Board, appointed by ISOC-SE*; 09. Marzena Doberhof-Platin, *secretary*.



Management team

From left, upper row, standing

01. Anette Hall, *Head of .SE Direkt*; 02. Maria Ekelund, *Head of Communications*; 03. Michael Winberg, *Quality Manager*; 04. Anne-Marie Eklund Löwinder, *Head of Security*; 05. Danny Aerts, *CEO*; 06. Monica Åhl, *CFO*.

Bottom row, seated

07. Staffan Hagnell, *Head of Research and Development*; 08. Torbjörn Carlsson, *Head of .SE Registry*; 09. Elisabeth Ekstrand, *General Counsel and Head of Internet Governance*; 10. Mikael Jonker, *Head of Systems Development*.

Not pictured

Andreas Fredriksson, *Head of IT Operations*.



Financial statements



Administration Report

The monetary figures stated in the Annual Report are in SEK.

Operations

The operating profit for the Foundation was SEK 3.3 M (loss: 4.9). At its annual strategy meeting, the Foundation's Board determined that it needs to increase its financial reserves, as a result of its increasing size and the diversification of its operations. The aim is to generate an annual surplus of about SEK 5 M over the coming five-year period.

Domain operations generated SEK 116.6 M (107). Costs for Internet investments totaled SEK 47 M (51.5).

The growth in .se domain names in 2012 was significantly lower than in previous years. By year-end 2012, there were 1,261,710 registered .se domain names. In 2012, net growth amounted to 3.3 percent, down sharply from the preceding year's 15 percent. Fewer new registrations combined with more deregistrations due to previous campaigns were behind this decline in growth.

.SE Direkt (.SE's own registrar) had administered 211,495 .se domain names by year-end 2012, down 29,742 compared with year-end 2011. Accordingly, .SE Direkt's market share declined from 20 percent to 16.8 percent. This trend is completely in line with the overriding strategy that was established during the transition to the new business model in 2009.

Under its charter, .SE is tasked with promoting solid stability in the Internet infrastructure in Sweden and to promote "research, training and education in data and telecommunications, with a specific focus on the Internet." We achieve this objective through such measures as:

- Offering a host of popular and growing services, such as the Webbstjärnan school competition, Internet guides, Internet Days, Internet Fund and the Broadband Check.
- Producing valuable reports, including Swedes and the Internet and award-winning blogs and websites.
- Successful partnership projects, such as the Digidel Campaign and innovation projects with Vinnova.
- The development of open-source software (OpenDNSSEC) and measurement tools (DNSCheck).
- Offering federation operator services for the education sector (skolfederation.se) and
- e-health services (sambi.se)

Significant events during the fiscal year

Two key events occurred in late December 2012, which will have a material impact on .SE moving forward.

Five-year overview*	2012	2011	2010	2009	2008
Net sales	115,786,789	106,935,606	97,847,057	91,624,860	88,245,084
Profit/loss after financial items	4,523,545	-3,852,721	-550,363	-4,793,344	1,263,561
Profit as a percentage of net sales	3.91	-3.60	-0.56	-5.23	1.43
Total assets	130,097,657	121,422,495	120,250,269	109,546,052	109,868,238
Equity/assets ratio (%)	31.20	30.31	34.04	38.11	43.01
Return on equity (%)	11.75	-10.04	-74.75	-9.24	38.2
Return on total capital (%)	3.62	-1.80	-0.15	-4.14	-5.85
Quick ratio	101.54	105.49	112.03	126.58	169.62

**For the definitions of key ratios, refer to additional disclosures*

The first event was that WorldNames, Inc., which has managed and handled the operation of the top-level domain .nu since 1998, opted to hand over responsibility to .SE for the administration and technical operation of the top-level domain .nu. The actual transition will occur at the end of August 2013.

The other highly positive event was that the Internet Corporation for Assigned Names and Numbers (ICANN) announced that it had selected .SE as the technical test organization for applications for new top-level domains. .SE will perform tests to ensure that those who apply for new top-level domains comply with the technical and operational requirements imposed by ICANN.

The Foundation's expected future development

The upcoming management duties of the top-level domain .nu and the testing operations for ICANN will lead to a significant rise in revenues and probably to more Internet activities.

Despite lower net growth of .se domain names in 2012, the increase in the number of registered .se domain names is expected to sustain.

Subsidiaries

The Foundation owns 100 percent of the subsidiary NIC-SE Network Information Centre Sweden AB. At the end of the fiscal year, the company had no operations and no employees.

The Foundation owns 100 percent of OpenDNSSEC AB (svb).

Other

Board members of the Internet Fund's assessment committee received fees in an amount of SEK 84,000, which was recognized as an expense.

For further information on the Foundation's earnings and financial position, please refer to the following income statement and balance sheet, including the associated additional disclosures.

Income statement for the Internet Infrastructure Foundation

	Note	Dec 31, 2012	Dec 31, 2011
Operating income			
Net sales	1, 2	115,786,789	106,935,606
Other operating income	1, 2	4,102,376	4,517,034
		119,889,165	111,452,640
Operating expenses			
Other external costs	3	-64,744,059	-67,707,364
Personnel costs	4	-49,676,588	-46,790,886
Depreciation/amortization and impairment of tangible and intangible fixed assets	7, 8, 9	-2,160,585	-1,811,240
		-116,581,232	-116,309,490
Operating profit/loss		3,307,933	-4,856,850
Profit/loss from financial items			
Profit from other securities and receivables		883,783	840,984
Other interest income and similar profit/loss items		365,149	185,403
Interest expenses and similar profit/loss items		-33,320	-22,258
		1,215,612	1,004,129
Profit/loss after financial items		4,523,545	-3,852,721
Profit/loss before tax		4,523,545	-3,852,721
Tax on net profit/loss for the year	5	0	0
Net profit/loss for the year		4,523,545	-3,852,721

Balance sheet for the Internet Infrastructure Foundation: Assets

	Note	Dec 31, 2012	Dec 31, 2011
Fixed assets			
<i>Intangible fixed assets</i>			
Other intangible fixed assets	7	6,474,836	0
		6,474,836	0
<i>Property, plant and equipment</i>			
Equipment	8	4,140,780	4,930,038
Leasehold improvements	9	1,483,865	1,829,991
		5,624,645	6,760,029
<i>Financial fixed assets</i>			
Participations in Group companies	6	156,259	156,259
Other securities held as fixed assets	10	26,961,737	25,242,612
		27,117,996	25,398,871
Total fixed assets		39,217,477	32,158,900
Current assets			
<i>Current receivables</i>			
Accounts receivable		7,193,352	4,514,344
Current tax receivables		640,467	671,550
Other receivables		690,696	682,956
Prepaid expenses and accrued income	11	5,168,110	4,260,537
		13 692 625	10,129,387
<i>Short-term investments</i>			
Other short-term investments	12	65,304,906	66,023,267
		65,304,906	66,023,267
Cash and bank balances		11,882,649	13,110,941
Total current assets		90,880,180	89,263,595
Total assets		130,097,657	121,422,495

Balance sheet for the Internet Infrastructure Foundation: Equity and liabilities

	Note	Dec 31, 2012	Dec 31, 2011
Equity	13		
<i>Restricted equity</i>			
Foundation capital		200,000	200,000
		200,000	200,000
<i>Unrestricted equity</i>			
Profit or loss brought forward		35,872,759	40,455,594
Net profit/loss for the year		4,523,545	-3,852,721
Total equity		40,596,304	36,802,873
Current liabilities			
Accounts payable		8,241,165	6,490,457
Other liabilities		2,760,106	2,654,938
Accrued expenses and deferred income	14	78,500,082	75,474,227
Total current liabilities		89,501,353	84,619,622
Total equity and liabilities		130,097,657	121,422,495

Memorandum items

	Dec 31, 2012	Dec 31, 2011
Pledged assets	None	None
Contingent liabilities	None	None

Cash-flow statement for the Internet Infrastructure Foundation

	Note	Dec 31, 2012	Dec 31, 2011
Operating activities			
Operating profit/loss		3,307,933	-4,856,850
Adjustments for non-cash items, etc.		2,359,858	1,811,240
Interest etc., received		144,075	-61,497
Interest paid		-33,320	-22,258
Paid income tax		31,083	-51,148
Cash flow from operating activities before changes in working capital		5,809,629	-3,180,513
<i>Cash flow from changes in working capital</i>			
Decrease(+)/Increase(-) in accounts receivable		-2,679,008	48,180
Decrease(+)/Increase(-) in receivables		-915,313	2,129,245
Decrease(+)/Increase(-) in accounts payable		1,750,708	-519,254
Decrease(+)/Increase(-) in current liabilities		3,131,023	5,819,201
Cash flow from operating activities		7,097,039	4,296,859
Investing activities			
Acquisition of other intangible fixed assets	7	-6,584,579	0
Acquisition of equipment	8	-915,459	-2,827,268
Acquisition of Group companies	6	0	-56,259
Sale of short-term investments	12	718,361	6,118,598
Acquisition of long-term securities	10	-33,648,055	-4,570,523
Dividend		1,104,858	1,087,884
Sale of long-term securities	10	31,729,657	5,032,351
Cash flow from investing activities		-7,595,216	4,626,152
Financing activities			
Scholarships paid		-730,114	-275,000
Cash flow from financing activities		-730,114	-275,000
Changes in cash and cash equivalents		-1,228,291	8,648,011
Cash and cash equivalents at the beginning of the year		13,110,941	4,462,930
Cash and cash equivalents at year-end		11,882,650	13,110,941

Additional disclosures

Accounting policies

The Annual Report was prepared in accordance with the Swedish Annual Accounts Act and the general advice and guidelines of the Swedish Accounting Standards Board with the exception of BFN AR 2008:1 (the K2 rules) Financial Statements of Small Enterprises.

Consolidated financial statements were not prepared since the subsidiaries' operations and scope are immaterial compared with the parent Foundation.

The operation's revenues primarily comprise domain name revenues. The revenues are allocated to a particular period for the number of months that they pertain to. Subsidies paid are recognized directly in equity.

Fixed assets and leasehold improvements were depreciated/amortized according to plan.

Intangible assets	5 years
Leasehold improvements	10 years
Equipment	5 years

Measurement policies, etc.

The Foundation's assets are recognized at cost.

Intangible fixed assets

Intangible assets that are acquired are recognized at cost less accumulated depreciation and impairments.

Current receivables and liabilities in foreign currencies

Current receivables and liabilities in foreign currencies are recognized at the exchange rate on the balance-sheet date.

Financial instruments

Financial instruments are measured in accordance with the portfolio method and recognized at the lower of cost and market value.

Measurement principles

The recognized measurements of the Foundation's fixed assets are verified every balance-sheet date to determine whether or not there is any indication of change. If any such indication exists, the asset's recovery value is calculated at the higher of its useful value and its net sales value. An impairment loss is recognized if the recovery value is less than its recognized value.

Definition of key figures

Equity/assets ratio

Adjusted equity as a percentage of total assets.

Return on equity

Profit after financial items as a percentage of average adjusted equity.

Return on total capital

Operating profit plus interest income as a percentage of average total assets.

Quick ratio

Current assets excluding inventories as a percentage of current liabilities.

Notes

Note 1 Operating income

	Dec. 31, 2012	Dec. 31, 2011
Net sales	115,786,789	106,935,607
Other operating income	4,102,376	4,517,034
	119,889,165	111,452,641

Note 2 Income statement distributed between domain and development operations, including internal time

	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2012
Distribution of income statement	Development	Domain	Total
Net sales	2,206,881	113,579,908	115,786,789
Other income	1,087,794	3,014,582	4,102,376
Financial income/expenses	0	1,215,612	1,215,612
Other expenses	-35,094,308	-29,649,751	-64,744,059
Personnel costs	-5,295,021	-44,381,567	-49,676,588
Internal time	-9,829,617	9,829,617	0
Impairments	-76,193	-2,084,392	-2,160,585
Total	-47,000,464	51,524,009	4,523,545

Note 3 Auditors' fees

	Dec. 31, 2012	Dec. 31, 2011
KPMG AB		
Audit assignments	175,000	183,000
Tax consultancy	60,500	0
Other services	5,000	0
	240,500	183,000

Note 4 Personnel

The average number of employees is based on the number of working hours paid by the Foundation in relation to normal working time.

	Dec. 31, 2012	Dec. 31, 2011
Average number of employees	61	52
Of which, women	25	19

Salaries, other remuneration, social security fees and pension costs were paid as follows:

Board and CEO

Salaries and remuneration	2,586,913	2,370,490
Pension costs	601,631	551,956
	3,188,544	2,922,446

Other employees

Salaries and remuneration	29,092,877	30,894,058
Pension costs	2,903,466	2,595,082
	31,996,343	33,489,140

Social security fees	10,863,145	10,248,721
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Total Board and other employees	46,048,032	46,660,307
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Number of Board members,	8	8
Of which, women	1	1
Number of other executives, including CEO,	12	11
Of which, women	6	6

Notes

Note 5 Tax on profit/loss for the year

	Dec. 31, 2012	Dec. 31, 2011
Recognized profit/loss before tax	4,523,545	-3,852,721
Non-deductible expenses	1,077,452	695,706
Non-taxable income	-1,246	-2,065
Fixed income, investment funds	230,488	0
Total	1,306,694	693,641
Recognized profit/loss before tax	4,523,545	-3,852,721
Adjustment as above	1,306,694	693,641
Utilized loss carryforwards from preceding year	-5,830,239	-3,159,080
Tax for the year	0	0
Unutilized loss carryforwards from preceding year	-10,992,449	-7,833,369
Total unutilized loss carryforwards	-5,162,210	-10,992,449

Note 6 Participations in Group companies

	Dec. 31, 2012	Dec. 31, 2011
<i>Accumulated cost</i>		
Opening cost	156,259	100,000
Purchases for the year	0	56,259
	156,259	156,259
Subsidiary/Corp. Reg. No./Registered office	Number of shares	Share in %
Network Information		
Centre Sweden AB 556542-8033	2,500	100
Open DNSSEC AB (svb) 556838-6733	1,000	100

Note 7 Intangible fixed assets

	Dec. 31, 2012	Dec. 31, 2011
Purchases for the year	6,584,579	0
Depreciation for the year	-109,743	0
Closing carrying amount	6,474,836	0

Depreciation according to plan is calculated on the basis of a useful period of five years.

Note 8 Equipment

	Dec. 31, 2012	Dec. 31, 2011
Opening cost	9,096,031	6,428,099
Cost for the year	915,502	2,827,268
Sales/disposals	-43	-159,337
Closing accumulated cost	10,011,494	9,096,031
Opening depreciation	-4,165,992	-2,847,299
Depreciation for the year	-1,704,718	-1,478,030
Closing accumulated depreciation	-5,870,714	-4,165,992
Sales/disposals	0	159,337
Closing carrying amount	4,140,780	4,930,039

Depreciation according to plan is calculated on the basis of a useful period of five years.

Note 9 Fixtures and fittings on rental properties

	Dec. 31, 2012	Dec. 31, 2011
Opening cost	3,476,653	3,318,021
Cost for the year	0	158,632
Closing accumulated cost	3,476,653	3,476,653
Opening depreciation	-1,646,661	-1,313,452
Depreciation for the year	-346,124	-333,210
Closing accumulated depreciation	-1,992,785	-1,646,661
Closing carrying amount	1,483,865	1,829,992

Depreciation according to plan is calculated on the basis of a useful period of ten years.

Notes

Note 10 Other securities held as fixed assets

	Dec. 31, 2012	Dec. 31, 2011
Closing value of bonds and interest-bearing securities	26,961,737	25,242,612

On the balance-sheet date, the market value of the above securities was SEK 26,939,755.

Note 14 Accrued expenses and prepaid income

Accrued salaries/Board fees, incl. social security fees	5,194,727	5,160,523
Prepaid domain revenues	68,181,360	62,364,147
Other items	5,123,995	7,949,557
	78,500,082	75,474,227

Note 11 Prepaid expenses and accrued income

	Dec. 31, 2012	Dec. 31, 2011
Rental of premises, first quarter of 2012	1,390,998	1,382,167
Company insurance	188,283	227,248
Other prepaid expenses	3,006,112	2,074,610
Accrued interest income	422,828	576,512
Accrued income	159,889	0
	5,168,110	4,260,537

Note 12 Other current investments

	Dec. 31, 2012	Dec. 31, 2011
Category		
Listed shares and participations	20,108,317	13,274,579
Interest-bearing securities	41,999,980	46,431,295
Other investments	3,196,609	6,317,394
	65,304,906	66,023,268
Market value on the balance-sheet date	69,933,158	68,426,720

Note 13 Equity

	Foundation capital	Unrestricted capital
Amount at the beginning of the year	200,000	36,602,873
Grants paid		-730,114
Profit for the year		4,523,545
Amount at year-end	200,000	40,396,304

Stockholm, March 22, 2013

Anders Flodström

Mikael von Otter

Danny Aerts
CEO

Mikael Abrahamsson

Ove Ivarsen

Lars Lindgren

Robert Malmgren

Anders Hedlund

Inger Persson

My audit report was submitted on March 22, 2013

KPMG AB

Gunilla Wernelind

Authorized Public Accountant

Auditors' Report

To the Board of Directors of the Internet Infrastructure Foundation,
Corp. Reg. No.: 802405-0190

Report on the annual accounts

I have audited the annual accounts for the Internet Infrastructure Foundation for 2012.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and for such internal control as the Board of Directors determines necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these annual accounts based on my audit. I conducted my audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that I comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual accounts are free from material misstatement.

An audit involves performing various procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the foundation's preparation and fair presentation of the annual 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 foundation'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, as well as evaluating the overall presentation of the annual accounts.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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 foundation as of December 31, 2012, and of its financial performance and cash flows for the year in accordance with the Annual Accounts Act.

Report on other legal and regulatory requirements

In addition to my audit of the annual accounts, I have examined the administration of the Board of Directors of the Internet Infrastructure Foundation for 2012.

Responsibilities of the Board of Directors

The Board of Directors is responsible for administration under the Foundation Act and deed of foundation.

Auditor's responsibility

My responsibility is to express an opinion with reasonable assurance as to whether any member of the Board of Directors acted in contravention of the Foundation Act or deed of foundation. I conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion, in addition to my audit of the annual accounts, I examined significant decisions, actions taken and circumstances of the foundation in order to determine whether any member of the Board of Directors is liable to the foundation or if there were any grounds for dismissal.

I also examined whether any member of the Board of Directors has, in any other way, acted in contravention of the Foundation Act or deed of foundation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

The Board of Director's has not acted in contravention of the Foundation Act or deed of foundation.

Stockholm, March 22, 2013
Gunilla Wernelind
Authorized Public Accountant

Glossary

.SE Direkt

.SE Direkt is .SE's own registrar which was introduced in conjunction with the transition to the new business model in 2009.

.SE Registry

.SE Registry is responsible for the administration and technical operation of the national domain name registry. Registrars register holders of domain names with .SE Registry.

Anycast

Anycast is a methodology for addressing multiple servers with the same IP address. Data is transmitted to the closest or best receiver in line with predetermined criteria. Compare with Unicast.

ADR

The alternative dispute resolution (ADR) process enables holders of domain names to retroactively appeal the allocation of a domain name without requiring court proceedings. The cost of this process is subsidized by .SE.

Bredbandskollen (Broadband Check)

Broadband Check available at www.bredbandskollen.se is a free service provided by .SE that measures the speed at which a user's browser can send and receive data.

CENTR

Council of European National Top Level Domain Registries is a joint organization for national top-level domains such as .se for Sweden and .es for Spain.

Digidel

.SE raised the issue of digital inclusion in a series of seminars and workshops in the summer of 2010 that resulted in the Digidel 2013 campaign. The campaign's objective is to get 500,000 individuals, presently not using the Internet, online by the end of 2013. The progress of the campaign can be followed on www.digidel.se.

Domain holder

The individual or legal entity registered as the owner of a domain name.

DNS

The Domain Name System is an international hierarchical distributed database used to translate domain names to IP addresses to locate information about resources on the Internet.

DNSCheck

Is a quality control tool for the DNS that provides a detailed analysis of any faults and errors present in the name servers' configuration.

DNSSEC

DNSSEC (DNS Security Extensions) is a supplementary service to domain names that makes it possible to check that DNS information stems from the correct sender and has not been altered during its transmission, thus minimizing the risk of manipulation and forgery of information in DNS.

Domain name

A domain name is a unique name, which is often linked to a website or e-mail. The domain name is translated in the DNS to an IP address before any Internet communication can occur. A registered domain name is a domain name held by a specific registrant following allocation. A domain name must be a minimum of 2 and maximum of 63 characters.

ENUM

ENUM (E.164 Telephone Number Mapping) is a technical standard that utilizes the domain name system (DNS) to make telephone numbers available as DNS addresses.

EPP

EPP (Extensible Provisioning Protocol) is a standard protocol used by many registries for register management.

Generic top-level domain, gTLD

Generic top-level domains (gTLDs), such as .com, .net, and .org are top-level domains that are not tied to a country or geographic territory. The majority are available worldwide.

IANA

The Internet Assigned Numbers Authority (IANA) is the part of ICANN that has

technical responsibility for the global allocation of IP addresses and handles the operation and administration of the root zone for the domain name system. Compare with ICANN.

ICANN

The Internet Corporation for Assigned Names and Numbers (ICANN) is a non-profit private organization with responsibilities including the top level of the domain name system, called the root zone. Compare with IANA.

Identity federation

An identity federation is an association of organizations that has agreed to trust each others' electronic identities. A shared technology enables the automatic translation of the login that the user performs locally in their own organization into the logins for the associated services to which the user wants access.

IDN

Internationalized Domain Names contain characters that were excluded from the original set of permitted characters in the domain name system, which only includes the characters a–z, 0–9 and hyphen.

IETF

The Internet Engineering Task Force is not a formal organization, but rather a process with several governing principles. The purpose of the process is to prepare, primarily technical, standardization documents for the Internet.

IGF

The Internet Governance Forum (IGF) was

established in 2006 by the United Nations to create a forum for Internet governance policy issues. Stakeholders represent countries, commerce and society in general.

The Internet Fund

The Internet Fund provides funding for .SE independent projects that support Internet development.

IP

Internet protocol (IP) is the common communication architecture used for addressing and routing of packages of data in IP-based networks such as the Internet. Intercommunication over the Internet between computers and other equipment requires the use of the same set of communication rules – the same protocol. IP is available in version 4 (IPv4, currently the main IP in use) and version 6 (IPv6).

IP address

The IP address is a numerical address assigned to each computer that is accessible via the Internet.

IPv6

IPv6, the sixth version of the Internet protocol, was developed to solve the lack of Internet addresses that had arisen. IPv6 utilizes 128 bits long addresses. In theory, this provides 3.4×10^{38} addresses.

ISOC

The Internet Society (ISOC) is a non-profit organization that was formed in 1992 and is based in the US. ISOC works both with the Internet's technology and its influence on society. An important part of ISOC's technical work pertains

to developing the Internet's architecture and technical standards for the Internet. ISOC-SE, the Swedish chapter of ISOC appoints two of .SE's Board members, including the Chairman of the Board.

Name server

Name servers are computers with software that stores and/or distributes domains (zones) and which accept and answer domain name questions. When a user, for example, wishes to surf to www.iis.se, the user's computer sends a question to a name server on which information regarding [iis.se](http://www.iis.se) is located.

Name server provider

A name server provider is the provider of a DNS function for Internet users, such as, a web hotel, an Internet provider or a private individual.

National top-level domain

National top-level domains, country code top-level domains (ccTLD), are based on the International Organization for Standardization's country codes and used by countries. National top-level domains comprise two letters, for example, .se for Sweden.

Numeric domains

Numeric domains only comprise numerals, with a minimum of two and maximum of 63.

PDT

Pre-Delegation Testing – the testing procedure to which all of those who are given new generic top-level domains are subjected prior to the top-level domain going live.

PDT Service Provider

.SE has been appointed as a PDT Service Provider by ICANN. This means that it will conduct Pre-Delegation Testing (refer to this term) for the new generic top-level domains (gTLD).

Registrar

A registrar is the international denomination for the party that is responsible for the administration and management of domain names. A registrar's duties include the registration, maintenance and management of a domain holder's domain name with .SE (which is Sweden's registry).

Registry

A registry is the company or organization responsible for the administration and operation of a top-level domain. The .SE registry is responsible for administration and technical operation of the .se domain and ensures that the .se zone is accessible, that is, that all .se domains are accessible via the Internet.

Resellers

See Registrar.

Resolver

The software that translates names to IP addresses or vice versa.

RIPE

Réseaux IP Européens (RIPE) is a cooperative organization or Regional Internet Registry (RIR) for Internet operators, which aims to coordinate efforts and thus ensure that the European portion of the Internet glossary functions efficiently.

The Internet world is divided into five geographical administrative areas, known as RIRs. Corresponding administrative areas are located in North America, South America, Asia and Africa. ICANN is the superior authority for these five areas, and the subordinate authorities are Local Internet Registries (LIRs) which are members in an RIR.

Sambi

A partnership for authorization and identity in the healthcare and wellness sector. Sambi was initiated in 2012 by .SE in collaboration with Apotekens Service AB och the Center for eHealth. Refer to Identity federation.

School federation

An identity federation for Swedish schools and providers of digital educational materials. The federation was conceived by the Swedish Standards Institute (SIS) and is operated by .SE. Refer to Identity federation.

Top-level domain

The last part of a domain name is the top-level domain, for example, .se. Top-level domains are the second highest level in the Internet's domain name system (DNS). The highest level is the level commonly termed the root, which is designated with a period ("dot").

Subdomains

A subdomain is one or more parts in the domain name that directly precedes the top-level domain. For example, "dsv" in dsv.kth.se is a subdomain of kth.se.

Unicast

The term is used in computer networking and means that all users transmit and receive data to and from the same server. Compare with anycast.

Webbstjärnan

.SE organizes the Webbstjärnan school competition, which is a web publishing competition for schoolchildren in Sweden. The aim is to develop the use of Internet as an educational tool.

Whois

The name of the search function to locate domain name information is Whois. Normally this is managed through the Internet protocol for Whois, but the information can also be supplied by other means, for example, through a web application. Examples of information shown include the identity of the holder of the domain name and when it was registered.

Zone

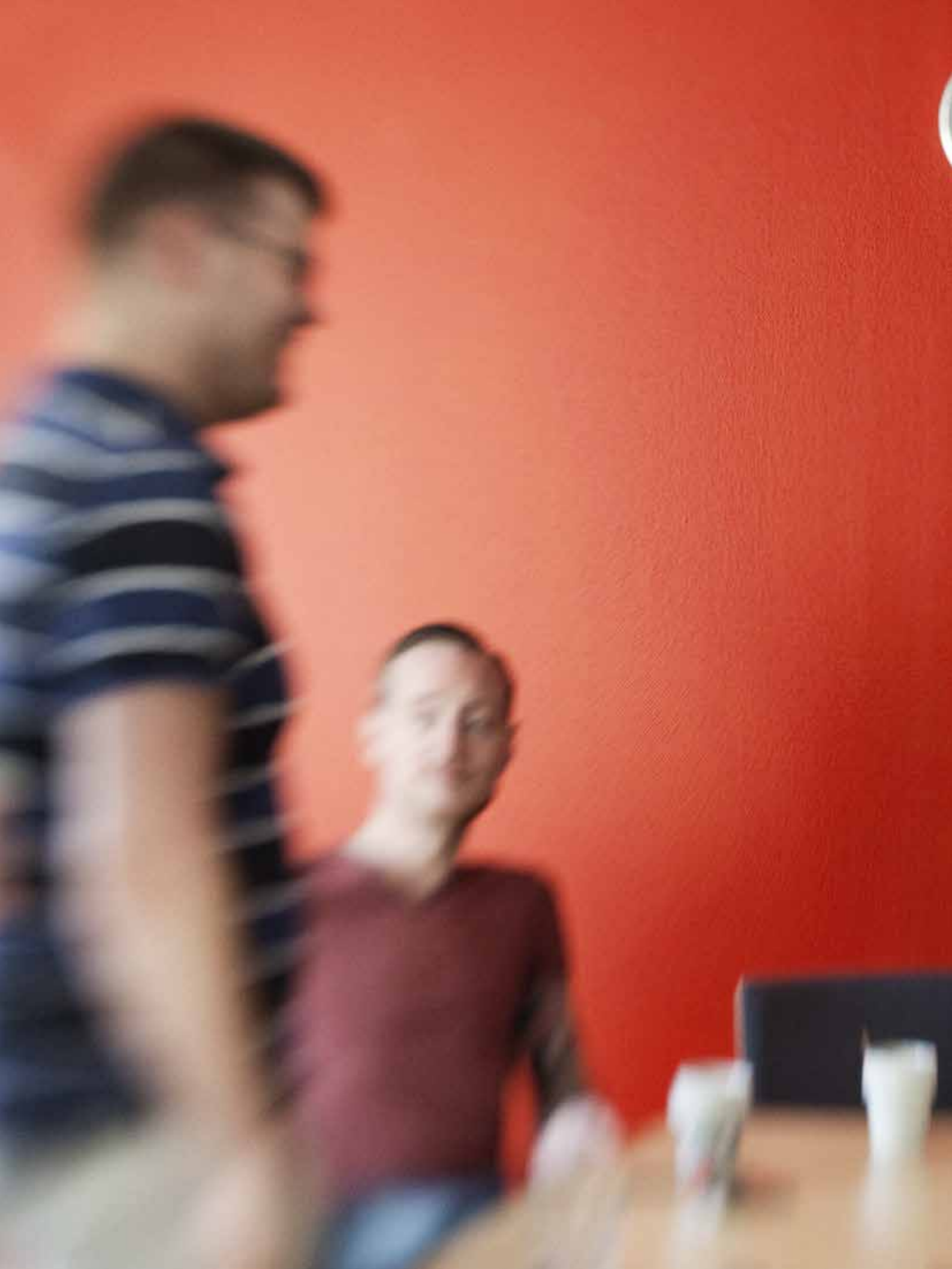
A zone is the delimitation of the administrative responsibility for a domain tree. A zone is a contiguous portion of the domain tree that is administered by one organization, for example, a web hotel, and is stored on that organization's name servers. For example, in the domain name riksdagen.se, riksdagen.se and .se comprise separate zones at different levels.

Zone file

A zone file is a data file comprising the necessary zone information to enable the use of DNS addressing. The zone files are stored on authoritative servers that are distributed throughout the Internet.



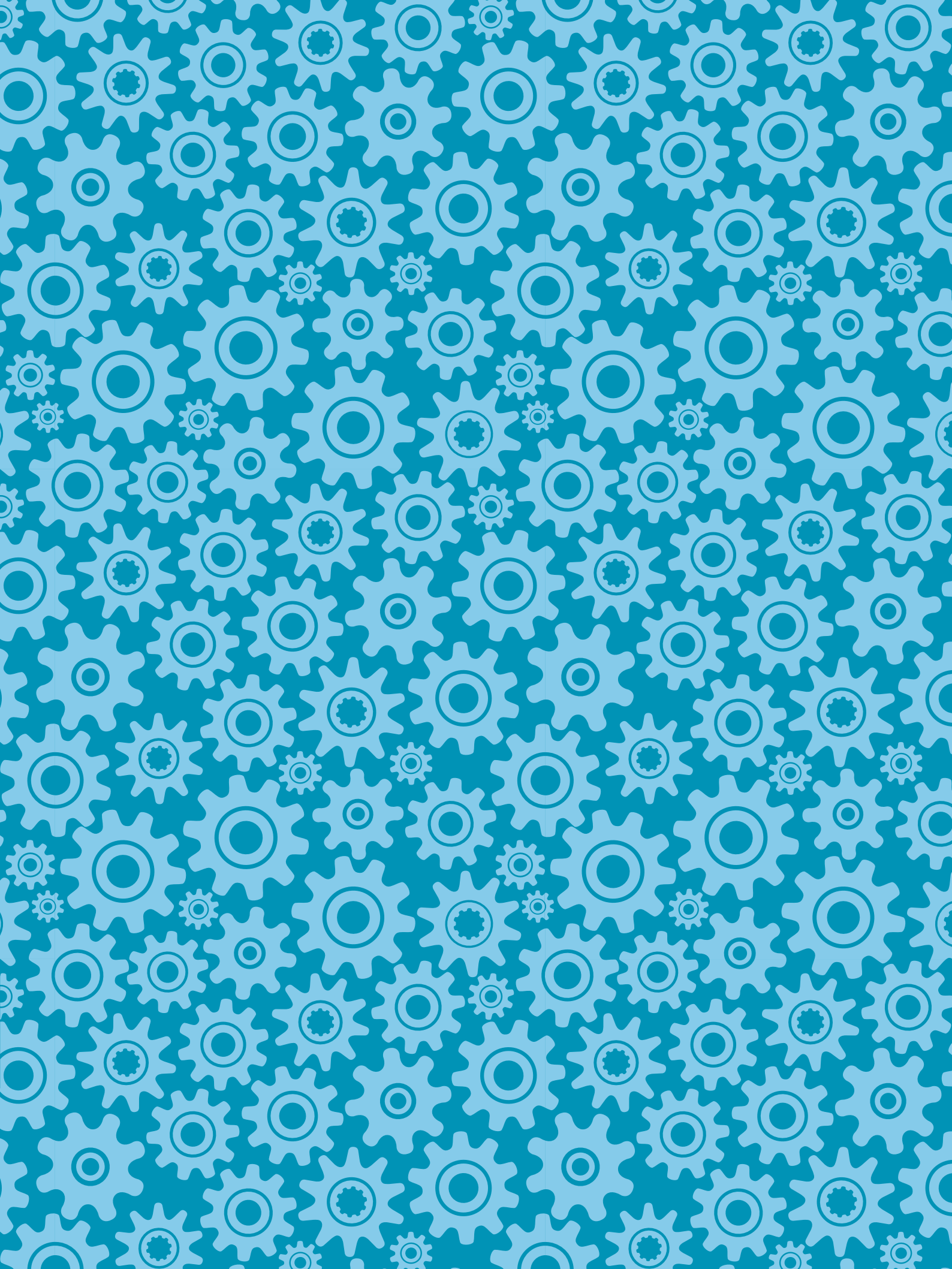






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