

.se | Annual Report

2018

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.SE (The Internet Infrastructure Foundation)

Ringvägen 100 A, P.O. Box 7399
SE-103 91 Stockholm, Sweden
Telephone +46-8-452 35 00, Fax +46-8-452 35 02
www.iis.se



.SE in brief

.SE (The Internet Infrastructure Foundation) is an independent non-profit organization with two areas of operation.

We are responsible for the Internet's Swedish top-level domain name .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.

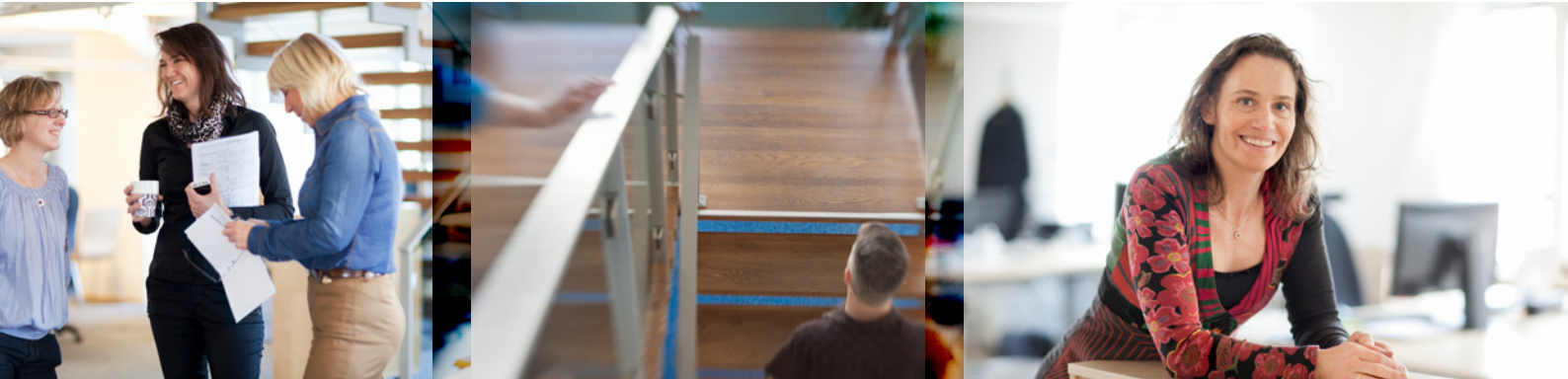
In 2010, .SE reached one million active .se domain names. By year-end, there were a total of 1,058,102 active .se domains, up slightly more than 120,000 compared with the preceding year.

Proceeds invested in advancements

Pursuant to the Foundation's charter and statutes, we promote the development of the Internet in various ways in Sweden. This is the area of operations in which .SE invests the proceeds that are generated by domain-name registration fees. In 2010, nearly SEK 40 M was provisioned for Internet advancement activities.

What do the charter and statutes stipulate?

The Foundation's charter and statutes stipulate that .SE is to promote the positive development of the Internet, solid infrastructure stability and that .SE is to encourage research, development, education and training in the areas of data and telecommunications, with a special focus on the Internet. The efforts carried out by .SE in this spirit are aimed at generating benefit for the Internet's end users and to enhance their ability to capitalize on everything the Internet has to offer.



Vision

For domain administration

.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

Internet for All!

All Swedes dare, want, and know how to use the Internet. The Internet has a stable and secure infrastructure that meets today's requirements in Sweden and is also future-proof. Everyone in Sweden has the knowledge and ability to benefit from the Internet in order to capitalize on their interests and to actively contribute to social development.

Business concept

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.

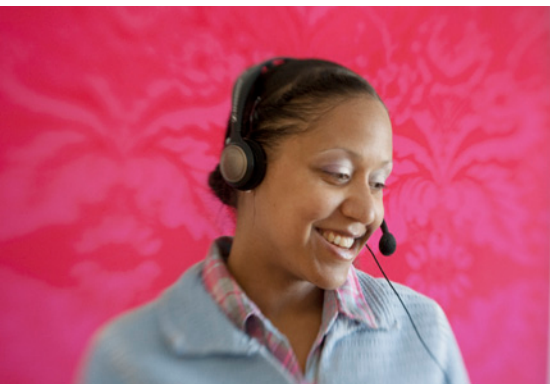
We work in a cost-conscious and efficient manner and identify new ways to supply our services, thus creating resources for the research and development of products and services to expand .SE's operations and to improve and facilitate the use of the Internet. New products and services can be geared toward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

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

Internet expansion

User benefit

.SE provides products that educate, facilitate and promote increased Internet usage, 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.



Infrastructure

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

Information and vision

.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.

.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 services.

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 also share our knowledge of the Internet and are receptive to the ideas and requests of others regarding Internet development.

Open flows of information and open standards contribute to the long-term, stable and scalable development of the Internet and its services.

A word from the Chairman of the Board



As the new Chairman of .SE, I expected the same type of development of insight and the view of the company, university or organization that had I previously experienced when starting a new position. The image that you create beforehand, and I am a fundamentally positive person, varies and you begin to note and understand the problems that must be addressed. You often realize that the reality that you experienced before is different than the reality that you see from the inside. .SE is different; the exception that confirms the rule! My impression of a capably managed company with professional colleagues and a significant number of leading experts in our area of operation has been reinforced. Each encounter and each meeting with colleagues has been characterized by a

sense of confidence in their own expertise and enthusiasm for the task. There may well be legal aspects involved in troublesome registrars, accounts, the development of new security concepts, Internet use at schools or digital inclusion, and particularly in our ability to organize conferences and communicate. My personal impression is confirmed by .SE receiving the 2010 Swedish Quality Award.

Does that mean that everything is going well and that the future is flowing peacefully like the Danube River. No! .SE is active within an area that has evolved into what is perhaps the most important infrastructure for both individual man's quality of life and his coexistence with others, in the interest of innovations, renewal, product-development opportuni-

ties and especially into a decisive factor for democracy, locally and globally. No area has lent more new names to the Forbes 100 and 500 lists of the largest companies in the world. We work in a field in which the combination of social and commercial developments merge and must cooperate. Yes, .SE is itself an example of this. We operate a commercial business to generate proceeds to be used in research and development for the Internet's social significance.

We know that the foundation of our increasingly positive financial results, and the fact that the number of domain names is growing more and more is a trend that will not last forever. This past autumn, we reached one million domain names, although the increase may not continue at this rate in the future. The second million will be reached in the distant future. We must find new sources of business, perhaps through new products related to domain names that increase their value and thus also the price. The area of reliability and security is an obvious such candidate. New top-level domains are being discussed by ICANN, and with our experience, we are a possible candidate for operating more top-level domains that just .se. This will be discussed at our annual spring Board meeting addressing future strategies for .SE.

The Internet as a global infrastructure has resulted in more than 25 percent of the world's population having access to and using the Internet. We have nearly passed the breaking point in some sectors where the Internet is necessary to managing our daily lives: paying invoices, speaking with our children, grandchildren and

friends, going to the doctor, educating ourselves, travelling and much more. The Internet and some of its basic applications generate personal success in your career: lifelong learning and the increased ability to plan work and leisure time dramatically bolster our skills.

In the coming years, .SE will assume a leading role in bolstering Sweden's global competitiveness and simultaneously provide all Swedes the development to which they are entitled via the Internet. Digital inclusion is an example of such an initiative, where .SE has the expertise and will to coordinate a Swedish effort to convert the 1.5 million Swedes who lack the ability or the opportunity to use the Internet to become new users. The fact that .SE and its partners are succeeding is a win-win situation for all of these individuals and for society. In the coming years, .SE will assign priority to the use of the Internet in education. The Webbstjärnan competition and Internet i skolan are exciting. It is time for .SE to use the same force and strategic approach to Internet use as it did in the development of the Internet. The trust that .SE has gained under the management of Danny Aerts has provided us with an operational platform to use.

Last but not least, we must not forget that we work in an area where the entrepreneur and his/her ideas has played and will continue to play a decisive role. The Internet Fund is a breathing hole for new innovations for which not much money is needed but where the assessment of potential is fair. All of our success is attributable to the employees at .SE and with those who we support for a future Internet development.

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A word from the CEO *2010, what a year!*



If this had been the wine industry, it would have been referred to as a fine vintage – a vintage that tastes great for many years to come. For several years, we have worked hard to achieve the goals that we established in 2006 when I assumed the position as CEO. In the past year, many of these goals were achieved.

Extensive growth

One of the most important goals was growth. Our objective was for the .se domain to become the obvious alternative in Sweden. When we formulated the target, we had passed 400,000 .se domains and had a market share of about 46 percent. When we conducted estimates of the growth of the market, our position and our competitors' positions, we concluded that we should aim for one million .se domains by 2010.

However, one condition for becoming the obvious alternative was changing our approach to selling .se domains. The already established registry-registrar model, under which registrars assume more responsibility for the end customers and we act as the wholesaler, was better suited

for quality-based growth than the model at the time. After three years of preparatory work, we launched the new model in 2009. Through the use of our accredited registrars, we can now confirm that we made a solid choice for the end customers. In October 2010, we passed one million active .se domains!

Best in quality

Another exciting objective that we established in 2006 was to become the "best in quality." We did this because .SE lives on the trust that it has earned from local Internet associations to maintain the national top-level domain .se. Focusing on quality not only helps us manage the strong growth, which is equivalent to more than 100,000 domains per year, but also helps us retain and reinforce the trust for us as the organization best suited to be the top-level domain administrator in Sweden.

A second quality objective was to receive the Swedish Quality Award, which the Swedish Institute for Quality gives to the organization that meets their high standards and can stand as a solid role model for customer-centric development in Swe-

den. It was a bold objective that frightened and challenged us all. I believe in major and long-term objectives in the interest of achieving focus and energy in an organization. Four years later, we were named “best in quality” and received the Swedish Quality award in 2010. All .SE employees proudly accepted the award from H.M. King Carl XVI Gustaf in conjunction with a ceremony in February 2011.

Increased resources for Internet investments

The third objective that we formulated in 2006 was to increase the amount to be spent on Internet investments tenfold. The Foundation’s charter and statutes stipulate that .SE must promote robust stability in the Internet’s infrastructure in Sweden and encourage research, training and education in data and telecommunications, with a specific focus on the Internet.

In 2010, nearly SEK 40 M was used for various investments to promote the development of the Internet in Sweden. This is more than twice as much as we thought was possible four years ago, despite reducing the wholesale price for a .se domain by 35 percent during the same period. The new business model has provided us with a more efficient approach to work with lower costs.

Further on in the Annual Report we list examples of how our investments move the Internet forward. The highlight of this was is our new focus on digital inclusion in Sweden. In partnership with a large number of organizations, we have taken initiatives to the Digidel 2013 campaign, the aim of which is to join forces to get 500,000 Sweden to begin using the Internet before year-end 2013.

Product development

Three shots, three hits. Fortunately, there was one objective that we missed. We carry a major objective from 2006 with us in our continued efforts.

On the outside, we are living precari-

ously relying on a single product, the .se domain. The Internet is developing rapidly and the technology that is being used can change. Who is to say that we will always be using e-mail and www, which are pivotal services, and who says that the domain name system, DNS, will last forever? Accordingly, we found it important to keep our eyes open for new products and services that can ensure the Foundation’s ability to continue conducting its mission, even if domains may play a less important role than today.

I have to admit that nothing currently indicates that this scenario will materialize. On the contrary, we are in the middle of an increasing growth phase with more than 250,000 new .se domains in 2010. Despite this, in the coming three to four years, we are to focus on developing services that lead to new sources of revenue.

New challenges

Now that we have finished the champagne and celebrated our successes in 2010, it is clear that we must establish new and challenging objectives for the coming three-year period. Hopefully, we will be able to determine the new long-term goals during our strategy days with the Board in May 2011.

The focus will surely be on the ability to deliver a robust and secure top-level domain under .se.

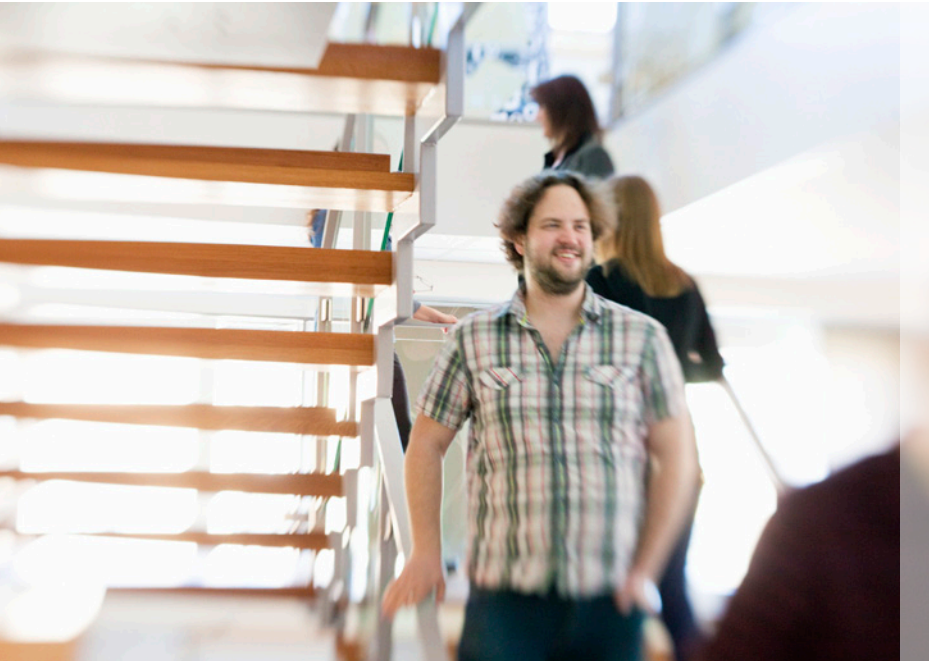
An aim will surely be to continue to have strong growth in the number of .se domains and remain the obvious choice in Sweden.

Another focus will surely be on having strong partnerships with our registrars.

We will surely advance on our customer-centric business development, which has helped us in the past four years.

And there will surely be something new and exciting that makes my job and colleagues fantastic and that enables us to achieve fantastic new goals jointly with our partners to promote the Internet in Sweden.

Further on in the Annual Report, we list examples of how our investments move the Internet forward



From a hobby to a professional business

Sweden's national top-level domain started as a pastime for a group of enthusiasts in the mid 1980s. Today, this has evolved into a professional business in a vast and expanding sector. In autumn 2010, there were more than one million active .se domains.

Today, .SE's activities are operated on a commercial basis, yet there is still a non-profit element. In accordance with the Foundation's charter and statutes, proceeds from the registration of domain names are to be invested in the development of the Internet in Sweden. The Foundation's journey since being formed has led not only to the registration of more than one million domains, but also to an extensive business development focused on technology and society.

One man's responsibility

The top-level .se domain saw the light of day in 1986 when Björn Eriksen at Enea Data registered it and was entrusted with its management. Two years later, the operation was relocated to the KTH Royal Institute of Technology when he began working there. Internet use initially spread primarily in the world of higher education and university networks paid for the necessary financing of its operations.

In 1991, the world's first www-based website arrived and more than 100 .se domains were registered that year. Commercial networks were established alongside the academic networks and in 1994, the 1,000 mark was passed.

In the following years, there was a major breakthrough for the Internet in Sweden and the top-level domain became too demanding for one person to manage. Accordingly, the Internet Infrastructure Foundation was formed in 1997 and assumed control of the administration. By year-end, there were nearly 46,000 active .se domain names.

Strict rules

The number of domain names subsequently continued to grow, although due to strict rules as to who was able to register names – only legal entities – growth maintained a lower tempo than among many comparable national top-level domains. By year-end 2002, there were slightly more than 106,000 active .se domains.

From the start, the Foundation was focused on ensuring stable and high-quality operation of the .se domain. At the same time, the first steps were taken to establish a development operation. In 2000,



for example, the first edition of the Internet Days was organized. This is a conference that has returned on an annual basis and has long been the most important meeting place for all those interested in the Internet. In 2001, .SE also assumed responsibility for what would become Bredbandskollen (the Broadband Check).

Open for everyone

In April 2003, the first come, first serve principle was liberalized, meaning that anyone can register an available .se domain. In 2006, when the Foundation began operating under the name .SE, the 500,000 mark of active .se domains was passed.

During the course of the journey, that which can be registered as a .se domain name has also expanded. As of 2003, the characters å, ä, ö, ü and é were allowed, as of 2006, domain names exclusively comprising numbers can be registered and as of 2007, all characters that are used in the official Swedish minority languages and in our neighboring Nordic countries can be registered.

Increased investments

The increase in the number of .se domains has resulted in greater proceeds and thus larger investments in the development of the Internet. In 2004, .SE's Internet Fund was formed. This fund annually finances a wide range of externally operated projects. In 2007, an internal research and development operation was established that works on the development of the Internet on several levels. A series of initiatives, including the annual Webbstjärnan school competition and the project for digital inclusion, aims to advance and spread the use of the Internet. We also publish free guides concerning Internet-related topics and produce various types of Internet statistics. Other initiatives are of a more streamlined technical nature, such as the focus on DNSSEC, IPv6 and DNS quality.

So although 1980s idealism has become a business in the 2000s, there is a flip side to the coin. The growth has enabled the establishment of a development operation that generates returns for Swedish society every time a .se domain is registered.

The year in review

January

At year-end 2009, there were 936,428 active .se domains, corresponding to an increase of 12 percent year-on-year. According to a report from Statistics Sweden entitled "Corporate IT use in 2009", which was published in January, the national top-level domain .se is increasing while the generic top-level domain .com is declining in Sweden.

Many companies that register a domain choose to do so under several top-level domains, but .se is the dominant primary domain in Sweden. On average, 76 percent of all Swedish companies opt for a .se domain as their primary Internet address.

February

.SE has been a pioneer in terms of DNSSEC, which ensures that Internet and e-mail addresses are not manipulated. In collaboration with a number of business partners, .SE released OpenDNSSEC 1.0 in February 2010. This is a free tool with an open source code that facilitates the implementation of secure DNS for web hosting services, Internet service providers, name-server operators and top-level domains.

March

In March, .SE organized the first seminar on digital inclusion in Sweden, which is a phase in its effort to enhance Internet skills among seldom and non-users. Several reports were presented and representatives for parliamentary parties were on hand, as were general education and library representatives.

The Royal Swedish Academy of Engineering Sciences, IVA, named .SE's CEO

Danny Aerts as "the future hero of the people" for his considerable efforts to make Sweden the international Internet leader.

April

The ISOC-SE appointed Ander Flodström as the new Chairman of the Board of .SE. As of June 1, he succeeded Rune Brandinger, who had been chairman since 2006.

May

.SE is once again at the forefront and was the first major top-level domain to begin using Open DNSSEC in regular operation throughout its zone.

A fifth-grade student from the Fisksätra School in Stockholm won the Best Contribution award in .SE's Webbstjärnan school competition. Close to 7,500 students at 330 schools throughout Sweden were involved in this year's edition of the Webbstjärnan competition.

According to the report "Young Swedes and the Internet 2010", which was .SE's first report on a specific social group, socioeconomic background determines how early children learn to use the Internet.

June

In partnership with The Swedish Post and Telecom Agency (PTS), .SE organized a one-day seminar concerning the benefits of the early implementation of IPv6, since the IPv4 addresses would soon run out. .SE is making various efforts to facilitate and support the implementation of IPv6 in Sweden.

Anne-Marie Eklund Löwinder, Head of quality and security at .SE was appointed one of seven "crypto officers" in the world.



In June, she participated in the first key ceremony for the implementation of the DNSSEC security supplement in what is known as the root zone of the Internet.

The Broadband Check was launched for the iPhone and iPad, as was a charting service that provides an impression of what broadband speeds can be expected in various locations, provided that someone has already been there and taken measurements.

July

According to a report by the organization in charge of .eu, EURid, the European Registry of Internet Domain Names, .SE is the strongest brand in comparison with other top-level domains in Europe.

August

The third edition of .SE's Internet publication competition for primary and upper secondary school students, Webbstjärnan 2011, commenced. The competition is part of .SE's effort to advance the use of the Internet in school work.

September

As of September 15, 2010, the fee for private individuals and small businesses that want to retroactively appeal the allocation of a .se domain name through .SE's Alternative Dispute Resolution (ADR) was halved.

October

The key-note speakers at this year's edition of the Internet Days included IT Minister Anna-Karin Hatt and EU Commissioner Cecilia Malmström. In conjunction with the conference, the annual reports on the health status of the .se zone and the Swedes and the Internet 2010 report were published.

The number of .se domains reached a historic level when the one millionth domain was registered. The first domain,

enea.se, was registered in 1986 by Björn Eriksen. The millionth .se domain was tolkutbildning.se, which was registered via .SE's registrar City Network Hosting AB.

.SE initiated a nationwide enhancement of knowledge by organizing a call for digital inclusion. The effort commenced with a full-day seminar where the principle issue was how the collaborating parties can jointly reduce the digital divide.

In conjunction with the three-year anniversary of Broadband Check, Broadband Check 2.0 was launched. Since its introduction in 2007, 43 million measurements have been taken (May 2011). In the new version, the interface has been revamped and all functions are better suited for supporting and helping the user in their measurements and troubleshooting.

November

In the annual listing of how risky it is to visit sites with various top-level domains by the security company McAfee, .se ranked as one of the more secure domain names. .com tops the list of risk-prone top-level domains, while .nu ranks 24th and .eu 44th.

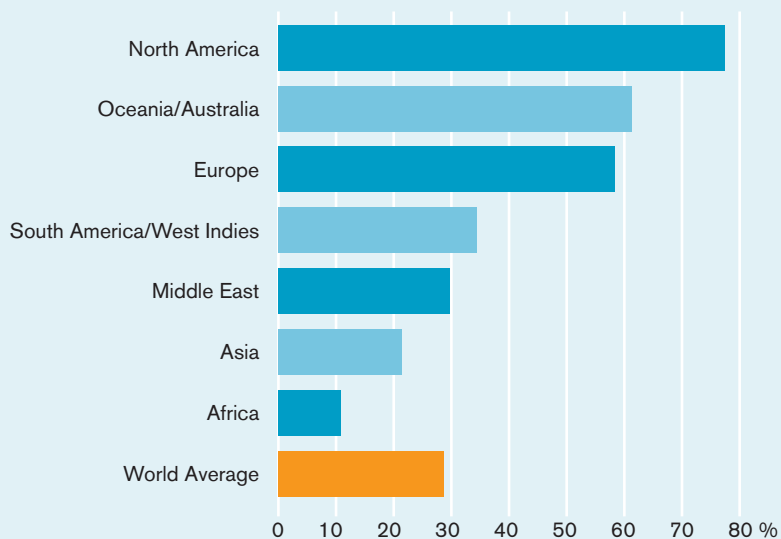
December

SIQ, the Swedish Quality Institute, names .SE the recipient of the Swedish Quality Award 2010 for serving as a prudent role model for systematic business development, according to the jury's commendation.

For the past three years, .SE has worked in accordance with SIQ's model for customer-oriented business development.

.SE signs a call for digital inclusion aimed at getting an additional 500,000 Swedes to begin using the Internet before year-end 2013. The call is also signed by libraries and general education institutions, and comprises the foundation for the Digidel 2013 campaign, which was launched in early 2011.





Percentage of Internet users in the world by continent.
Source: *Internet World Stats*

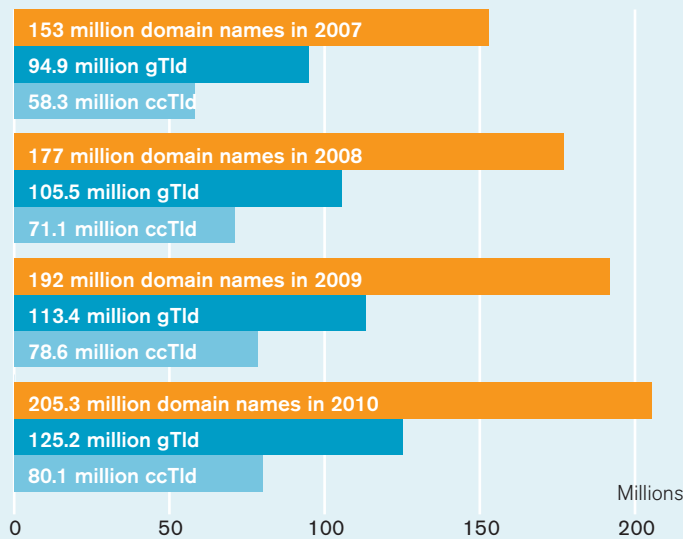
The Internet in the world and Sweden

In the past decade, the number of new Internet users has grown substantially. Between 2000 and 2010, the number of people in the world with Internet access increased 448 percent. The corresponding statistic in Europe for the same period was 352 percent. In Sweden, Internet use grew 107 percent in the past ten years.

In December 2010, worldwide Internet penetration totaled 28.7 percent, meaning that about 1.9 billion people regularly use the Internet. This corresponds to a global rise in Internet use of 3.1 percent year-on-year. Asia is the world area that has the most connected residents at about 825 million users, or 42 percent of the total number of global users.

The corresponding percentage and number for North America is about 15 percent and 262 million Internet users. However, North America has the greatest Internet penetration and 77.4 percent of the combined population of the US and Canada has Internet access.

The Middle East is a region in which access to the Internet is growing rapidly and where the use increased a full 1,825 percent compared with the year 2000.



Country code top-level domains (ccTLD) compared with generic top-level domains (gTLD)
Source: Verisign, adapted by .SE

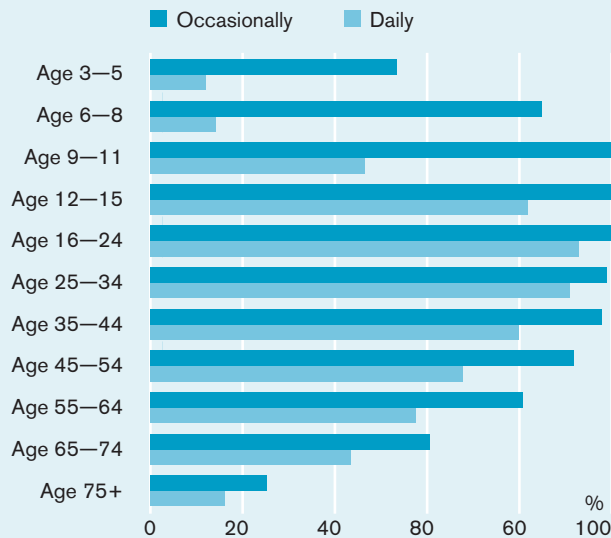
Among the Middle Eastern nations, Iran distinguished itself with an Internet penetration of 42 percent and 52 percent of the region’s total number of users.

The world region with the lowest Internet penetration is Africa where only 11 percent of the population regularly uses the Internet. However, Africa reported the largest rise in the number of users as a percentage in the past ten-year period at 2,357 percent. The phenomenal Internet development in the Middle East and Africa could largely derive from the increased use of connected mobile phones, known as smartphones. Internet access through the mobile network is often the only means to connect where the infrastructure for wire-carried data packages is underdeveloped or non-existent.

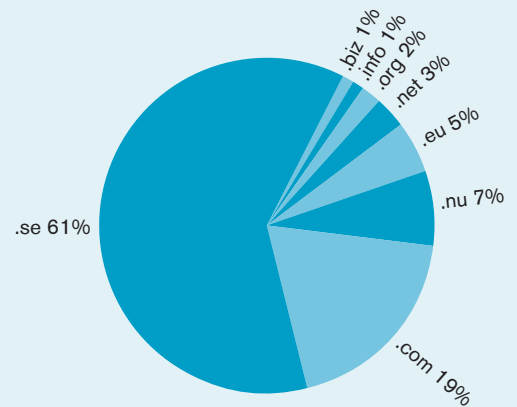
Every fourth Internet user is European

In late 2009, nearly six of ten of Europe’s slightly more than 813 million residents used the Internet on a regular basis. Every fourth global Internet user resided in Europe in December 2010.

The country with the highest number of users was Germany with 65 million connected citizens, corresponding to 79 percent of the country’s population. Next in line was Russia with 59 million Internet users and an Internet penetration of 43 percent. The country with the lowest Internet use in Europe was Kosovo with 20 percent, followed by Moldova with 30 percent. However, both of these countries have raised their Internet penetration percentages by 10 percent each since 2009. Looking back ten years, the Eastern Bloc countries account for the largest Internet use growth in Europe.



Internet use among Swedes in various age groups

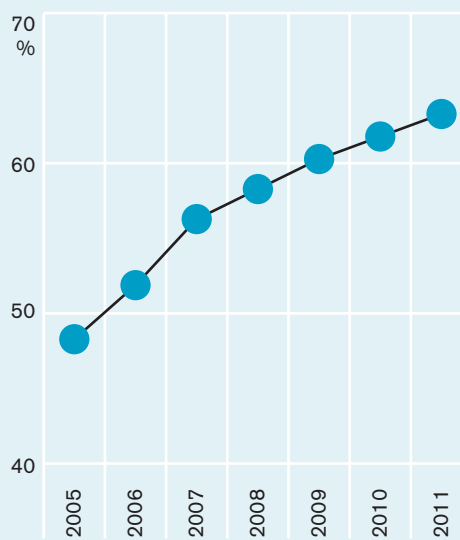
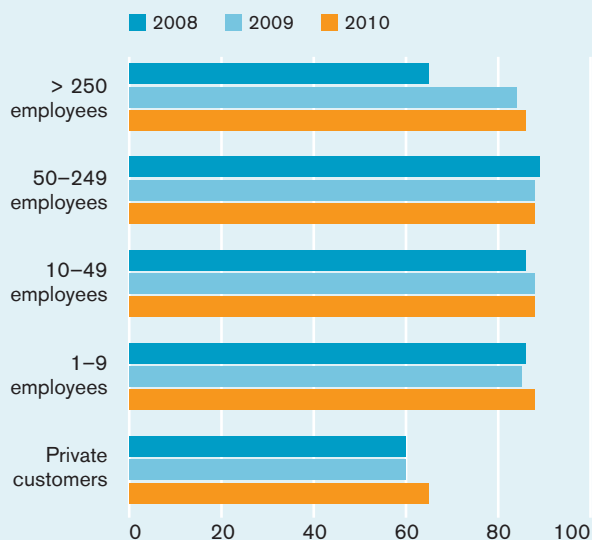


The market share of top-level domains in Sweden Source: Zooknic och Webhosting, adapted by .SE

Counties such as Albania and Bosnia-Herzegovina have increased their Internet use dramatically in recent years by tens of thousands of percent. Turkey is also a country that ranks strongly in the statistics with an increase in Internet users of 1,650 percent since the year 2000. About 45 percent of the approximately 78 million people residing in Turkey were regularly connected to the Internet at year-end 2010. Iceland had the highest percentage of users among European countries at slightly more than 97 percent of the population. Average Internet penetration in Europe was 58.4 percent compared with the global average of 28.7 percent.

Nine of ten Swedes have Internet access

Looking back ten years, Internet use in Sweden has grown at rocket pace to subsequently enter a significantly calmer growth rate in the past five years. In 2010, a full 91 percent of the Swedish population between the ages of 16 and 74 had Internet access at home. Nine of ten Swedish residents used the Internet on a daily basis last year. That is an increase of 12 percentage points since 2004. The most active group on the Internet is the age group between 16 and 35, in which essentially everyone uses the Internet on a daily basis. The level of education has a considerable impact on Internet use. The higher the level of education, the more often they use the Internet. Above all, those with the lowest level of education fall behind other groups in this respect. Age is also a factor guiding Internet use in Sweden. A total of 1.3 million Swedes over the age of 50 do not use the Internet. This figure declines every year, but by 2020, there will still be around 500,000 non-users in this age group.



The share of companies and private customers that have registered .se domain names

SE's market share over time

The global market for domain names is growing as user figures rise. At December 31, 2010, there were a total of 205 million registered domain names in the world, up by 13 million domains year-on-year. The 240 country code top-level domains (ccTLD), which includes .se, comprise about 39 percent of the total number of global domains. At year-end 2009, there were 80 million registered country code top-level domains, up about 1 percent compared with the preceding year. The largest country code top-level domain, measured by the number of registered addresses, is the German domain .de. What are known as generic top-level domains (.com, .net, .org, etc.) collectively lead the global market. The top-level domains .com and .net remained strong players among the generic TLDs in 2010 with 105 million active domain names and a total market share of 51 percent.

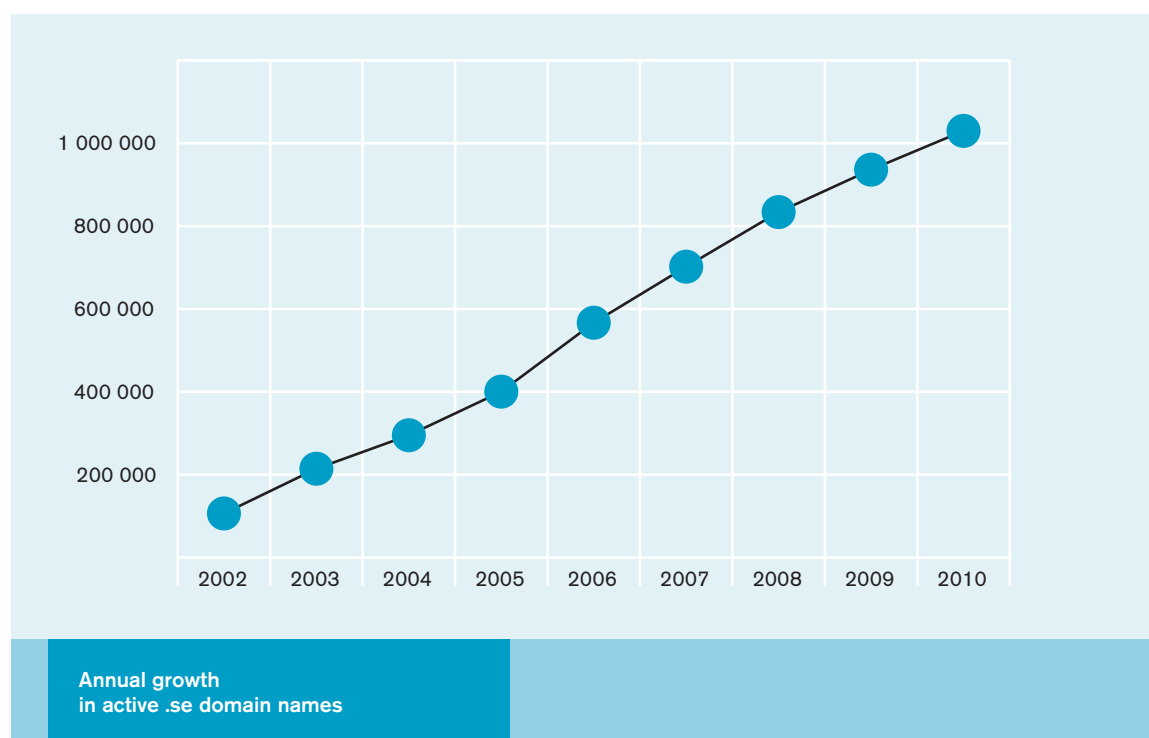
.se dominates the Swedish market

At October 4, 2010, the one millionth .se domain was registered. By year-end, there were 1,058,102 active domain names under .se, compared with 936,428 at year-end 2009.

In other words, the number of .se domains increased by 121,674 in 2010, up 13 percent. By year-end 2010, .se held 61 percent of the Swedish domain market.

The closest competitor is the generic top-level domain .com, which is declining in use in Sweden. The market share of registered .com domain names was 19 percent in 2010. In the same year, the country code top-level domain .nu was the third largest player in the Swedish domain market with 7 percent. In fourth place was .eu with a 5 percent market share. Some 90 percent of Swedish companies opt for .se.

Sources: Verisign, ZookNIC, SBC, Swedes and the Internet, U.S. Census Bureau, ITU

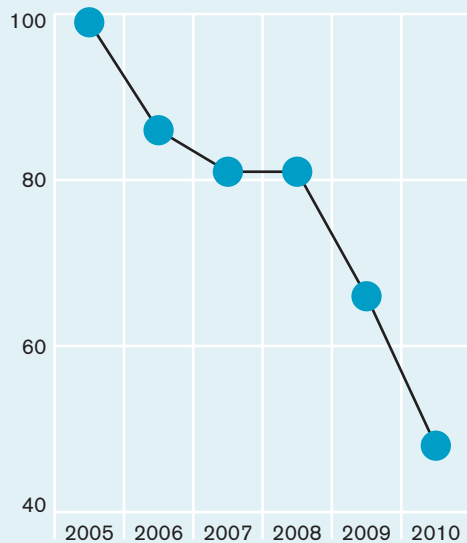


Customers and registrars

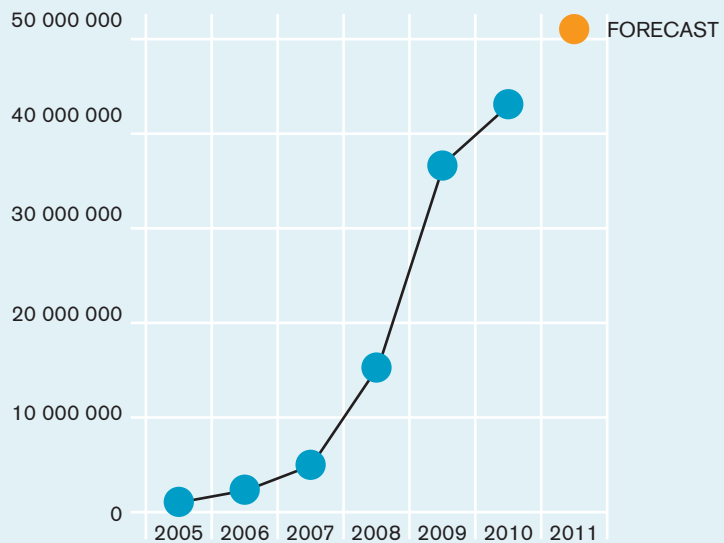
.SE's surveys indicate that most domain registrants are satisfied. In terms of registrars, .SE's authorized resellers, there has been a significant improvement in the satisfaction index since the transition to the new business model in 2009. At the same time as .SE has experienced a significant growth in .se domains, we have managed to enhance the efficiency and reduce the retail price of domains by 35 percent since 2006. During the same period, financial proceeds for Internet investments rose from nearly SEK 3 M in 2006 to slightly more than SEK 40 M in 2010.

When people are choosing a top-level domain in Sweden, .se has very strong position. In a survey from 2010, 93 percent of responding corporate customers agreed that .se was the obvious choice for all those with ties to Sweden. Among private customers, 92 percent agreed.

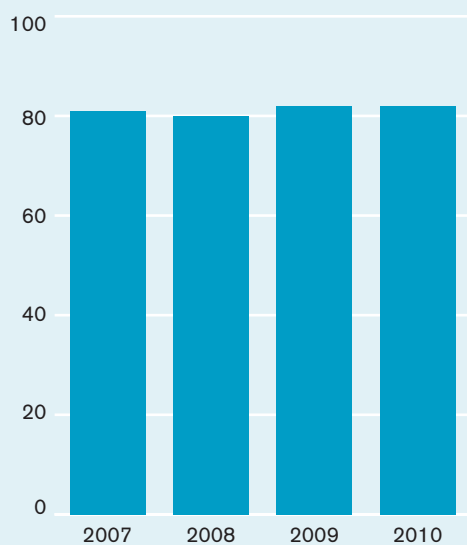
Those who select a .se domain do not seem to regret their choice afterwards either. Our Satisfied Customer Index (SCI) also remained at a high level in 2010: 80.3 on a scale of 100 for corporate customers and 83.0 for private customers. Comparatively, the IT and Telecom sector reached 67.6 percent in 2009.



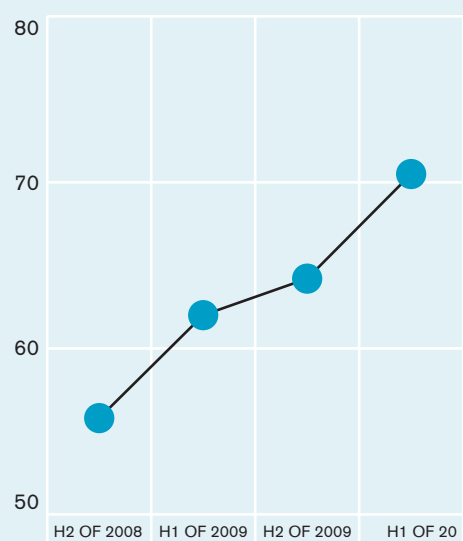
Internet trend
Production cost per domain



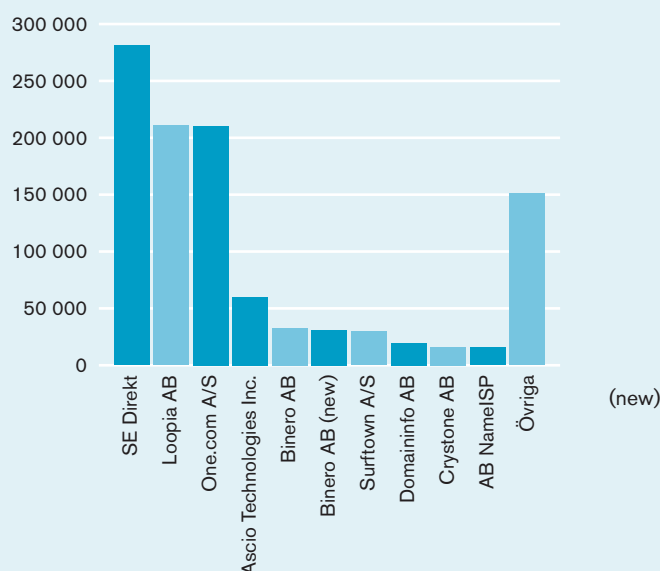
Financial proceeds —
Internet investments



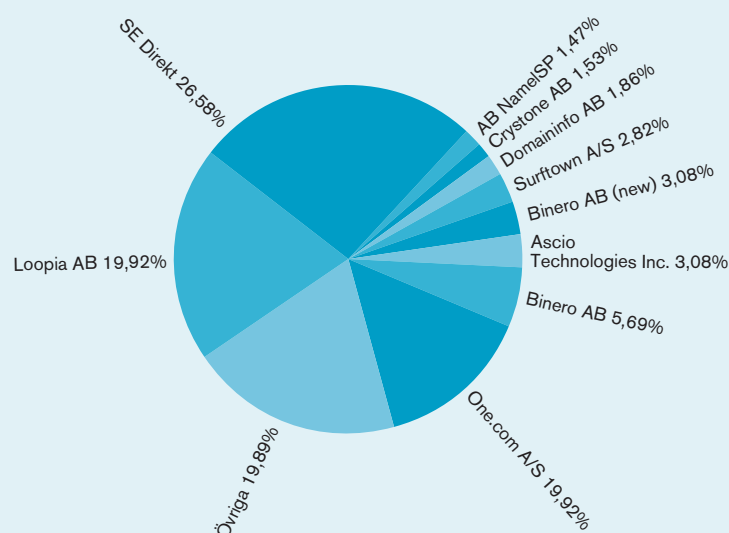
Nöjd-kund-index



Satisfied customer index
trend 2008—2010



.SE's ten largest registrars in 2010
Number of domains



The ten largest
registrars in 2010, %

Nine of ten companies use .se

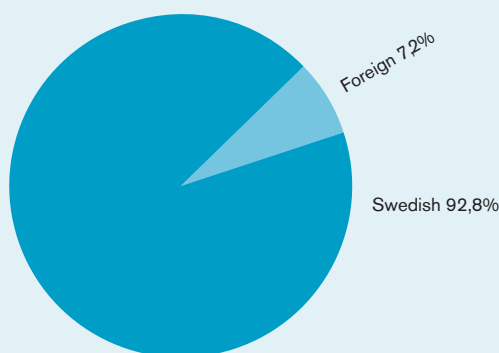
Statistics Sweden's (SCB) major study of IT use in Sweden in 2010 indicates that 86 percent of Swedish companies with ten or more employees have registered a proprietary domain name. This is an increase of 5 percent compared with the preceding year. Among companies with fewer than ten employees, 60 percent have registered a proprietary domain name, up 2 percent.

Both large companies and small businesses largely opt for the top-level domain name .se. In both groups, 86 percent have registered a domain name under .se. Many companies also register domains under other top-level domains, although a total of 79 percent of companies with ten or more employees have opted for .se as their primary top-level domain. For those companies with fewer than ten employees, the figure is 84 percent.

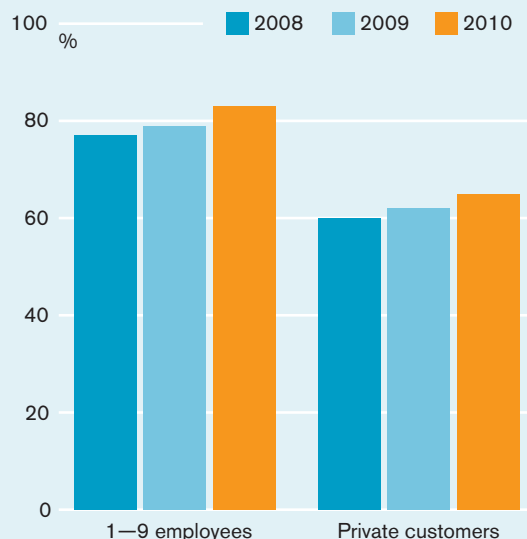
Websites the most common reason

It is considerably more unusual for private individuals to register domain names than companies. According to SCB, only 12 percent of those between the ages of 16 and 74 have done so. Of these, twice as many are men and it is most commonplace among those aged 25-34 (16 percent) and among those who are sole traders (42 percent). Among private individuals, .se is also the most popular top-level domain, with 65 percent having it as their primary domain. Most registrants, nearly 93 percent, reside in Sweden.

The most important reason for registration is using the domain name for a website. Many have also started a new company or simply want to prevent anyone else from registering it. Another frequently stated reason, particularly among private individuals (37 percent), is wanting to have a personal, independent e-mail address. Slightly more than one of ten private individuals also registered a domain name for a blog.



Allocation among Swedish and foreign registrants in 2010



Percentage of small businesses (1-9 employees) and private customers that have .se as their primary top-level domain

More satisfied registrars

Since 2009, the registration of domain names was conducted exclusively through .SE's accredited resellers, known as registrars, of which there are slightly more than 140. The ten largest registrars accounted for about 80 percent of new registrations of .se domains in 2010.

We strive to maintain strong relations with our registrars and thus continuously monitor their satisfaction. Since the new business model was implemented, the satisfaction index constantly points upward, with a 25-percent increase from 2008 to year-end 2010.

"The numbers clearly speak for themselves and I believe they reflect the fact that we have established a well-functioning dialog with frequent meetings. We are also clear in setting our priorities with technical stability topping the list," says Torbjörn Carlsson, Head of .SE Registry.

Proprietary registrant .SE Direkt

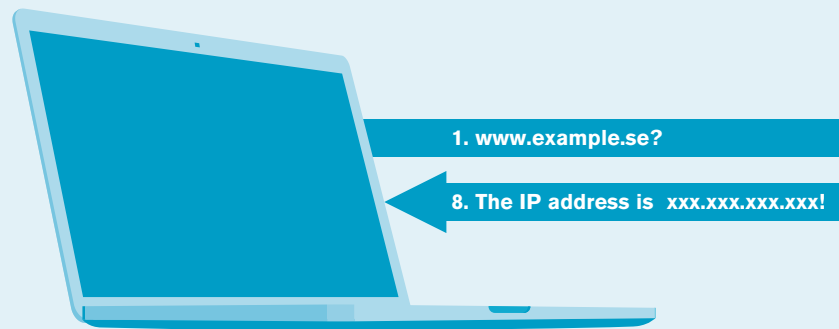
.SE Direkt was formed in conjunction with .SE's business model transition in March 2009 and was a prerequisite for a successful transition. Through .SE's internal registrar, the customers who wanted to could remain with .SE instead of switching to one of our other registrars. Since then, the customer base has declined every year. By year-end 2010, the market share was 27 percent compared with 36 percent in late 2009.

A key parameter has always been that .SE Direkt is not to compete in pricing with other registrars. Accordingly, the price has continuously been raised, which was also done in 2010 by SEK 20.

.SE Direkt does not offer any optional services such as web hosting services or e-mail. The customers who choose .SE's internal registrar must thus either manage their own name server or select another supplier of optional services.

How a DNS lookup works

The illustration shows a simplified version of how DNS translates the domain name to IP addresses so that an Internet connected computer can connect to another – for example a web server or an e-mail server. When you enter in Internet address into your browser or send an e-mail address, a DNS lookup is performed. Your internet service provider's name server sends several queries to identify the name server containing information about what IP address applies for the domain name concerned. .SE's role in the equation is to keep track of who is responsible for each domain name and point out the name server that holds the information.



Operation, stability and security

.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. Since access to the Internet and e-mail now constitutes part of the Swedish society's critical infrastructure, operational security is our highest priority.

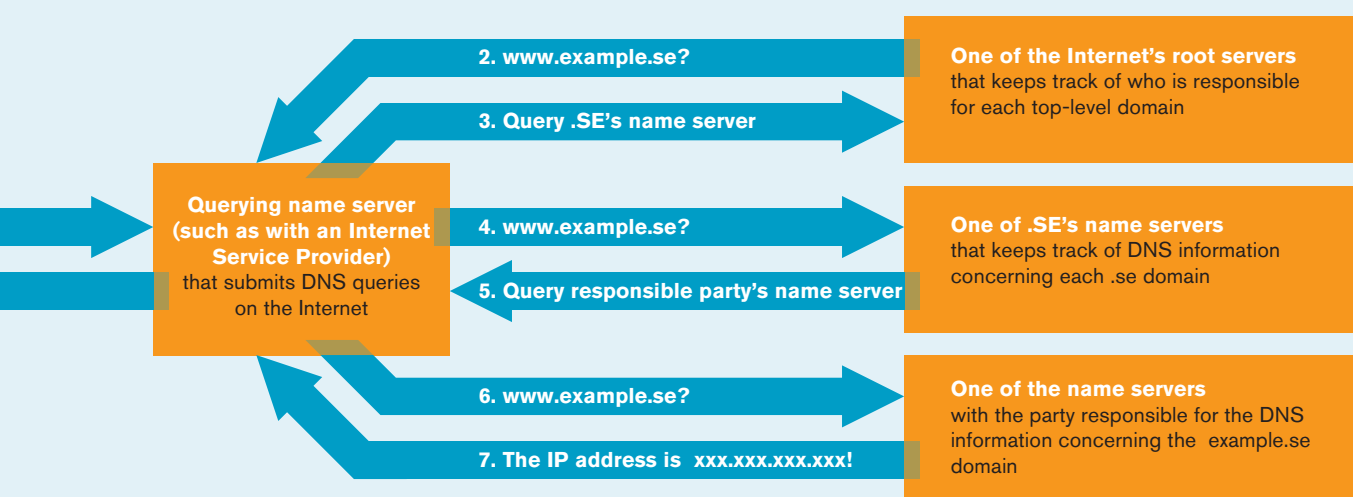
On the Internet, all computers must be identified by a unique series of numbers known as an IP address. As a result of the DNS (domain name system) catalogue service, domain names, for example iis.se, can be used instead of IP addresses (in this case 212.247.7.229) to find your way on the Internet. DNS translates domain names to IP addresses just as a telephone catalogue translates names to telephone numbers. You will find more information concerning how DNS functions on .SE's website.

.SE is responsible for the registry that maintains the DNS information for the more than one million registered .se domain names. Since .SE makes the .se zone available on the Internet, this enables you to identify the right web and e-mail server for a certain domain name with the .se suffix.

Delegation of responsibility

.SE's registry does not contain information concerning all 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 updates information concerning all of these delegations, or redirections.

If .SE's name servers were inaccessible on the Internet, any information concerning .se domain names would shortly become unavailable. Accordingly, the maintenance of the .se domain has been governed by a specific law since 2006 – National Top-Level Domains for Sweden on the Internet Act – and the The Swedish Post and Telecom Agency (PTS) acts as the supervisory authority for .SE.



4,500 requests per second

Considering the critical social function that the .se domain currently comprises, quality work is fundamental to .SE's DNS operation.

"Our objective is for the DNS service to always be 100 percent available and for the response time for DNS lookups to be as brief as possible," says Anne-Marie Eklund Löwinder, Head of Quality and Security at .SE.

.SE's name servers handle an average of 4,500 DNS queries per second, although traffic peaks of about 20,000 queries per second are commonplace. To be on the safe side, they are capable of handling far greater volumes. 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 overload attacks and high redundancy.

System management team driving enhancements

In 2010, a specific system management team was created to control the internal and external IT environments as professionally as possible. The group plans changes, has established external and

internal agreements concerning service levels and governs the development of systems and maintenance.

"As a result of the system management team coming into place this year, we have achieved a higher level of stability and are better able to plan improvements and other changes in our IT systems," says Torbjörn Carlsson, Head of .SE Registry.

OpenDNSSEC enhances efficiency

"A major change in the production system in 2010 was our transition to a new zone-signing tool, OpenDNSSEC, a system that .SE was also involved in the development of. This enhances the efficiency of the process and eliminates a great deal of the manual management that was previously necessary," says Andreas Fredriksson, Operations Manager at .SE.

Both DNS operations and the operation of other IT systems have capitalized on the addition of two employees to the internal operation organization in 2010. Moving ahead, we are now working to achieve even better redundancy in all systems. Part of this effort involves relocating the production environment to an external data center that is better suited to our requirements and needs.



Dispute resolution system

.se domains are registered without being reviewed. To manage the disputes that may arise concerning domain names, .SE offers the Alternative Dispute Resolution process (ADR) as a post-review model. Since July 2006, access to a functioning dispute resolution system for the .se domain has been legally mandatory.

Court processes are often costly and protracted. ADR is a less expensive and faster alternative. Under the ADR process, 13 legal experts act as independent arbitrators and the costs are heavily subsidized by .SE. A dispute is normally resolved in two months. In 2010, the ADR was used in about 80 cases. Considering that there are slightly more than one million active .se domains, the number of disputes is relatively low.

To prevail in a case and for the registrant to lose the right to the disputed domain name the applicant must:

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

Reduced prices

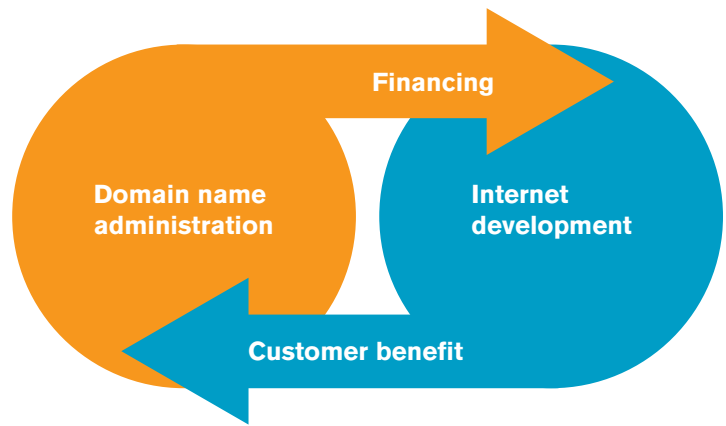
“In 2010, several changes to the ADR process were decided on. This was the result of a major overhaul that was conducted partly due to PTS’s supervision report,” says Elisabeth Ekstrand, General Counsel at .SE.

PTS proposed that the losing party in an ADR case be accountable for all costs. However, since there is a risk that the party that registered a disputed domain would give in due to fear of the costs, .SE and several referral bodies deemed that this would not be in line with the due process of the system. Instead, on September 15, 2010, we opted to reduce the price for ADR by 50 percent for private individuals and small businesses.

Accelerated ADR

On February 15, 2011, the option of an accelerated process was also introduced in the event that an ADR application is not responded to by the party who registered the domain name. In this event, the case will be resolved within ten working days at a low fixed rate. The arbitrator will give the same assessment, only the verdict will be very brief.

.SE now also offers the prevailing party one year’s free registration of the disputed domain name. Another change was that the ADR arbitrators can no longer act as party representatives in the system, which ensures trust in said system.



.SE produces facts about the Internet

In order to improve something, you must first be well-acquainted with it. Accordingly, .SE wants to contribute to facts about the Internet being produced and made available. We are also behind several free tools for users who want to acquire facts about their own little corner of the Internet.

Broadband Check 2.0

In October 2010, Broadband Check celebrated its three-year anniversary by launching Broadband Check 2.0. Sweden's only independent consumer service for checking your broadband connection directly in your web browser was given a revamped interface and offers greater support and help for users.

The service has become a resounding success and is now available for stationary computers and laptops, as well as Internet tablets (iPhone, iPad and Android). Since its launch, more than 43 million measurements have been performed (May 2011), and the marketing of broadband subscriptions has become more honest.

"Since this service provides consumers with facts to put on the table, we help them ensure that they receive the broadband quality for which they are paying. At the same time, their measurements provide us with an invaluable source of statistics concerning connection speeds in Sweden, particularly wireless connections," says Rickard Dahlstrand, Project Manager for the Broadband Check.

Statistics about the Internet in Sweden

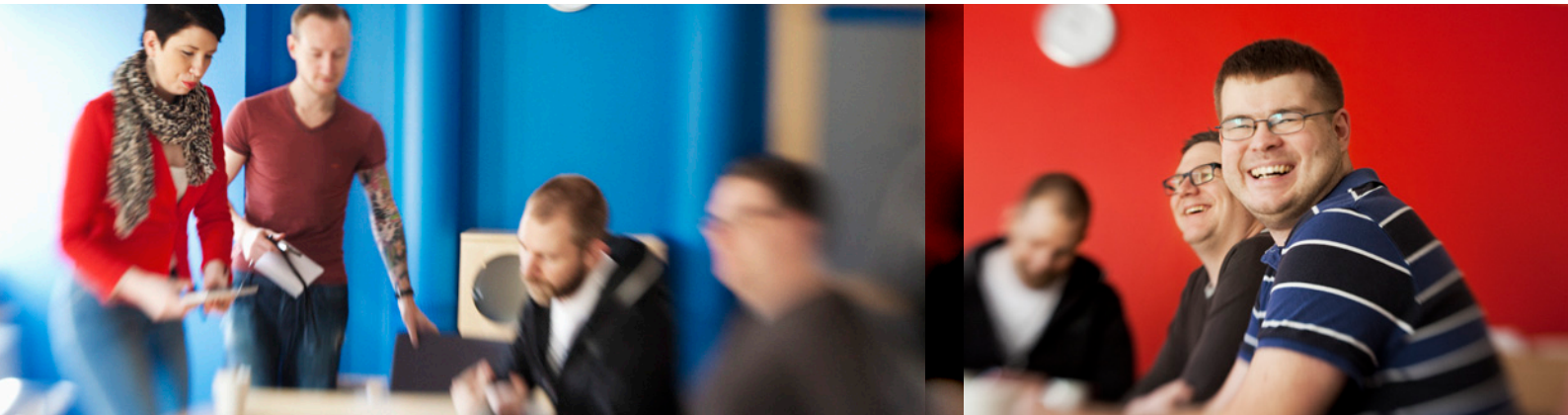
For all those who want to monitor or analyze the development of the Internet in Sweden, it is important to have access to current, reliable and relevant statistics in the area. Accordingly, .SE has initiated a partnership with several research companies and producers of Internet statistics: Nordicom, The Swedish Post and Telecom Agency PTS, Statistics Sweden, the Swedish Media Council, the SOM institute (Society, Opinion and Media) and the World Internet Institute (WII). We gather material from all of these players at the portal www.internetstatistik.se. Our partnership with Statistics Sweden enabled their report on Swedish companies' use of IT to also include small businesses.

Every autumn, .SE publishes the Swedes and the Internet report on Swedes' Internet habits and use.

In 2010, .SE released the first report on a specific social group, Young Swedes and the Internet, in collaboration with the Swedish Media Council and the WII. In 2011, .SE will issue a report on Elderly Swedes and the Internet.

Other initiatives

Our other initiatives include the annual report Internet Health Status in Sweden, where we test and assess the quality of the Internet infrastructure. Unfortunately the trend was not positive for 2010. The report employs the software from our DNSCheck testing service, which is available free-of-charge for everyone. We also offer a corresponding service to test e-mail servers, MailCheck.



.SE spreads knowledge about the Internet

For people to be able to fully capitalize on the Internet, they must first assimilate the necessary know-how. Disseminating knowledge about the Internet and how to use it through various channels thus comprises a key component of .SE's work on promoting the development of the Internet in Sweden.

Digital inclusion required for our democracy

Despite Sweden being at the forefront of Internet use, many people remain entirely or partially excluded from the Internet in our country. The report entitled *Swedes and the Internet 2010* estimates that this group includes as many as 1.5 million people. Most of these people are elderly, although exclusion occurs in all age groups.

Those who are excluded are unable to capitalize on all of the opportunities that the Internet offers. As society becomes increasingly digitalized, the Internet also becomes the primary channel for reaching services and people. Access to and the skills to use the Internet are becoming a prerequisite for becoming a fully fledged member of society. Without access to the Internet, people become entirely or partially excluded from public interest functions when they relocate to the Internet.

“Digital inclusion is not just important for various everyday occupations. It is often a requirement for being hired, finding employment or locating good healthcare.

Today, it is a requirement for a well-functioning democracy. All Swedish residents should thus have the opportunity to acquire knowledge about how to secure access to the Internet,” says Staffan Hagnell, Head of Research and Development at .SE.

.SE a catalyst for calls to action and campaigns

In 2010, the issue of digital inclusion was addressed in earnest in Sweden and involved such figures as IT Minister Anna-Karin Hatt (Center Party), who discussed the matter at the Internet Days 2010.

On December 3, 2010, a number of social organizations joined forces in joint call for digital inclusion. In the spring of 2011, this paid dividends in the form of the Digidel 2013 campaign with the goal of giving 500,000 people the opportunity to discover and begin using the Internet by 2013.

Through the pilot projects on digital inclusion that have been conducted within the framework of .SE's Internet Fund and through several seminars, .SE has acted as

a pivotal catalyst in addressing the issue and getting the campaign off the ground.

“Having this many organizations join the call for digital inclusion is a major success. We are very pleased with the significant commitments made by libraries, volunteer organizations and general education institutions. As a result of the positive response, everything has progressed much faster than anticipated,” says Staffan Hagnell.

The Webbstjärnan competition shines on

.SE also promotes the long-term positive use of the Internet and the advancement of education in Sweden’s schools. This primarily takes the shape of the annual Webbstjärnan competition, where students compete in the use of online publication tools to present their school work.

Teachers and students who participate gain access to support and resources from .SE so that they can learn how to use simple tools to harness the opportunities of the Internet. The emphasis of the competition is on content and creativity rather than technical solutions. When the competition was organized for the second time during the 2009/2010 school year, primary schools were included and a total of slightly more than 1,500 teams participated. In the autumn, the Webbstjärnan 2011 competition began, which has now attracted 1,700 teams nationwide.

The Internet Days, a leading meeting place

Every autumn, .SE organizes the Internet Days conference, which is the largest conference on the topic in Sweden, and is the leading meeting place for all those interested in the Internet. What was purely a forum for technicians ten years ago has evolved over the years to include social issues and the development of content on



the Internet to the same degree. At the 2010 conference, politicians were heavily represented in the form of, for example, Sweden’s EU Commissioner Cecilia Malmström (FolkPartiet) and the aforementioned IT Minister Anna-Karin Hatt.

.SE’s guides

.SE also publishes free guides on a number of Internet-related subjects. The guides are geared toward a broader public and are written in an easily accessible language. Anyone who is interested can order a copy of the guides that are printed to their home for free (in Sweden). All guides can also be downloaded in PDF format. In 2010, the trend turned and we distributed more guides digitally than in printed version. Of slightly more than 100,000 distributed copies, about 65,000 were downloaded guides and the others were printed copies.

In 2010, .SE issued five new guides and two previously printed publications were reissued in new versions. During the autumn, two previously issued guides were also published in a new web format for easier reading online. In 2011, more web versions will be issued.



.SE contributes to the development of the Internet

Part of our operation contributes directly to the development of the Internet, primarily in Sweden. However, many of our projects may eventually generate benefit beyond our borders. These development projects are conducted internally and externally through .SE's Internet Fund.

Support for IPv6

2010 became the year in which the new version of the IPv6 Internet protocol made its way onto the agenda in earnest, since it became clear that IP addresses under the previous version, IPv4, were running out. Read more at [.SE's website](#).

IPv4 addresses with the central registry were exhausted in early February 2011 and work is currently under way on implementing the new protocol, at first parallel to the former version.

"For several years, we have worked on highlighting the issue and supporting the implementation of IPv6. Interest is now gaining traction and we can contribute a knowledge base to IT organizations that want to get started," explains Jörgen Eriksson, Project Manager for IPv6 at .SE.

.SE organizes seminars and workshops on IPv6 for those who are interested. We have also tested hardware and prepared an implementation guide.



DNSSEC takes root

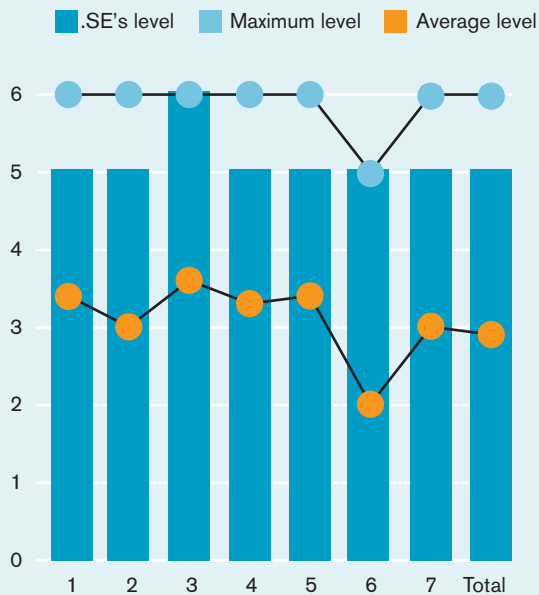
DNSSEC (DNS Security Extensions) technology is a way to make the Internet's DNS catalogue service more secure. For several years, .SE has been a global pioneer in the application of this technology. After the Internet's root zone was signed with DNSSEC in June 2010, the world has begun to catch up. By March 2011, 67 top-level domains had implemented the technology.

.SE's pivotal role as a pioneer was underscored by our Head of Quality and Security, Anne-Marie Eklund Löwinder, being entrusted with the honorary role as a Crypto Officer for the root signing ceremony.

OpenDNSSEC was also released during the year, which is a free administration tool with an open source code that .SE developed in collaboration with a number of partners. .SE is one of many players to use the tool.

The Internet Fund allocated SEK 9 M

Our initiatives include support for the research that contributes to making e-mail more reliable. .SE's Internet Fund also finances independent projects that support the development of the Internet in Sweden in different ways. In 2010, a total of SEK 9 M was allocated among 30 different projects, of which SEK 3 M was within the framework of specific investments in digital inclusion.



Level in relation to
outcome in SIQ 1992-2010

Award-winning, customer-oriented business development

In 2006, .SE began its systematic quality initiative based on SIQ's (Swedish Institute for Quality) model for customer-oriented business development. The objective was clear from the start; to win the Swedish Quality Award. In 2010, we reached our planned target and secured the award

"Reaching our objective and winning the award was naturally a major achievement and highly gratifying. However, the most important aspect in this context is that we established our systematic improvement effort. Today, all of the pieces are in place, from planning processes to reviewing results and continuous improvements," says Anne-Marie Eklund Löwinder, Head of Quality and Security at .SE.

In its commendation, the judges wrote the following about .SE: "A well-planned operation based on secure and protected information that is being conducted in a number of integrated and interoperating processes that are continuously improved in consultation with the organization's customers and suppliers. Several processes showed highly favorable and results confirmed by trends.

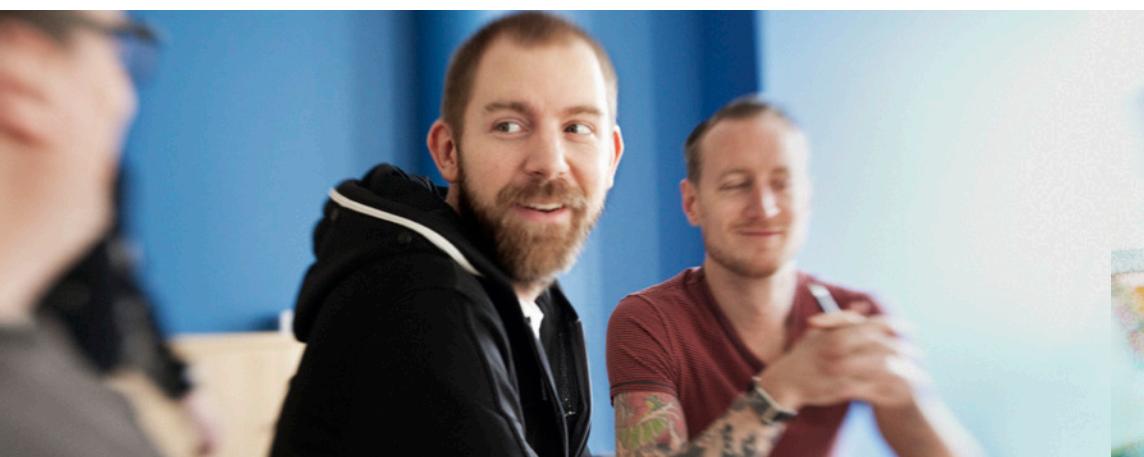
Continuity

A key element of .SE's quality journey is that we have evolved from line management to a process-oriented operation in which everyone is working toward a shared goal. Our interpretation of the SIQ model has resulted in a management process with a continuity that is based on five cornerstones: Choose your path, Lead the way, Organize resources, Review and Improve.

Our company-wide annual targets are defined in a balanced score card and targets are also listed by department and on an individual basis. Overall responsibility for the quality effort lies with the Head of Quality and Security, although all processes also have a clear owner who is responsible for improving his/her process.

The Rocket provides a clear impression

The overriding goals for the daily operation and how .SE works to achieve these goals is clarified by the Rocket image. Our company-wide strategic objective is to continuously grow, while maintaining



quality and a strong social commitment. The initiating and steering processes decide on the organization's objectives and long-term strategies. The supplying processes of development, sales, supply and customer relations, realize the business concept and fulfill customers' needs and expectations. Finally, there are a number of support processes that comprise resources for the supplied processes.

.SE always strives to develop and work on continuous improvements on both major and minor aspects. All employees are involved in this work and ideas are captured using various improvement tools. The improvement wheel is used for all improvement activities, which are also documented in the interest of learning from and inspiring each other.

We also have a proprietary quality program entitled ".SE Upp!" or "beware," which encompasses information and training days for all employees and benchmarking trips in smaller quality teams.

Continuous dialogue

At .SE, we are receptive to the needs of our end customers. We conduct a continuous dialogue through various channels with customers and other stakeholders. This is done through reference groups where matters of a principled nature are

discussed, and by capturing stances, ideas and proposals via social media.

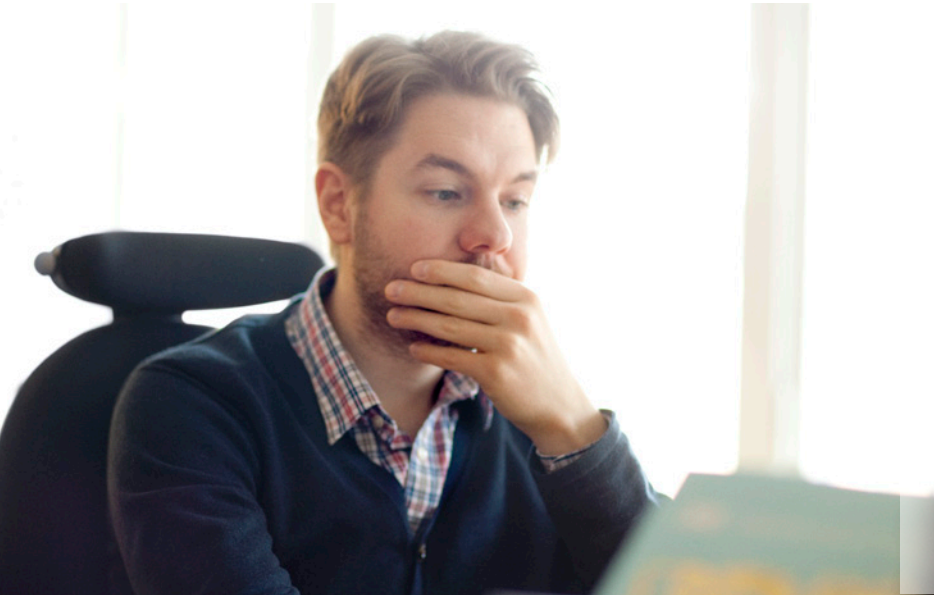
.SE works closely with both its suppliers and resellers (registrars). Internet associations at large are invited to discussions during seminars and other events that are organized by .SE. The predominant of these events is the major annual Internet Days conference.

Committed employees

In an organization such as ours, where operations are largely based on knowledge, the employees' commitment and involvement are the primary drivers of progress. For all employees to grow together with the organization and to meet the rapid developments in our business area, we focus on continuous skills development.

All employees have individual development plans that are reviewed on an annual basis. We also deploy an incentive system with the possibility of receiving up to an extra months' salary if all targets are fulfilled.

The fact that .SE received an award is proof in and of itself that our employees are committed and involved. A key component of the evaluation process involves using surveys and on-site visits to verify that everyone is familiar with our work approach and methods, and that everyone can employ these in practice.



For a more sustainable society

.SE pursues an active and evolving environmental program, the aim of which is to contribute to a more sustainable society. We compensate for the carbon emissions that we cause and simultaneously make an effort to reduce our adverse environmental impact in various ways.

Since the autumn of 2007, .SE has been conducting an environmental program pursuant to an environmental policy that was personally formulated by the employees. A number of improvements have been implemented to reduce our adverse environmental impact, in terms of services such as cleaning, messenger service and food. We recycle and all employees are offered a transit pass with Stockholm Public Transport as a salary benefit.

Climate compensation

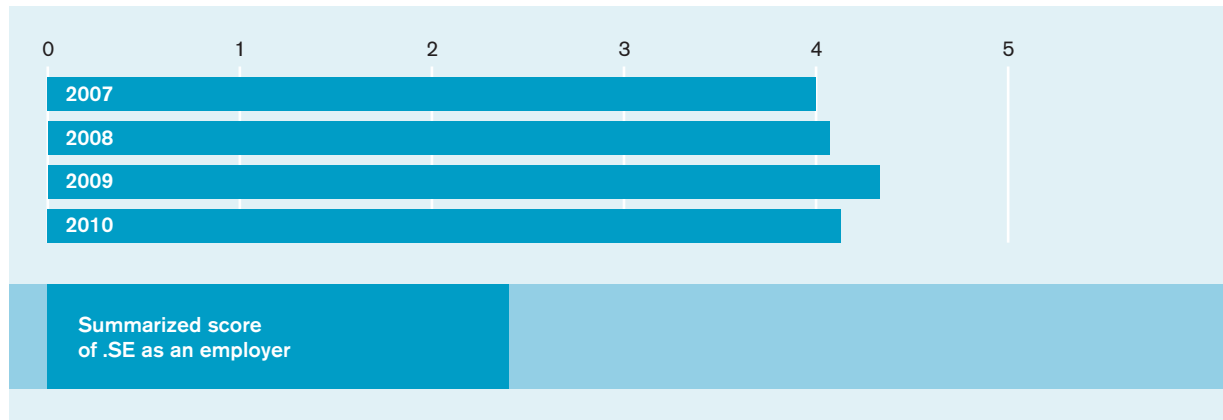
In 2009, .SE conducted a climate analysis of its operations. The analysis indicated that its total climate impact for the year was

290 tons of carbon dioxide, which we climate compensated for through energy and tree-planting projects. In other words, we restore just as much carbon dioxide to nature as we cause in the form of emissions. In the spring of 2011, we will commence a new climate analysis of our business.

Want to reduce our impact

We also strive to reduce our climate impact. .SE's three improvement areas are business travel, our secondary name servers and printed materials.

- In terms of travel, .SE operates in a global sector with many international meetings. However, we try to influence our business partners to reduce the number of meetings. The Council of European National Top-level domain Registries, CENTR, has heard our call and now convenes twice a year instead of three times. Including all participants, this reduces emissions by 21 tons of carbon dioxide.
- Requirements for accessibility and response times in .SE's DNS service mean that we have about 150 secondary name servers worldwide. Here, we have a dialogue with our maintenance suppliers concerning reduced energy consumption and the choice of energy sources.
- In our efforts to spread information about the Internet, .SE issues a number of printed materials. In 2010, we launched web versions of our guides in a bid to reduce our carbon-dioxide impact. For the same reason, the Annual Report that you are reading has not been printed.
- .SE also endeavors to minimize the number of physical invoices that we mail. In 2010, we held a campaign to encourage .SE Direkt's customers to opt for e-invoicing. For each customer that switched to e-invoicing, we donated SEK 2.50 to a tree-planting project. The results of the campaign corresponded to 240 tons of carbon dioxide.



HR

Personnel policy

Our operations are largely knowledge-based and we gladly share our expertise and our experiences since we believe that this will benefit the development of the Internet. Accordingly, our personnel are our most important resource.

In late 2010, we had 48 fulltime employees, of whom 17 were women and 31 men. Our operation has been expansive, particularly in terms of the operations and system development departments, where we recruited several employees. The average age of employees at the company is 39.

Focus on knowledge and expertise

For all employees to be able to grow with the company and keep up with the rapid pace of developments in general, we continuously invest in skills development. In 2010, we launched our new model for this known as the skills pyramid. All .SE employees must have certain fundamental and mandatory skills as specified in the base of the pyramid. By controlling the content in the various levels, we ensure that the operations' and our employees' skills will advance in the same direction. All employees have individual development plans that are reviewed annually.

Commitment and results rewarded

Since 2009, we have been working on a target-based bonus program for all full-

time employees. The company's goals, which are established in a business plan, are broken down into individual goals that are tied to an incentive system with the possibility of receiving an extra months' salary. In reality, the targets comprise 30 percent corporate goals that apply for everyone and the remaining 70 percent can be allocated among departmental and individual targets.

Healthy workplace and healthy employees

Our premises are spacious and flexible, which enables us to grow. We conduct regular health check-ups and an annual workplace environment and health screening. The aim is primarily to analyze the correlation between your health perception, lifestyle and workplace environment, but also to motivate and inspire employees to increased involvement.











Flat organization

.SE has a flat organization with short decision-making paths, where creativity and ideas are embraced. We have six departments: .SE Direkt, IT Operations, Systems Development, Internet Development and New Business. The staff includes the CEO, Head of Quality and Security, Assistant to the CEO/HR Manager and Internet Governance Manager, along with the legal department. Finance and Communications form two support functions.

				
Mikael von Otter Appointed by the Confederation of Swedish Enterprise	Mikael Abrahamson Appointed by SOF (Swedish Internet Operators Forum)	Lars Lindgren Appointed by the Swedish Bankers' Association	Robert Malmgren Appointed by ISOC-SE	Anders Flodström Chairman of the Board
				
Inger Persson Appointed by the Swedish Consumers' Association	Ove Ivarsen Swedish Trade Union Confederation (LO), appointed by other Board members	Marzena Doberhof Platin Secretary	Andreas Hedlund Appointed by Swedish Trade Federation	

The Board of Directors

.SE is a foundation and is governed according to its charter of foundation and its bylaws. The foundation is led by a Board of Directors, whose decisions are carried out by management. .SE's Board consists of a broad collection of representatives for both users and experts within the Internet field. The former chairman, Rune Brandinger, assumed his duties in 2006 and handed over the post to the new Chairman of the Board Anders Flodström on June 1, 2010

				
Danny Aerts CEO	Maria Ekelund Head of Communications	Anette Hall Head of .SE Direkt	Monica Åhl Chief Financial Officer	Mikael Jonker Head of Systems Development
				
Andreas Fredriksson Head of IT Operations	Torbjörn Carlsson Head of .SE Registry	Elisabeth Ekstrand General Counsel	Anne-Marie Eklund Löwinder Head of Quality and Security	Staffan Hagnell Head of Research and Development

Management team

The .SE management team now comprises nine department heads and CEO Danny Aerts, who assumed his position in 2006. Gender distribution is even with five men and five women





Financial statements



Administration Report

Operations

Similar to recent years, the operations of .SE (The Internet Infrastructure Foundation) in 2010 showed great stability and continued strong expansion. There were many highlights during the year.

Net growth over the past six years has been at more than 100,000 .se domain names per year and shows no signs of slowing down. As expected, .SE surpassed one million domain names under the Swedish national top-level domain .se in 2010.

The Foundation has been working with systematic customer-oriented business development for many years, and for these efforts the Foundation was rewarded with the Swedish Quality Award from the SIQ (Swedish Institute for Quality).

.SE's social commitment also attracted attention with the IVA (Royal Swedish Academy of Engineering Sciences) presenting .SE the Ambient Sweden Award. The jury's commendation called .SE "the future hero of the people that creates easily accessible and efficient Internet-based services."

The Foundation's strategy – to endeavor to make the .se domain the obvious choice in Sweden – remains firm and the operations will grow in two areas. One area comprises the administration and operation of Sweden's top-level domain .se. The second area includes several initiatives and projects that will promote the development of the Internet in Sweden. Based on current growth rates, .SE will provide about SEK 40-50 M every year to various Internet-development projects.

Financial performance

The operating loss was SEK 4.5 M (loss: 11). This result is in line with the Foundation's aim of not increasing its financial reserves any further and instead investing in Internet-development projects. Domain operations generated SEK 35 M, up 30 percent compared with 2009. Costs for Internet investments totaled almost SEK 40 M.

Domain administration

Net growth in 2010 amounted to 13 percent, one percentage point higher than net

growth in 2009. There were 1,058,102 registered .se-domain names at year-end 2010. The number of new registrations during the year was the highest ever at 265,894, more than 35,000 above the old record from 2008.

Annual statistics from Statistics Sweden clearly showed how popular and dominant the .se domain is in Sweden, with 89 percent of companies that have more than ten employees and a domain name having chosen .se. Among small companies with fewer than ten employees, 89 percent had opted for a .se-domain name.

The key contributing factors for such strong growth are, similar to previous years:

- Continued growth in services, such as www, e-mail and blogs among companies and now also private customers.
- Increased usage of domain names to earn money on Internet advertising and search-engine optimization (SEO). This is an area in which the .se domain remains at a very low level compared with other top-level domains. Generic

top-level domains in particular, such as .com, have up to ten times as many domains used for these purposes.

- Heightened interest from foreign customers who can be more easily reached through many new foreign registrars (resellers). Following the transition to the new business model, which is called the registry-registrar model, .SE has seen a steady increase in accredited registrars. The number of registrars rose 10 percent in 2010.

Development operations

Through the charter of foundation, .SE has an assignment to promote good stability in the Swedish Internet infrastructure and to promote "research, education and training in IT and telecommunications, with a particular focus on the Internet."

A brief summary of .SE's most important areas in 2010:

- Continued growth of Broadband Check (Bredbandskollen). Bredbandskollen, launched in October 2007, became the established standard in Sweden for measuring broadband speed,

- with 1 million measurements per month and 35 million measurements since it was launched. .SE's mobile solutions are very popular. The Bredbandskollen concept was also exported to Norway.
- SE's work in the DNSSEC field continues to consolidate the Foundation's international reputation. Most top-level domains are now preparing for the launch of DNSSEC and .SE is providing assistance through training and OpenDNSSEC. More than 30 different organizations (primarily top-level domain administrators) received help from .SE in 2010. As confirmation of its strong position, .SE's Head of Quality and Security became one of the select few who will be responsible for signing the new highest level in DNS, called "root."
 - The Webbstjärnan competition almost doubled the number of participating teams to 1,600. The competition is intended to provide teachers and students with support, materials and tools for using domains and web services in teaching.
 - In the Information area, the Internet Days had 1,200 visitors, as it did in 2009, with the new Minister for Information Technology proving a popular speaker. .SE's Internet→ guides are starting to find a larger audience and are being spread all over the web digitally.
 - .SE is continuing to offer development support grants from the Internet Fund. This unique fund has financed more than 100 projects since it was established in 2004.
 - A new venture in 2010 was the investment in higher digital inclusion in Sweden. .SE has driven the promotion of this issue of knowledge. The Digidel campaign began in December 2010 aimed at encouraging at least another 500,000 Swedes to start using the Internet before the end of 2013.
 - Interest in the transition to IPv6, for which .SE has been a driving force alongside PTS, appears to have finally gained momentum. .SE's seminars and training courses have high attendance rates with the number of participants doubling each time.

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.

Events after balance-sheet date

.SE is participating in the international open source project OpenDNSSEC. OpenDNSSEC is a server application that meets the needs of top-level domains, registrars and other name-server operators for administering DNSSEC, which is a security extension of DNS. OpenDNSSEC is already widely used among top-level domains, but it aims to generate even broader use. To support the successful further advancement and spread of OpenDNSSEC, .SE will register a separate non-profit-making company in 2011.

Future development

The increase in the number of registered .se domain names will continue over the next few years. .SE expects an approximate net growth of 100,000 .se domain

names per year. Growth may accelerate due to the positive economic trend in Sweden. The number of .se domain names is expected to total approximately 1.15 million by year-end 2011.

.SE will see a continued increase in both new Swedish and foreign registrars in 2011. Interest from other countries for .se domain names has increased markedly. .SE's own registrar, .SE Direkt, is expected to hold a market share of about 20 percent at year-end 2011. .SE Direkt was a key component in the successful transition to the new business model in 2009, but has no intention of competing with the Foundation's external registrars. Accordingly, .SE will see a gradually lower share of customers remaining with .SE Direkt.

Most of our Internet ventures remain highly expansive and as a result .SE faces an organizational challenge in terms of growing at the same rate to ensure continued success and customer benefit.

Other

Board members received a consulting fee of SEK 50,500 for their role in the Internet Fund's assessment committee.

Income statement for Internet Infrastructure Foundation

Amounts in SEK	Note	Dec. 31, 2010	Dec. 31, 2009
Operating revenues			
Net sales	1,2	97 847 057	91 624 860
Other operating revenues		1 655 606	580 813
		99 502 663	92 205 673
Operating expenses			
Other external costs	2,3	-61 555 660	-65 163 526
Personnel costs	2,4	-40 982 716	-37 272 250
Depreciation and amortization of tangible and intangible fixed assets	8,9	-1 528 939	-1 132 069
		-104 067 315	-103 567 845
Operating loss		-4 564 652	-11 362 172
Profit/loss from financial items			
Other interest income and similar profit/loss items	5	4 394 421	6 824 731
Interest expenses and similar profit/loss items	6	-380 132	-255 902
		4 014 289	6 568 828
Loss after financial items		-550 363	-4 793 344
Loss before tax		-550 363	-4 793 344
Tax on net profit for the year	7	—	—
Net loss for the year		-550 363	-4 793 344

Balance sheet for Internet Infrastructure Foundation: Assets

Amounts in SEK	Note	Dec. 31, 2010	Dec. 31, 2009
Fixed assets			
<i>Intangible fixed assets</i>			
Costs defrayed on another party's property	8	2 004 569	2 336 370
		2 004 569	2 336 370
<i>Tangible fixed assets</i>			
Equipment, tools, fixtures and fittings	9	3 580 800	4 062 430
		3 580 800	4 062 430
<i>Financial fixed assets</i>			
Shares in Group companies	10	100 000	100 000
Other securities held as fixed assets	11	25 704 440	17 232 538
		25 804 440	17 332 538
Total fixed assets		31 389 810	23 731 339
Current assets			
<i>Current receivables</i>			
Accounts receivable		4 562 524	3 878 315
Other receivables	12	1 308 564	2 059 169
Prepaid expenses and accrued income	13	6 384 577	3 748 281
		12 255 664	9 685 765
<i>Short-term investments</i>			
Other short-term investments	14	72 141 865	70 156 127
		72 141 865	70 156 127
<i>Cash and bank balances</i>		4 462 930	5 972 821
Total current assets		88 860 460	85 814 713
Total assets		120 250 269	109 546 052

Balance sheet for Internet Infrastructure Foundation: Equity and liabilities

Amounts in SEK	Note	Dec. 31, 2010	Dec. 31, 2009
Equity	15		
<i>Restricted equity</i>			
Foundation capital		200 000	200 000
		200 000	200 000
<i>Unrestricted equity</i>			
Unappropriated finds		41 280 957	46 343 801
Net loss for the year		-550 363	-4 793 344
		40 730 594	41 550 457
Total equity		40 930 594	41 750 457
Current liabilities			
Deposits from customers		2 074 780	1 346 712
Accounts payable		7 009 711	7 789 184
Other liabilities		1 835 787	931 721
Accrued expenses and deferred income	16	68 399 397	57 727 978
Total current liabilities		79 319 675	67 795 595
Total equity and liabilities		120 250 269	109 546 052

Pledged assets and contingent liabilities

Amounts in SEK	Note	Dec. 31, 2010	Dec. 31, 2009
Pledged assets			
Pledged bank deposits for rental guarantees		—	1 107 000
Total pledged assets		—	1 107 000
Contingent liabilities		None	None

Cash-flow statement for Internet Infrastructure Foundation

Amounts in SEK	Note	Dec. 31, 2010	Dec. 31, 2009
Operating activities			
Loss after financial items		-550 363	-4 793 344
Adjustments for non-cash items, etc.		1 529 626	-2 594 127
		979 263	-7 387 471
Tax		—	—
Cash flow from operating activities before working capital change		979 263	-7 387 471
<i>Cash flow from working capital changes</i>			
Increase(-)/Decrease(+) in operating receivables		-2 569 899	-7 767 349
Increase(+)/Decrease(-) in operating liabilities		11 524 080	6 081 347
Cash flow from operating activities		9 933 444	-9 073 473
Investing activities			
Acquisition of tangible/intangible fixed assets		-719 695	-4 309 538
Sale of tangible fixed assets		3 500	—
Acquisition of financial assets		-13 225 358	-17 495 312
Sale of financial assets		2 767 719	27 101 460
Cash flow from investing activities		-11 173 835	5 296 610
Grants			
Grants issued		-269 500	-511 046
Cash flow from grants issued		-269 500	-511 046
Cash flow for the year		-1 509 891	-4 287 909
Cash and bank balances at the beginning of the year		5 972 821	10 260 730
Cash and bank balances at year-end		4 462 930	5 972 821

Supplementary information to cash-flow statement

Amounts in SEK	Note	Dec. 31, 2010	Dec. 31, 2009
Adjustments for non-cash items, etc.			
Depreciation/amortization and impairment of assets		1 528 940	1 132 069
Reversal of impaired assets		—	-3 726 196
Loss on sales of fixed assets		686	—
		1 529 626	-2 594 127
Cash and cash equivalents			
Cash and bank balances		4 462 930	5 972 821

Supplementary information for Internet Infrastructure Foundation

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.

Consolidated accounts were not prepared since the subsidiary's operations and scope are insignificant in comparison with the parent Foundation. The subsidiary does not currently conduct any operations.

The Foundation's assets were recognized at cost.

Receivables and liabilities in foreign currencies are measured at the closing-date rate.

Grants issued were charged directly against equity.

Financial instruments were measured accord-

ing to the portfolio method and recognized at the lower of cost and market value.

Operating revenues primarily comprised domain name revenues recognized in the period in which payment was received and accrued over the number of months they apply.

Fixed assets and costs defrayed on another party's property were depreciated/amortized according to plan.

Costs defrayed on another party's property	10 years
Equipment	5 years
Computers	3 years

Notes

Note 1 Net operating sales

	Dec. 31, 2010	Dec. 31, 2009
Net sales	97 847 057	91 624 860

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

Amounts in SEK	Dec. 31, 2010	Dec. 31, 2010	Dec. 31, 2010
	Development	Domain	Total
Operating revenues			
Net sales	2 060 572	95 786 485	97 847 057
Other operating revenues	—	1 655 606	1 605 606
	2 060 572	97 442 091	99 502 663
Operating expenses			
Other external costs	-31 281 921	-30 273 739	-61 555 660
Personnel costs	-10 271 839	-30 710 877	-40 982 716
Depreciation and amortization of tangible and intangible fixed assets	-210 556	-1 318 383	-1 528 939
	-41 764 316	-62 302 999	-104 067 315
Profit/loss before financial items	-39 703 744	35 139 092	-4 564 652

Total costs for development operations including internal time costs amounted to SEK 41,764,000. In addition, SEK 329,500 was paid through equity.

Note 3 Information on auditors' remuneration

	Dec. 31, 2010	Dec. 31, 2009
KPMG AB		
Audit assignment	200 000	154 000
Other assignments	—	3 000
	200 000	157 000

Note 4 Employees and personnel costs

	Dec. 31, 2010	Dec. 31, 2009
Average number of employees		
Men	29	30
Women	16	16
	45	46

Salaries, other remuneration and social costs

Board of Directors and President	2 255 783	1 938 911
Other employees	23 903 571	21 958 509
Total	26 159 354	23 897 420

Social costs	12 529 006	11 116 201
(of which pension costs)	(2 848 207)	(2 875 999)

Of the Group's pension costs, SEK 508,452 (385,991) relates to the Board of Directors and President. Salaries and remuneration apply only to personnel in Sweden.

Report on sickness absence

as a percentage of employees' total ordinary working hours

Men	1,6%	2,1%
Women	5,7%	1,3%
Total employees	3,2%	1,8%

Sickness absence distributed by age category

29 years of age or below	—	—
30–49 years of age	3,8%	1,8%
50 years of age or above	—	—

Number of Board members and President, gender distribution

Women	1	1
Men	7	7
Total	8	8

Other senior executives, gender distribution

Women	6	6
Men	5	6
Total	11	12

Notes

Note 5 Interest income and similar profit/loss items

	Dec. 31, 2010	Dec. 31, 2009
Interest income, other	782 768	419 662
Exchange-rate gains	26 801	—
Capital gains	2 676 574	1 148 422
Dividends from shares and participations	908 278	1 042 631
Reversal and impairment of shares	—	4 214 015
	4 394 421	6 824 731

Note 6 Interest expenses and similar profit/loss items

	Dec. 31, 2010	Dec. 31, 2009
Interest expenses, other	834	4 435
Exchange-rate losses	12 921	36 232
Capital losses	366 377	215 235
Impairment of shares	—	—
	380 132	255 902

Note 7 Tax on profit for the year

	Dec. 31, 2010	Dec. 31, 2009
Current tax		
The difference between tax costs and tax costs based on applicable tax rate		
Recognized loss before tax	-550 363	-4 793 344
Tax according to applicable tax rate	0	0
Non-deductible expenses	235 970	-2 723 740
Non-taxable income	-1 892	-596
Total	234 078	-2 723 740
Recognized loss before tax	-550 363	-4 793 344
Adjustment as above	234 078	-2 723 740
Tax base	-316 285	-7 517 084
Recognized tax	0	0

Note 8 Costs defrayed on another party's property

	Dec. 31, 2010	Dec. 31, 2009
<i>Accumulated costs</i>		
Opening and closing balance	3 318 021	2 433 357
New acquisitions	—	884 664
	3 318 021	3 318 021
<i>Accumulated amortization according to plan</i>		
Opening balance	-981 651	-695 172
Amortization for the year according to plan	-331 801	-286 479
	-1 313 452	-981 651
Residual value at the year-end according to plan	2 004 569	2 336 370

Note 9 Equipment, tools, fixtures and fittings

	Dec. 31, 2010	Dec. 31, 2009
<i>Accumulated costs</i>		
Opening balance	5 772 002	2 535 915
New acquisitions	719 695	3 423 947
Divestments and disposals	-13 598	-237 860
	6 428 099	5 722 002
<i>Accumulated depreciation according to plan</i>		
Opening balance	-1 659 573	-1 052 769
Divestments and disposals	9 412	238 789
Depreciation for the year according to plan	-1 197 138	-845 592
	-2 847 299	-1 659 573
Residual value at the year-end according to plan	3 580 800	4 062 430

Note 10 Participation in Group companies

	Dec. 31, 2010	Dec. 31, 2009
<i>Accumulated costs</i>		
Opening balance	100 000	100 000
Carrying amount at year-end	100 000	100 000

Specification of the Foundation's holdings of shares and participations in Group companies.

Subsidiary/Corp. Reg. No./Registered office	Numbers of shares	Shares as percentage
Network Information		
Centre Sweden AB 556542-8033	2 500	100

Notes

Note 11 Financial fixed assets

	Dec. 31, 2010	Dec. 31, 2009
	Carrying amount	Market value
Bonds and interest-bearing securities	25 704 440	25 432 920

Note 12 Other receivables

	Dec. 31, 2010	Dec. 31, 2009
Other receivables include		
a deferred tax asset amounting to	620 402	1 160 859

Note 13 Prepaid expenses and accrued income

	Dec. 31, 2010	Dec. 31, 2009
Rental of premises, first quarter of 2011	1 341 282	1 043 671
Company insurance	169 535	169 699
Other prepaid expenses	4 613 259	1 371 093
Accrued interest income	260 500	460 262
Accrued domain revenues	—	703 556
	6 384 577	3 748 281

Note 14 Short-term investments

	Dec. 31, 2010	Dec. 31, 2009
	Carrying amount	Market value
Shares	19 690 861	20 557 800
Interest-bearing securities	46 431 295	50 504 742
Other investments	6 019 709	5 699 903
	72 141 865	76 762 445

Note 15 Equity

	<i>Foundation capital</i>	<i>Unrestricted reserves</i>	<i>Loss for the year</i>	<i>Total</i>
Opening balance	200 000	46 343 801	-4 793 344	41 750 457
Appropriation of preceding year's profit		-4 793 344	4 793 344	—
Grants issued		-269 500		-269 500
Loss for the year			-550 363	-550 363
At the year-end	200 000	41 280 957	-550 363	40 930 594

Note 16 Accrued expenses and prepaid income

	Dec. 31, 2010	Dec. 31, 2009
Accrued salaries/Board fees, incl. social security contributions	4 900 508	4 094 445
Prepaid income	—	2 200
Prepaid domain revenues	58 021 120	48 855 032
Other items	5 477 768	2 742 301
	68 399 397	55 693 978

Stockholm, March 24, 2011

Anders Flodström
Chairman

Lars Lindgren
Member

Mikael von Otter
Member

Andreas Hedlund
Member

Ove Ivarsen
Member

Mikael Abrahamsson
Member

Robert Malmgren
Member

Inger Persson
Member

My audit report was submitted on March 24, 2011

Gunilla Wernelind
Authorized Public Accountant

Production: Bedow
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Writer: Björn Raunio, Hans Erik Nilsson
Photographer: Johanna Hanno
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Typography: Akzidenz & Calluna





.SE (The Internet Infrastructure Foundation)
Ringvägen 100, P.O. Box 7399, SE-103 91 Stockholm, Sweden
Tel: +46 8 452 35 00, Fax: +46 8 452 35 02, www.iis.se, info@iis.se