



Annual Report

The Internet Infrastructure Foundation

802405-0190

The Board of the Internet Infrastructure Foundation hereby submits their report on the Foundation's development for the accounting year 2015-01-01 - 2015-12-31

Unless otherwise specified, all amounts are in rounded SEK.

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Management Report

The board of the Internet Infrastructure Foundation hereby submits their report for the accounting year 2015-01-01 - 2015-12-31.

Operations

The Internet Infrastructure Foundation, IIS, total operating income landed at 181.9 MSEK (169.0 MSEK), an increase of almost 8%, which is a new record. In recent years, revenues increased primarily through the takeover of the administration of the top-level domain .nu and the management of the technical testing organization for ICANN. In three years, the total operating income increased with more than 50% (period of 2012-2015). The operating profit for the Foundation was unchanged in 2015 compared to the year before, 30.6 MSEK (30.5 MSEK).

The Foundation's Board judges that in the long-term, the financial reserves need to increase in light of the increased size, slowing growth of the .se domain name and diversifying of operations. The ambition is to return to an equity ratio between 35 and 40%, which is the equity ratio the Foundation had before 2009. The equity ratio increased during the year with 6% to 28%.

The domain operations generated 153.2 MSEK (145.5 MSEK), an increase of 5%. The domain operation revenues were positively driven by the .nu revenues, an increase in price of .se domain names and by one-time revenues from the auctions held at the beginning of the year.

The total number of domain names administered by IIS has increased from 1,597,138 to 1,701,768. This is a welcome development from the year before. The growth of the .se domain name has recovered and landed at 5.1% (-0.4%). At the end of 2015, there were almost 1,400,000 registered .se domain names. The development for the .nu domain name was even stronger. At the end of 2015, there were more than 303,000 .nu domain names, an increase of 14%.

.SE Direkt (IIS's own registrar) administered 153,715 .se domain names at the end of 2015, a decrease of around 13,000 compared with the end of 2014. Thereby, as expected, the .SE Direkt market share decreased from 12.5% to 11%. This development is completely in line with the overall strategy that was determined during the transition to the new business model in 2009.

The revenues from development operations generated 28.7 MSEK (23.6 MSEK), an increase of 22%. The development operations now stand for 16% of the total operating revenue.

IIS has a mission to promote good stability in the infrastructure for the internet in Sweden and to promote "research, training, and education within data and telecommunication, with special emphasis on the internet."

The costs for our development and other internet ventures amounted to 63 MSEK (57 MSEK). The reason for the increase in cost is mainly due to increased involvement in identity federations. The Foundation has a goal to establish federation operator services for the school community (skolfederation.se) and e-health (sambi.se). Skolfederation.se has really taken off during 2015 and now has 142 members, both schools and service operators. This is twice as many as in 2014. Most major municipalities are now members in skolfederation.se. Sambi went from pilot to live operations at the end of 2015 and already has 5 members, which include Stockholm City and Stockholm County.

During 2015, our other development activities have also been valued and popular.

During the year, Bredbandskollen received much attention in the media. Users made an incredible 30 million measurements during 2015.

Every year, Internetfonden finances projects that promote the development of the internet. Since 2014, we have financed more than 340 projects for a total of 68 MSEK. During 2015, we financed projects for more than 7 MSEK.

Webbstjärnan continues to expand. More than 60,000 students learn to build their own website through Webbstjärnan every year. We have also started with more kid hacks where kids learn to program. Our web-based educations are advancing. As a new activity, it has already attracted 5,000 users while around 2,000 have already finished a course.

The IIS Internet guides reached 300,000 readers and Internet Days reached new heights with 2,300 visitors.

We started a new area through the launch of an internet museum (internetmuseum.se) and expanded the scope of our statistics report (Swedes and the Internet).

Finally, IIS, together with our French colleagues from Afnic, won the CENTR prize in the category of Research and Development for the development of Zonemaster, which is an open-source DNS measuring tool. CENTR stands for the Council of European Top Level Domain Registries.

Subsidiaries

The Foundation owns 100% of the NIC-SE Network Information Centre Sweden AB. The subsidiaries conducted no operations with the accounting year's end and have no employees.

Significant events

Subsidiary OpenDNSSEC AB (svb) was liquidated during 2015 through voluntary liquidation.

Future development

The collective growth of the .se and .nu domain names continue to sit 5% overall. Revenues from domain name operations is expected to remain stable for the coming three years.

Testing operations for ICANN are expected to decrease during 2016 and especially after 2017. The test assignment is time limited and almost all tests will be performed by the end of 2016.

The new area of federation operator services will gradually increase in scale and has the potential to contribute to significant revenue in the long-term.

The Foundation wants to become an educational operator and our activities through this area will deepen and develop during the coming year.

Risk and uncertainty factors

The Foundation has had to deal with areas of risk, such as market developments. The Foundation's takeover of the administration of the top-level domain .nu causes a risk in case of a market downturn, for example through a new technical development that makes domain names less important since the operations by definition is dependent on an active development of the domain name market.

The Foundation is exposed to currency risks from different foreign exchange rates, through the Euro (EUR) and the U.S. Dollar (USD). The currency risk is exposed through future business transactions, reporting assets and liabilities.

Additional Information

Board members have, through consultancy, received compensation amounting to 699,000 SEK in costs.

Considering the Foundation's earnings and position, please refer to the following result and balance sheets with related disclosures.

Multi-year Summary

The amounts in the yearly summary are stated in SEK thousands if not otherwise stated.

	1501-1512	1401-1412	1301-1312	1201-1212	1101-1112
Net Sales	180 020	168 079	139 913	119 272	110 351
Profit after financial items	28 867	19 845	-3 370	4 524	-3 853
Solidity %	28	22	17	31	30
Cash liquidity %	127	112	76	102	105

Income Statement

1, 2

		2015-01-01 2015-12-31	2014-01-01 2014-12-31
Operating income	3		
Net sales		180 019 764	168 078 825
Other operating income		1 872 104	890 346
Total operating income		181 891 868	168 969 171
Operating expenses	3		
Other external expenses	4, 5	-75 462 788	-67 931 017
Staff costs	6	-66 663 398	-61 863 896
Depreciation of tangible and intangible fixed assets		-8 676 072	-8 630 838
Other operating expenses		-475 247	0
Total operating expenses		-151 277 505	-138 425 751
Operating income		30 614 363	30 543 420
Financial items			
Earnings from shares in group companies		-24 544	0
Earnings from other financial assets		0	2 287 659
Interest income and similar income items	7	-919 245	-11 787 913
Interest expense and similar profit items		-803 713	-1 197 825
Total financial items		-1 747 502	-10 698 079
Profit after financial items		28 866 861	19 845 341
Allocations			
Change in depreciation		-28 040 000	0
Total allocations		-28 040 000	0
Profit before tax		826 861	19 845 341
Taxes			
Tax on profit for the year	8	-826 361	-3 260 640
Net profit		500	16 584 701

Balance Sheet

1

2015-12-31 2014-12-31

Assets

Fixed assets

Intangible assets

Access rights	9	77 890 532	84 037 568
<i>Total intangible assets</i>		<i>77 890 532</i>	<i>84 037 568</i>

Tangible fixed assets

Equipment	10	5 317 822	5 472 877
Improvements Leasehold	11	832 861	1 176 267
<i>Total tangible assets</i>		<i>6 150 683</i>	<i>6 649 144</i>

Financial assets

Shares in group companies	12	100 000	156 259
<i>Total financial assets</i>		<i>100 000</i>	<i>156 259</i>

Total fixed assets

84 141 215 90 842 971

Current assets

Current receivables

Accounts receivable			
Current tax assets		6 993 255	5 676 423
Other receivables		4 063 022	4 196 412
Prepayments and accrued income	13	6 954 885	6 994 689
<i>Total current receivables</i>		<i>18 011 162</i>	<i>16 867 524</i>

Current investments

Current investments	14	146 059 998	114 365 387
<i>Total current investments</i>		<i>146 059 998</i>	<i>114 365 387</i>

Cash and bank

Cash and bank		13 419 989	15 659 506
<i>Total cash and bank</i>		<i>13 419 989</i>	<i>15 659 506</i>

Total current assets

177 491 149 146 892 417

TOTAL ASSETS

261 632 364 237 735 388

EQUITY AND LIABILITIES		2015-12-31	2014-12-31
Equity	15		
<i>Restricted equity</i>			
Foundation Capital		200 000	200 000
<i>Total restricted equity</i>		200 000	200 000
<i>Unrestricted equity</i>			
Retained earnings		51 663 431	36 144 496
Net profit		500	16 584 701
<i>Total unrestricted equity</i>		51 663 931	52 729 197
Total equity		51 863 931	52 929 197
Untaxed reserves			
Accumulated depreciation		28 040 000	0
Total untaxed reserves		28 040 000	0
Long-term liabilities	16		
Other debts	17	41 911 881	54 209 144
Total Long term liabilities		41 911 881	54 209 144
Current liabilities			
Accounts payable		10 222 042	10 653 949
Current tax liabilities		2 146 886	2 561 114
Other debts	17	18 460 890	17 910 943
Accrued expenses and deferred income	18	108 986 734	99 471 041
Total current liabilities		139 816 552	130 597 047
TOTAL EQUITY AND LIABILITIES		261 632 364	237 735 388
PLEGDED ASSETS AND LIABILITIES			
Pledged assets	19		
<i>Pledges and comparable securities given for own liabilities and provisions</i>			
Bank guarantee for future payments		57 034 320	72 974 310
Total pledged assets		57 034 320	72 974 310
Contingent liabilities		None	None

CASH FLOW STATEMENT

Operating activities

Operating income

Adjustments for items not included in cash flow, etc.

- Depreciation	30 614 363	30 543 420
- Impairment		
- Disposals	8 676 072	8 630 838
Interest received and similar items	0	146 499
Interest paid and similar items	5 244 465	3 910 249
Income tax paid	-7 273 899	-15 425 670
<i>Cash flow from operating activities</i>	-1 240 589	70 298
<i>before changes in working capital</i>		
Changes in working capital	36 020 412	27 875 634
- Increase (-) / decrease (+) in operating receivables	-1 143 638	-5 130 599
- Increase (+) / decrease (-) in operating liabilities	14 402 773	21 070 638

Cash flow from operating activities

49 279 547 43 815 673

Investment

Acquisition of intangible assets	-25 000	0
Acquisition of tangible assets	56 384	0
Acquisition of financial assets	-2 030 576	-1 827 012
Sale of financial assets	-47 379 146	-82 998 405
Dividend received	15 684 535	50 116 861
	306 807	817 344

Cash Flow from investing activities

-33 386 996 -33 891 212

Financing activities

Repayment of long-term debt	-17 066 302	-17 453 225
Paid scholarships	-1 065 766	-418 600

Cash flow from financing activities

-18 132 068 -17 871 825

The year's cash flow

-2 239 517 -7 947 364

Cash and cash equivalents at beginning of year

15 659 506 23 606 870

Cash and cash equivalents at end of year

13 419 989 15 659 506

ADDITIONAL INFORMATION

Note 1 GENERAL INFORMATION

Accounting - and valuation principles

The annual report was drawn up for the first time in accordance with BFNAR 2012:1, Annual Report and consolidated financial statements (K3)

Accounting and valuation principles are unchanged in comparison with the previous year. For better comparability between years, some adjustments of the previous year were made.

Revenue Recognition

The company's revenues mainly consist of domain name revenues and external assignments. Domain revenue and federation services have been recognized in the agreed period, which corresponds to the performance. Other income is recognized when the work has been completed.

Leases

A finance lease is a lease under which the risks and benefits associated with owning an asset are essentially transferred from the lessor to the lessee. An operating lease is a lease that is not a financial lease.

The company reports all financial lease contracts according to the rules for operating leases. This means that the leasing fee is expensed over the lease period.

Income tax

The company's tax consists of current tax. Current tax is income tax (corporation tax and coupon tax) for the current financial year relating to the taxable income and the part of the previous fiscal income that has not yet been reported.

The company has no temporary differences.

Intangible assets

Intangible assets are included at their acquisition cost reduced with accumulated depreciation and any impairment.

Depreciation is linear over the expected utilization period taking into account the essential residual value. The following utilization period is used.

Type	Utilization period	Percent
Utilization period	15	6,66

The utilization period is expected to provide economic benefits and a positive cash flow for 15 years, which is why a longer utilization period applies than Chapter 4: 4 states.

Tangible fixed assets

Depreciation is linear over the expected utilization period, taking into account the essential residual value. The following utilization periods are used.

Type	Utilization period	Percent
Equipment	5	20
Improvements on leasehold	10	10

Financial instruments

The company's financial instruments are valued based on purchase value under Chapter 11 of BFNAR 2012:1.

Receivables

Receivables are reported to the amounts expected to be received.

Receivables and payables in foreign currencies

Receivables and payables in foreign currencies are valued at the closing rate.

Exchange gains and losses on monetary items are recognized in the income statement the year they arise. Exchange differences arising on operating receivables and liabilities are recognized in operating income and rate differences on financial receivables and liabilities are reported among financial items.

Other assets and liabilities

Other assets and liabilities are valued based on acquisition value unless otherwise stated below.

Stipends

Paid stipends are recognized directly in equity.

Estimates and judgments

Assumptions of the future

The Foundation's operations are expected to continue on the current level in the following year. Risk and insecurity is focused overall on the currency and stock market, which could influence future values. The Foundation, however, has the assumption that the market and demand is positive and there is a safe return even if the currency and stock market involves some uncertainty.

Other information

Exemptions from the obligation to draw up consolidated accounts

The company is a parent company, but with reference to the exemption rules in the Annual Accounts Act, Chapter 7, Section 3a §, a consolidated account is not prepared.

Note 2 Income statement distributed on domain and development activities

	Development	Domain	Total
Revenue	28 657 433	153 234 435	181 891 868
Financial income / expenses	0	-2 222 748	-2 222 748
Other expenses	-34 852 634	-40 610 155	-75 462 789
Staff costs	-12 808 277	-53 855 121	-66 663 398
Internal time	-15 278 954	15 278 954	0
Depreciation	-317 373	-8 358 699	-8 676 072
Results	-34 599 805	63 466 666	28 866 861

Note 3 Purchase and sales between Group companies

2015-12-31 2014-12-31

Purchases from other companies in corporate group	0	45 550
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Note 4 Operating leasing fees

2015-12-31 2014-12-31

Maturities of future leasing fees

Within a year	5 782 051	5 772 112
Later than one year but before five years	1 930 075	7 453 694

Expensed leasing fees

Leasing fees expensed during the financial year	5 891 213	6 507 881
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Concluded significant leasing fees

The company's leasing fees relate to the leasing of office equipment and also some vehicles. The leasing fee applies from a period of 12 - 60 months.

Note 5 Fees to auditors

2015-12-31 2014-12-31

Auditing firm KPMG AB	225 500	200 000
Audit related assignments	37 200	0
Tax advice	0	130 000
Other services	14 000	0
	276 700	330 000

Note 6	Employees	2015-12-31	2014-12-31
	<i>Salaries and other benefits</i>		
	Board and CEO and equivalent management	2 779 672	2 669 941
	Other employees	39 670 534	37 077 810
	<i>Total salaries and other remuneration</i>	<i>42 450 206</i>	<i>39 747 751</i>
	<i>Social costs and pension costs</i>		
	Social expenses	20 232 516	18 116 922
	Pension costs for the Board and CEO and equivalent	676 181	657 842
	Pension costs to other employees	4 009 330	3 745 469
	<i>Total salaries, other remunerations and social costs and pensions</i>	<i>62 682 722</i>	<i>57 864 673</i>
	<i>The average number of employees</i>		
	Men	44	44
	Women	29	28
	<i>The average number of employees</i>	<i>73</i>	<i>72</i>
	<i>Gender distribution of the company's Board of Directors</i>		
	Men	4	4
	Women	4	4
	<i>Gender distribution of company management</i>		
	Men	5	6
	Women	5	5

Agreements on severance pay.

Notice period is 12 months from the Foundation's side and 6 months from the employee. If terminated by the Foundation, a severance pay is made of 12 months' salary.

Note 7 Interest income and similar items	2015-12-31	2014-12-31
Interest income	69 838	144 402
Exchange rate fluctuations	-4 217 131	-11 932 315
Dividends relating to short-term investments	306 807	0
Profit from disposal of short-term investments	2 921 240	0
	-919 246	-11 787 913

Note 8	Income tax	2015-12-31	2014-12-31
Tax expense consists mainly of the following parts:			
Taxes recognized in the income statement			
Current tax		826 361	3 260 640
Total reported tax		826 361	3 260 640
Effective tax rate (%)		100	16
Reconciliation of effective tax rate			
Profit before tax		826 861	19 845 341
The corporate income tax 22.00 (22.00)%			
Tax effect of non-taxable income		181 909	4 365 975
Tax effect of non-deductible expenses		-3 580	-651
This year's utilization of previous years' deficits that were not reported as assets		546 472	408 656
Tax effect of the standard income investment funds		0	-1 557 774
Total reported tax		101 560	44 434
Effective tax rate (%)		826 361	3 260 640
		100	16

Note 9	Utilization rights	2015-12-31	2014-12-31
Opening cost		92 205 548	92 205 548
Closing cost		92 205 548	92 205 548
Current depreciation		-8 167 980	-2 020 944
Depreciation for the year		-6 147 036	-6 147 036
Closing depreciation		-14 315 016	-8 167 980
Reported amount		77 890 532	84 037 568

Note 10	Inventories	2015-12-31	2014-12-31
Opening cost		15 201 687	13 587 335
Purchases		2 030 576	1 827 012
Sales / disposals		-1 140 403	-212 660
Closing cost		16 091 860	15 201 687
Depreciation		-9 728 810	-7 849 271
Reversal of depreciation on sales and disposals		1 140 403	212 660
Depreciation for the year		-2 185 631	-2 092 199
Closing depreciation		-10 774 038	-9 728 810
Reported amount		5 317 822	5 472 877

Note 11	Improvements Leasehold	2015-12-31	2014-12-31
Opening cost		3 916 808	3 916 808
Closing cost		3 916 808	3 916 808
Depreciation		-2 740 541	-2 348 940
Depreciation for the year		-343 406	-391 601
Closing depreciation		-3 083 947	-2 740 541
Reported amount		832 861	1 176 267

Note 12	Shares in group companies	2015-12-31	2014-12-31
Opening cost		156 259	156 259
Liquidation		-56 259	0
Closing cost		100 000	156 259
Reported amount		100 000	156 259

Subsidiaries	Org. No	Seat
NIC-SE Network Information Centre Sweden AB	556542-8033	Stockholm

Number of shares	2 500	2 500
Own equity	227 933	243 532
Net profit	-15 599	-3 171
Shared equity	100	100
Voting rights	100	100
Reported amount	100 000	100 000

Subsidiaries	Org. No	Seat
OpenDNSSEC AB (svb)	556838-6733	Stockholm

Number of shares	0	1 000
Own equity	0	55 249
Net profit	0	-495 290
Shared equity	0	100
Voting rights	0	100
Reported amount	0	56 259

OpenDNSSEC AB (svb) has been liquidated during the year.

Note 13	Prepaid expenses and accrued income	2015-12-31	2014-12-31
	Property rental	1 562 740	1 559 903
	Business insurance	233 062	249 505
	Other prepaid expenses	4 967 195	3 662 045
	Accrued interest income	191 888	1 523 236
	Other accrued income	6 954 885	6 994 689

Note 14	Short-term investments	2015-12-31	2014-12-31
	Acquisition value stocks and shares	146 059 998	114 365 387
	Closing balance	146 059 998	114 365 387
	Market value	155 893 701	125 021 091

Note 15	Equity	Foundation capital	Retained balance	Profit for the year	Total
	Balance at beginning of year	200 000	36 144 496	16 584 701	52 929 197
	Balances in new account		16 584 701	-16 584 701	0
	Distributed scholarships		-1 065 766		-1 065 766
	Net profit			500	500
	Balance at end of year	200 000	51 663 431	500	51 863 931

Note 16	Maturity debt	2015-12-31	2014-12-31
	<i>Other debts</i>		
	Payment due between one and five years	26 822 449	38 389 996
	Maturing later than five years	15 089 433	15 819 148

Liability attributable to the acquisition of utilization has been discounted. Discounting is based on maturity and the market rate

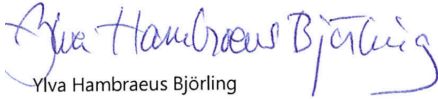
Note 17	Other liabilities	2015-12-31	2014-12-31
Transitional liability		69 751 245	72 637 383
Repayment		-17 066 302	-17 453 225
Changes in exchange rates and discount rates		5 801 849	14 567 087
Outgoing debt		58 486 792	69 751 245
Output a current liability		-15 542 101	-15 967 878
Change in current liabilities		-1 032 810	425 777
Output current liability		-16 574 911	-15 542 101
Outgoing long-term debt		41 911 881	54 209 144

Note 18	Accrued expenses and deferred income	2015-12-31	2014-12-31
Accrued salary / Board remuneration incl. social contributions		8 310 364	7 040 775
Prepaid domain revenues		93 649 090	86 130 034
Other items		7 027 280	6 300 232
Total accrued expenses and deferred income		108 986 734	99 471 041

Note 19	Pledged assets by liability item	2015-12-31	2014-12-31
Other debts		58 486 792	69 751 245
Security: Bank guarantee		57 034 320	72 974 310

Signatures

Stockholm 2016-03-22



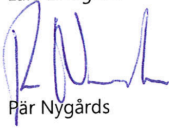
Ylva Hambræus Björling



Mikael Abrahamsson



Lars Lindgren



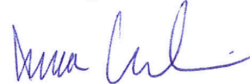
Pär Nygårds



Jonas Lejon



Karina Duvinger



Anna Caracolias



Inger Persson

Our audit report was submitted 2016-03-23

KPMG AB



Gunilla Wernelind
Chartered Accountant



Audit report

To the Board of the Foundation for Internet Infrastructure, org nr. 802405-0190

Report on the annual report

I conducted an audit of the financial statements for the Internet Infrastructure Foundation for the year 2015.

The Board's responsibility for financial statements

The Board is responsible for preparing an annual report that gives a true and fair view in accordance with the Annual Accounts Act and for such internal control as the board deems necessary to establish an annual report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted the audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements do not contain material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The auditor decides which actions to take, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control that is relevant for the Foundation, prepares financial statements to give a true and fair view in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall financial statement presentation.

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

Statements

In my opinion, the financial statements prepared in accordance with the Annual Accounts Act are presented fairly, in all material respects, and give a true and fair view of the Foundation for the Internet Infrastructure's financial position as of December 31, 2015 and of its financial performance and cash flows for the year, according to the Annual Accounts Act.

Report on the other requirements under the laws and regulations

In addition to my audit of the financial statements, I have also performed an audit of the Board's management of the Internet Infrastructure Foundation for the year 2015.

The Board's responsibility

The Board of Directors is responsible for the administration under the Foundations Act and Foundation's Regulations.

Auditor's responsibility

My responsibility is to reasonably express an opinion on the administration based on my audit. I conducted my audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion concerning management, in addition to my audit of the financial statements, I examined significant

decisions, actions and circumstances in the Foundation in order to assess whether a director is liable to the Foundation or if there are grounds for dismissal.

I also examined whether any director has otherwise acted in contravention of the Foundation Act, the Foundation Decree or the Annual Accounts Act.

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

Statement

In my opinion, the directors have not acted in contravention of the Foundation Act, the Foundation Decree or the Annual Accounts Act.

Stockholm, March 23, 2016



Gunilla Wernelind

Chartered Accountant