

Annual Report for

Netnod Internet Exchange i Sverige AB

556534-0014

the Financial Year
2019-01-01 - 2019-12-31

Directors' Report

The Board of Directors of Netnod Internet Exchange i Sverige AB, 556534-0014, situated in Stockholm, hereby submit the Annual Report for 2019.

The company

Netnod Internet Exchange i Sverige AB (Netnod) operates Internet Exchanges (IXes) in the Nordics and provides secondary DNS services globally. Netnod also provides time and frequency services (NTP, PTP) as per an agreement with the Swedish Post and Telecom Authority (PTS) and operates i.root-servers.net, one of the 13 root name servers. The company is a wholly-owned subsidiary of the non-profit foundation TU-stiftelsen (Stiftelsen för Telematikens utveckling).

During 2019, the turnover increased compared to the previous year from 78 MSEK to 81 MSEK (+3.8%). The turnover was split between 64% for Internet exchange services, 14% for DNS services, 17% Time & Frequency services, and 5% for other services.

IX services

Netnod operates Internet exchange services in Stockholm, Gothenburg, Sundsvall, Luleå and in Copenhagen/Malmö at the Netnod Copenhagen IX. Netnod offers connections in Oslo through the Norwegian Internet Exchange (NIX). Netnod also provides WDM transport services for point-to-point transport between locations at a regional and metro level. During 2019, Netnod launched a Remote IX service enabling customers with a port at one IX to peer remotely at other Netnod IXes; a new route server platform with increased routing security; and 400G ports making Netnod the first IX to offer 400G ports at multiple IX locations.

DNS services

Netnod operates the i.root-servers.net service as well as secondary DNS services for ccTLDs and gTLDs. In 2003, Netnod began to roll out anycast nodes around the world for its DNS services. Currently, Netnod has established anycast nodes in more than 70 locations. The DNSNODE platform serves many TLDs, including some of the largest TLDs on the Internet. Since 2016, Netnod has also offered an Enterprise DNS service (mostly via partners).

Future

Netnod foresees continued strong growth for interconnection services in the Nordics. This is based on continued technical migration to higher bandwidth and continued market growth for traffic exchange in the region as well as the significant increase in the number of data centres being built in the Nordics. This will result in higher bandwidth needs per customer, more customers, and increasing demand for cost-effective and easy to manage interconnections. By developing interconnection services that provide public and private peering, both directly and remotely, as well as by offering point-to-point transport across metro areas and regions, Netnod's services will continue to attract a wide customer base. The global pandemic COVID-19 does not have any negative impact on Netnod in the short term. Longer terms, there is a risk with logistics in the supply chain, but this is not unique for Netnod but a global risk.

Multi-year review

	<i>Amounts in SEK</i>			
	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
Net sales	81 341	78 293	76 024	74 621
Profit after financial items	5 838	8 838	-6 745	5 343
Equity ratio, %	38	32	28	33

Equity

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Balance Sheet profit</i>	<i>Year's profit</i>
At beginning of year	500 000	100 000	13 784 575	2 034 426
Dividend			-300 000	
Transfer of previous year's profit			2 034 426	-2 034 426
Profit for the year				2 165 633
At the end of the year	500 000	100 000	15 519 001	2 165 633

Appropriation of profit

	<i>Amounts in SEK</i>
The Board of Directors proposes that the unappropriated funds:	
accumulated profit	15 519 001
Profit for the year	2 165 632
Total	17 684 633
appropriated for	
dividend, [500 x 800]	400 000
carried forward	17 284 633
Total	17 684 633

The Board is authorised to determine a date for the distribution of dividends.

The Board considers that the proposal complies with the rule in Chapter 17, § 3 of the Swedish Companies Act in accordance with the following statement: The Board of Directors believes that the dividend is justifiable in view of the requirements that the nature, scope and risk puts on the size of equity, the company's requirements of consolidation, liquidity and financial position.

The company's financial position and results are shown in the following Income Statement and Balance Sheet with explanatory notes.

Income Statement

<i>Amounts in SEK</i>	<i>Note</i>	<i>2019-01-01- 2019-12-31</i>	<i>2018-01-01- 2018-12-31</i>
Operating income, stock change etc.			
Net sales	1	81 340 558	78 293 425
Other operating income		250 000	250 000
Total operating income, stock change etc.		81 590 558	78 543 425
Operating expenses			
Raw materials and consumables	1	-12 453 841	-9 806 981
Other external costs		-19 013 407	-19 357 843
Employee benefit expenses	2	-33 713 653	-29 415 190
Depreciation and amortization of tangible and intangible assets		-10 175 744	-9 416 018
Other operating expenses		0	-1 419 791
Total operating expenses		-75 356 645	-69 415 823
Operating profit		6 233 913	9 127 602
Financial items			
Other interest income and similar profit items		816	46
Interest expense and similar profit items		-397 093	-289 991
Total financial items		-396 277	-289 945
Profit after financial items		5 837 636	8 837 657
Appropriations			
Group contributions paid		-400 000	-300 000
Change in tax allocation reserves		-1 205 423	-1 107 325
Change in additional depreciations		-1 292 699	-4 665 073
Total appropriations		-2 898 122	-6 072 398
Profit before tax		2 939 514	2 765 259
Taxes			
Tax on profit for the year		-773 881	-730 833
Net profit for the year		2 165 633	2 034 426

Balance Sheet

<i>Amounts in SEK</i>	<i>Note</i>	<i>2019-12-31</i>	<i>2018-12-31</i>
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
Concessions, patents, licences, trademarks and similar rights	3	1 934 380	0
Total intangible assets		<u>1 934 380</u>	<u>0</u>
<i>Tangible assets</i>			
Land and buildings		224 184	0
Equipment, tools, fixtures and fittings	4	28 890 192	27 771 007
Total tangible assets		<u>29 114 376</u>	<u>27 771 007</u>
<i>Financial assets</i>			
Other long-term receivables	5	26 994	26 994
Total financial assets		<u>26 994</u>	<u>26 994</u>
Total fixed assets		<u>31 075 750</u>	<u>27 798 001</u>
Current assets			
<i>Current receivables</i>			
Accounts receivable - trade		11 262 812	12 580 442
Receivables from group companies		0	200 000
Other receivables		687 209	670 686
Prepaid expenses and accrued income		2 773 754	2 482 328
Total current receivables		<u>14 723 775</u>	<u>15 933 456</u>
<i>Cash and bank balances</i>			
Cash and bank balances	6	20 295 350	22 278 164
Total cash and bank balances		<u>20 295 350</u>	<u>22 278 164</u>
Total current assets		<u>35 019 125</u>	<u>38 211 620</u>
TOTAL ASSETS		<u>66 094 875</u>	<u>66 009 621</u>

Balance Sheet

<i>Amounts in SEK</i>	<i>Note</i>	<i>2019-12-31</i>	<i>2018-12-31</i>
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		500 000	500 000
Statutory reserve		100 000	100 000
Total restricted equity		600 000	600 000
<i>Non-restricted equity</i>			
Profit brought forward		15 519 001	13 784 575
Profit for the year		2 165 633	2 034 426
Total non-restricted equity		17 684 634	15 819 001
Total equity		18 284 634	16 419 001
Untaxed reserves			
Tax allocation reserves		2 312 748	1 107 325
Accumulated excess depreciation		5 957 772	4 665 073
Total untaxed reserves		8 270 520	5 772 398
Current liabilities			
Advance payments from customers		17 282 756	18 580 027
Accounts payable - trade		6 008 089	5 332 467
Liabilities to group companies		704 981	300 000
Other liabilities		2 717 115	2 534 804
Accrued expenses and deferred income		12 826 780	17 070 924
Total current liabilities		39 539 721	43 818 222
TOTAL EQUITY AND LIABILITIES		66 094 875	66 009 621

Notes

Accounting principles

The Annual Report has been prepared in accordance with the Annual Accounts Act and BFNAR 2016:10 Annual Reports for small companies.

The accounting policies are unchanged from the previous year

Receivables

Receivables are recognised at cost less any write-downs.

Depreciation of fixed assets

Planned depreciation is based on original acquisition cost less estimated residual value. Depreciation takes place in a straight line over the asset's useful lifetime.

The following depreciation rates have been applied, taking into account the holding period for assets acquired and divested during the year.

<i>Fixed assets</i>	<i>% per year</i>
- Concessions, patents and similar rights	7,79
Tangible assets:	
- Equipment, tools and installations	20

The difference between the above depreciations and tax depreciation is reported as accumulated excess depreciation, which is included in untaxed reserves.

Revenue is recognized in accordance with BFNAR 2016:10.

As the company reports its income the fair value of the consideration received or receivable. The company recognizes revenue at nominal value (invoice amount) if the Company receives payment in cash directly to delivered. Deductions are made for discounts.

Monthly, quarterly and annual fees are invoiced in advance, but are recognized in the period to which they relate. Possible non-invoiced revenues are reported as deferred income.

Note 1 Information about the group

Of the subsidiary's total purchases and sales are 584 646 sek of purchases and 3 360 sek of sales concern other companies in the group to which the company belongs.

Internal profit on transactions within the group amounts to KSEK 0.

Note 2 Employees and personnel costs

Average number of employees

	2019-01-01- 2019-12-31	2018-01-01- 2018-12-31
Men	24	20
Women	4	5
Total	28	25

Note 3 Intangible assets

	2019-12-31	2018-12-31
<i>Accumulated cost of acquisitions</i>		
- New acquisitions	2 012 800	0
At the end of the year	2 012 800	0
<i>Accumulated depreciation:</i>		
- Depreciation for the year	-78 420	0
At the end of the year	-78 420	0
Carrying amount at year-end	1 934 380	0

Note 4 Equipment, tools and installations

	2019-12-31	2018-12-31
<i>Accumulated acquisition costs:</i>		
- At beginning of year	90 867 385	87 365 628
- New acquisitions	11 440 692	9 830 695
- Disposals and obsolescence		-6 244 103
	102 308 077	90 952 220
<i>Scheduled accumulated depreciation:</i>		
- At beginning of year	-63 096 378	-58 477 974
- Disposals and obsolescence		4 712 779
- Scheduled depreciation for the year on acquisition cost	-10 321 507	-9 416 018
	-73 417 885	-63 181 213
Carrying amount at year-end	28 890 192	27 771 007

Note 5 Other long-term receivables

	2019-12-31	2018-12-31
<i>Accumulated acquisition costs:</i>		
- At beginning of year	26 994	26 994
Carrying amount at year-end	26 994	26 994

Deposit to Interxion Sweden AB

Note 6 Overdrafts

	2019-12-31	2018-12-31
Agreed credit	7 000 000	7 000 000
Total	7 000 000	7 000 000

Note 7 Pledged assets and contingent liabilities

Securities pledged

	2019-12-31	2018-12-31
Pledges and securities	7 000 000	7 000 000

Note 8 Significant events after the end of the financial year

The Board estimates that the outbreak of the virus Covid-19 will not have a significant effect on the company's results for the new year. The Board actively monitors the development to evaluate any effects of Covid-19

Signatures

Stockholm 2020-05-

Anders Janson
Chairman of the Board

Lars Michael Jogbäck
Managing Director

Mikael Abrahamsson

Hafsteinn Jonsson

Stefan Lindeberg

Carl Moberg

Anders Rosendal

Amanda Östlund

Our Audit Report was submitted on 2020-05-
Grant Thornton Sweden AB

Linda Karlsson
Authorized public accountant