



**RIPE NCC**  
RIPE NETWORK COORDINATION CENTRE

# Financial Report 2023

Simon-Jan Haytink  
Chief Financial Officer, RIPE NCC

# Finance Report: Corrected Typo



was 37.3M EUR, 2.7 kEUR (7%) below the budget of 40M EUR. This puts us in a good position to operate within the 2024 budget of 38.2M EUR and to cope with inflation.



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# Our Financial Strategy



- Not-for-profit funding model
- Our funding strategy aims to generate sufficient income so we can fulfil our obligations in a stable and predictable manner
- We are committed to maintaining a low risk profile



# Financial Update

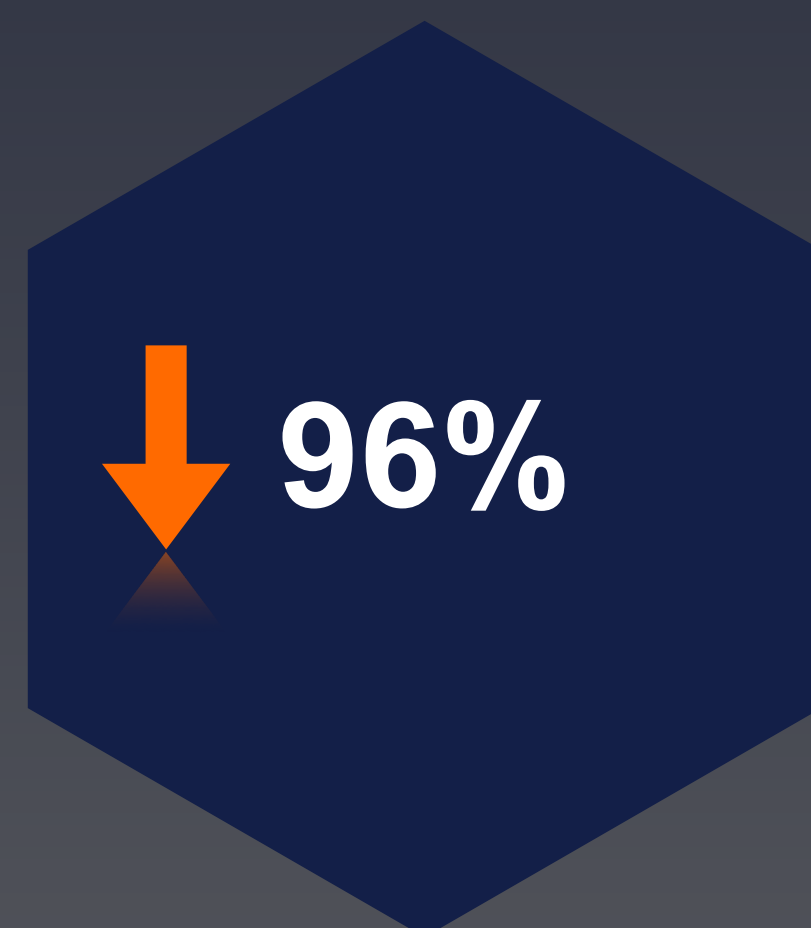
# Financial Performance



- Compared to our 2023 budget\*

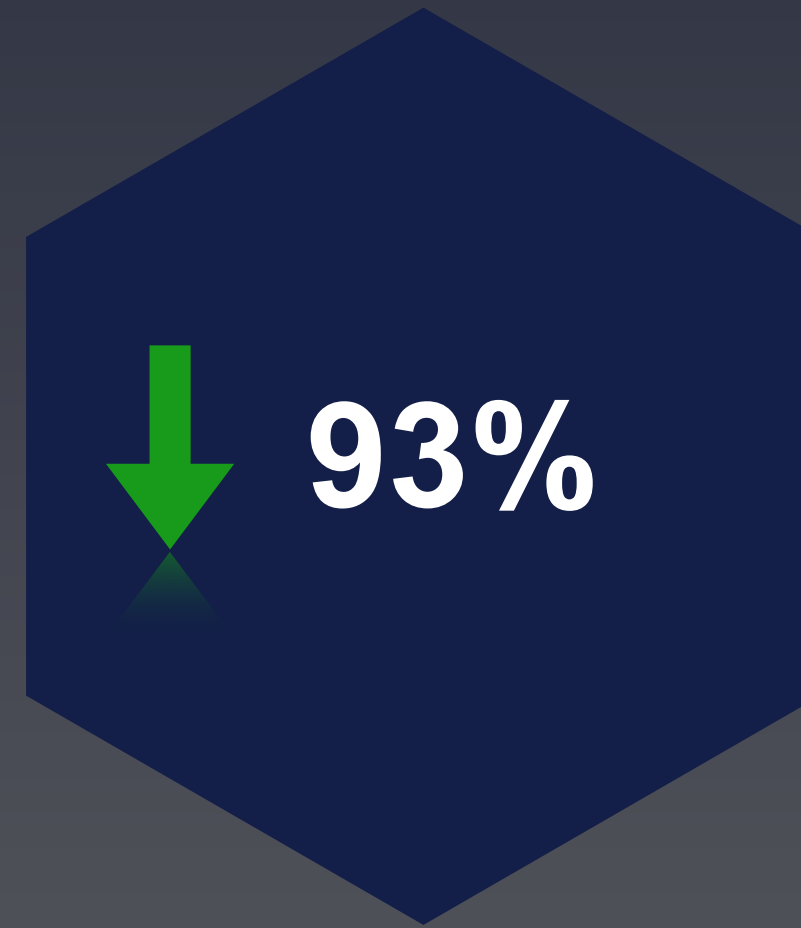
(\*2023 budget = 100%)

**Income**



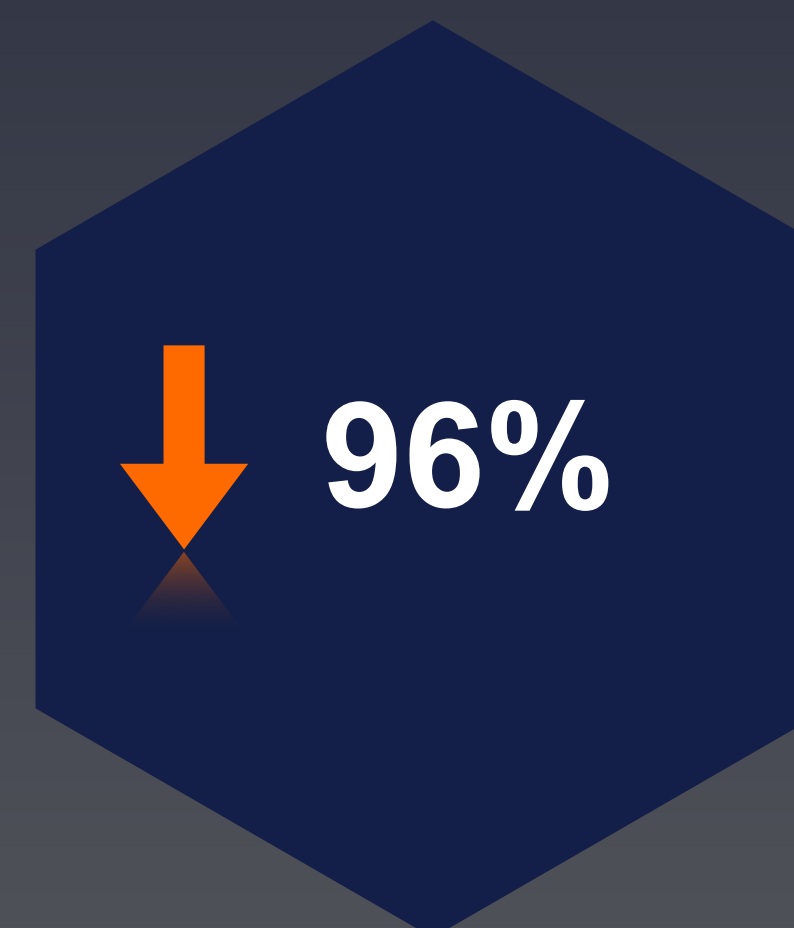
**38.4M**

**Costs**



**37.3M**

**Number of LIRs**



**21 570**

# The Financial Story



- Income under budget 38.4M EUR (1.6M EUR)
  - Membership income EUR 36.9M (Budget 37.6M)
  - Budget 2023 included income from Ultra High Risk Countries
- Costs under budget 37.3M EUR (2.7M EUR)
  - Personnel Cost over budget (-552 kEUR)
  - Other operating expenses under budget (3,195 kEUR)
  - Depreciation under budget (98 kEUR)
- Positive operating result (1 144 kEUR)
  - Depreciation & bad debts (1 117 kEUR)

# The Financial Story



- Positive operating result (1 144 kEUR)
- Redistribution over 2023 (-1 100 kEUR)
- Positive Financial Result (524 kEUR)
  - 323 kEUR of financial result is unrealised
- Surplus before taxation 568 kEUR
- Corporate Income Taxes 23 kEUR (based on fiscal result)
- Surplus 2023: 546 kEUR
  - Surplus has been added to our Clearing House reserves

# Redistribution Over 2023



- 1.6M EUR Income  
+ 2.7M EUR Expenses  
= 1 144 kEUR Operation Result  
- 1 100 kEUR Redistribution  
= 44 kEUR Operational Result as Redistribution  
+ 524 kEUR Financial Result  
= 569 kEUR Surplus before taxes  
- 23 kEUR Corporate Income Tax  
= 546 kEUR surplus over 2023  
Surplus added to Clearing House reserves

- **Contributing Factors**

- Inability to collect income from Ultra High Risk Countries resulted in ~ 1.3M EUR less income
- Less income from sign up fees than budgeted, 809 kEUR compared to budget of 1 600 kEUR
- 2.7M EUR cost saving in 2023 compared to Budget 2023
- Cost cutting efforts are ongoing and will continue in 2024 and beyond

# Update: Banks and Sanctions



- The banking environment for the RIPE NCC remains complex
  - Sanctions
  - Ultra High Risk Countries (UHRC) as defined by the banks
- No solutions yet but we continue to investigate
- Accounting: postponed payment obligation for UHRC countries
  - We are not allowed to report this income in the Profit and Loss due to uncertainty regarding the collectability of these funds (Dutch GAAP)
  - Payment obligation still stands and is recorded in the balance sheet

# Balance Sheet (in kEUR)



| <b>Assets</b>                        | <b>2023</b>   | <b>2022</b>   |
|--------------------------------------|---------------|---------------|
| Tangible Fixed Assets                | 1 774         | 2 033         |
| Financial Fixed Assets               | 13 628        | 7 631         |
| Current Receivables                  | 4 841         | 3 761         |
| Cash at Bank and in Hand             | 21 689        | 26 545        |
| <b>Total Assets</b>                  | <b>41 932</b> | <b>39 970</b> |
|                                      |               |               |
| <b>Capital and Liabilities</b>       |               |               |
| Capital                              | 32 678        | 32 132        |
| Current Liabilities                  | 9 254         | 7 838         |
| <b>Total Capital and Liabilities</b> | <b>41 932</b> | <b>39 970</b> |

# Balance Sheet (in kEUR)



| <b>Capital and Liabilities</b>  | <b>2023</b>   | <b>2022</b>   | <b>2021</b>   |
|---------------------------------|---------------|---------------|---------------|
| Clearing House                  | 32 132        | 32 474        | 32 472        |
| Surplus / Deficit               | 546           | -342          | 2             |
| <b>Capital</b>                  | <b>32 678</b> | <b>32 132</b> | <b>32 474</b> |
| Redistribution of members' fees | 1 432         | 496           | 13 516        |
| Other Current Liabilities       | 7 822         | 7 342         | 5 332         |
| <b>Current Liabilities</b>      | <b>9 254</b>  | <b>7 838</b>  | <b>18 848</b> |
| <b>Total</b>                    | <b>41 932</b> | <b>39 970</b> | <b>51 322</b> |



**Income**



# Income Details 2023

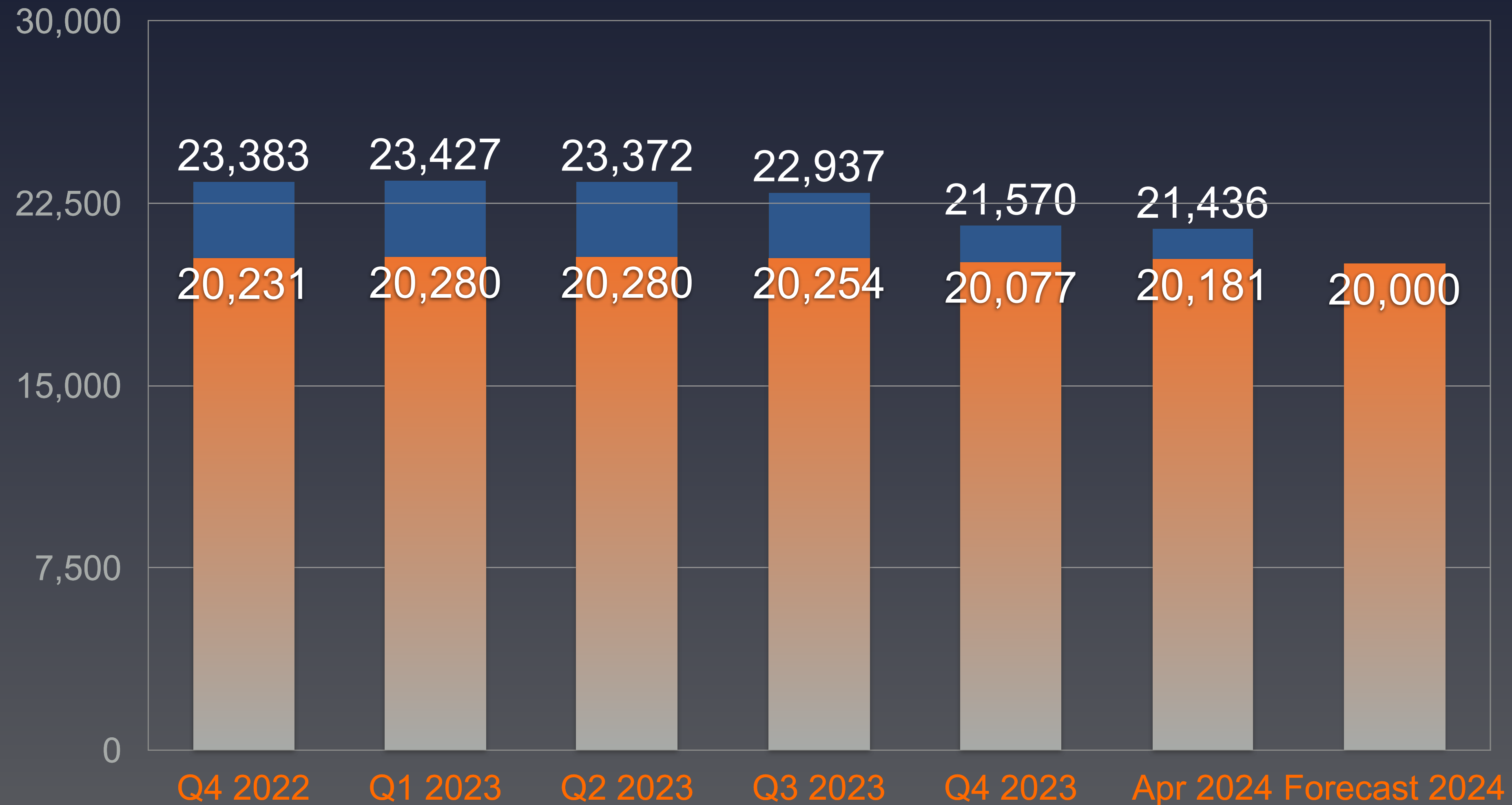
- Income: EUR 38.8M 4% below budget
  - Excludes income from members in Ultra High Risk Countries
- Annual fees: EUR 36.9M (34.1M in 2022)
- Sign-up fees: EUR 809 kEUR (1.6M in 2022)
- RIPE Meeting income: 250 kEUR, 17% below budget
- Other income: 419 kEUR, 20% below budget
  - Consists mainly of sponsorship income

# Member and LIR Details

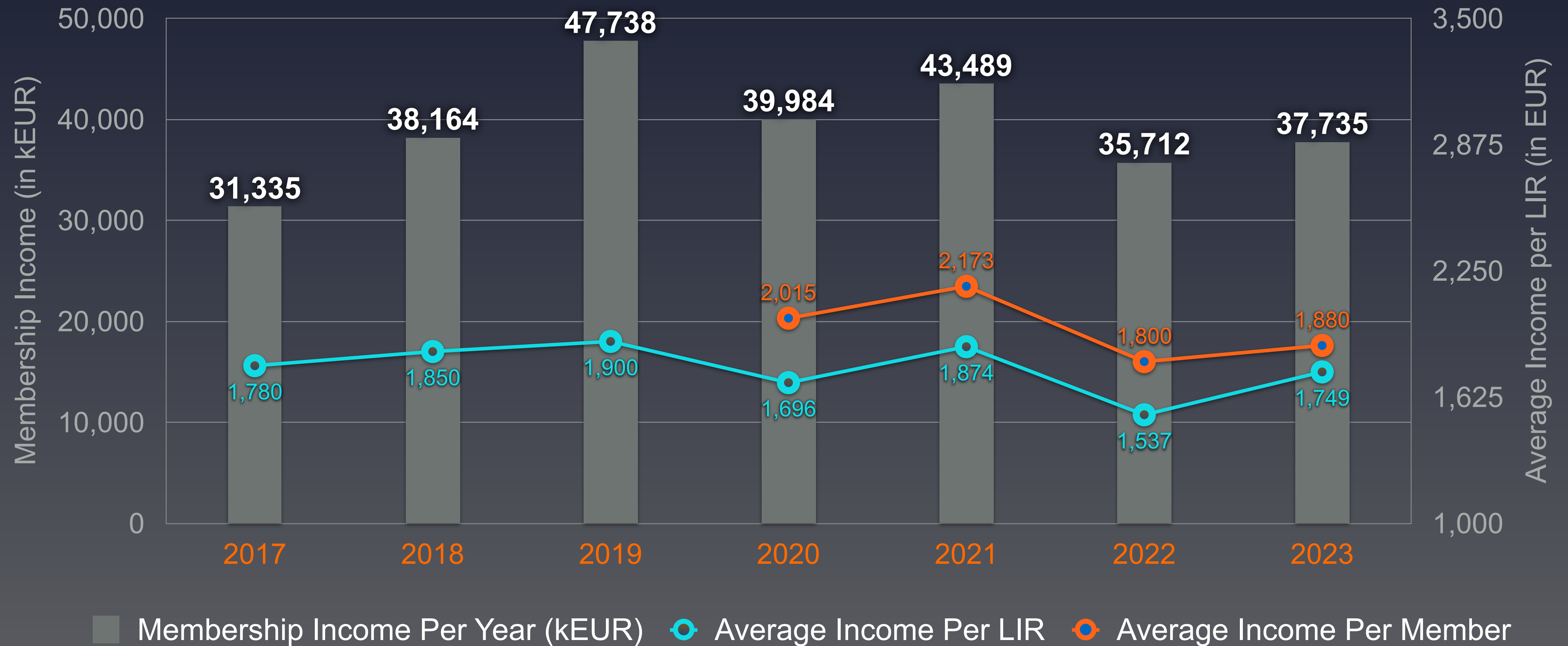


- 20 077 members at year end
  - Net reduction of 154 members, 20 231 at year end 2022
- 21 570 active LIR accounts at year end
  - 702 LIR accounts from Ultra High Risk Countries (UHRCs)
  - Net reduction of 1 813 LIR accounts, from 23 383 year end 2022
- 967 new LIR accounts in 2023
  - 809 kEUR sign-up fee income
  - Difference is explained by new LIRs from 117 UHRC and timing of opening
- 2 780 closed LIR accounts in 2023
  - In line with expected consolidation of multiple LIRs

# Members and LIRs



# Membership Income



# Membership Fees at Risk



- Ultra High Risk Countries (as defined by the Dutch banks)
  - Cuba, Iran, North Korea and Syria
  - Invoices not issued but payment obligation remains (has been postponed)
  - Sanctions related
- Ukraine
  - Invoices issued
  - Due date for 2022, 2023 and 2024 invoices extended to 31 May 2024
- Individual extensions will be possible in 2024
  - Closure will not be taken lightly and will be discussed with the Executive Board

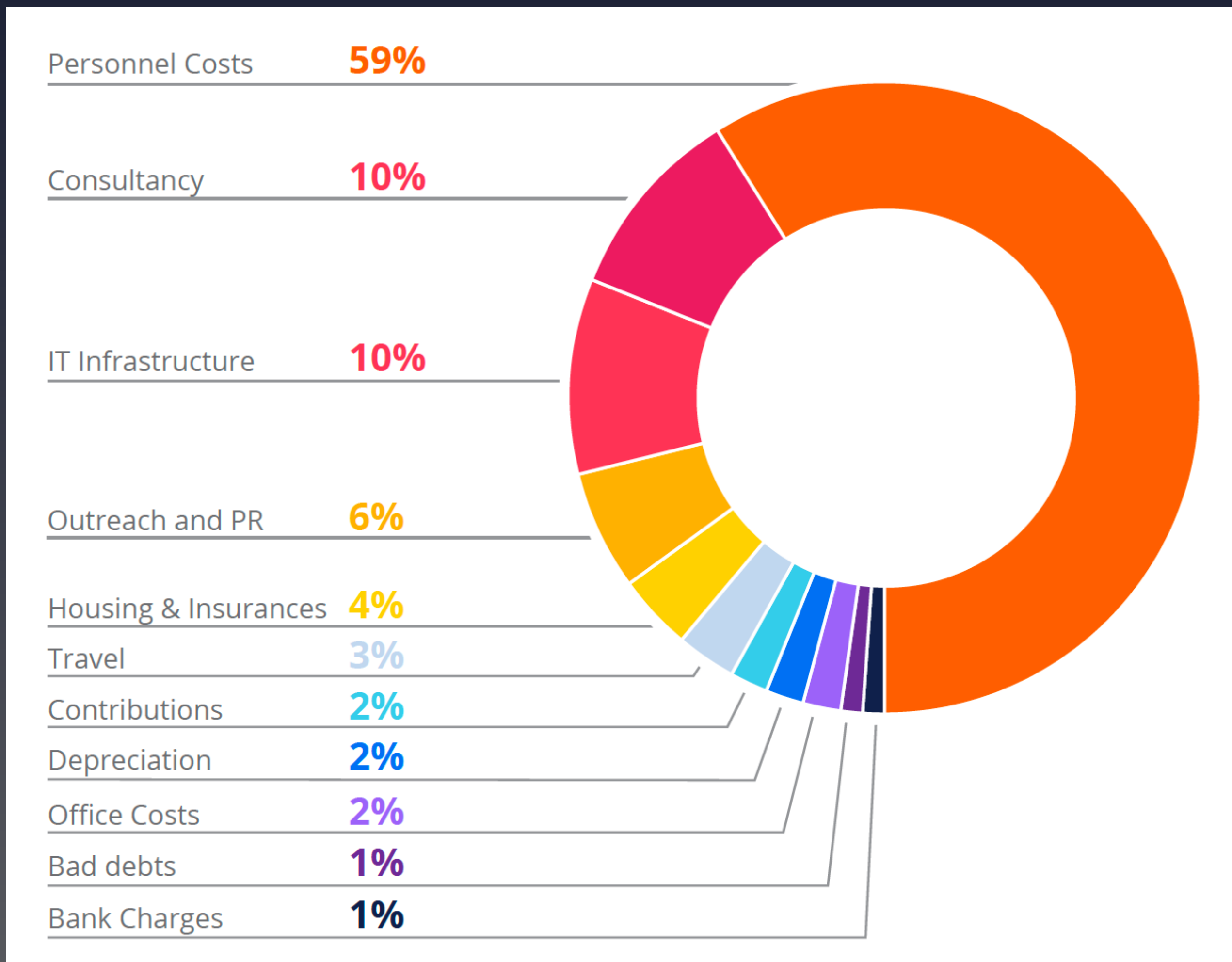
# Membership Fees at Risk (Quantified)

|                          | 2021            | 2022              | 2023              | LIRs Not Paid | Total EUR         |
|--------------------------|-----------------|-------------------|-------------------|---------------|-------------------|
| <b>‘Ultra High Risk’</b> | 145 kEUR        | 1 020 kEUR        | 1 249 kEUR        | 765           | 2 414 kEUR        |
| <b>Sanction related</b>  | -               | 11 kEUR           | 92 kEUR           | 67            | 103 kEUR          |
| <b>Ukraine</b>           | -               | 40 kEUR           | 104 kEUR          | 52            | 144 kEUR          |
| <b>Total</b>             | <b>145 kEUR</b> | <b>1 073 kEUR</b> | <b>1 445 kEUR</b> | <b>885</b>    | <b>2 661 kEUR</b> |



# Expenditures

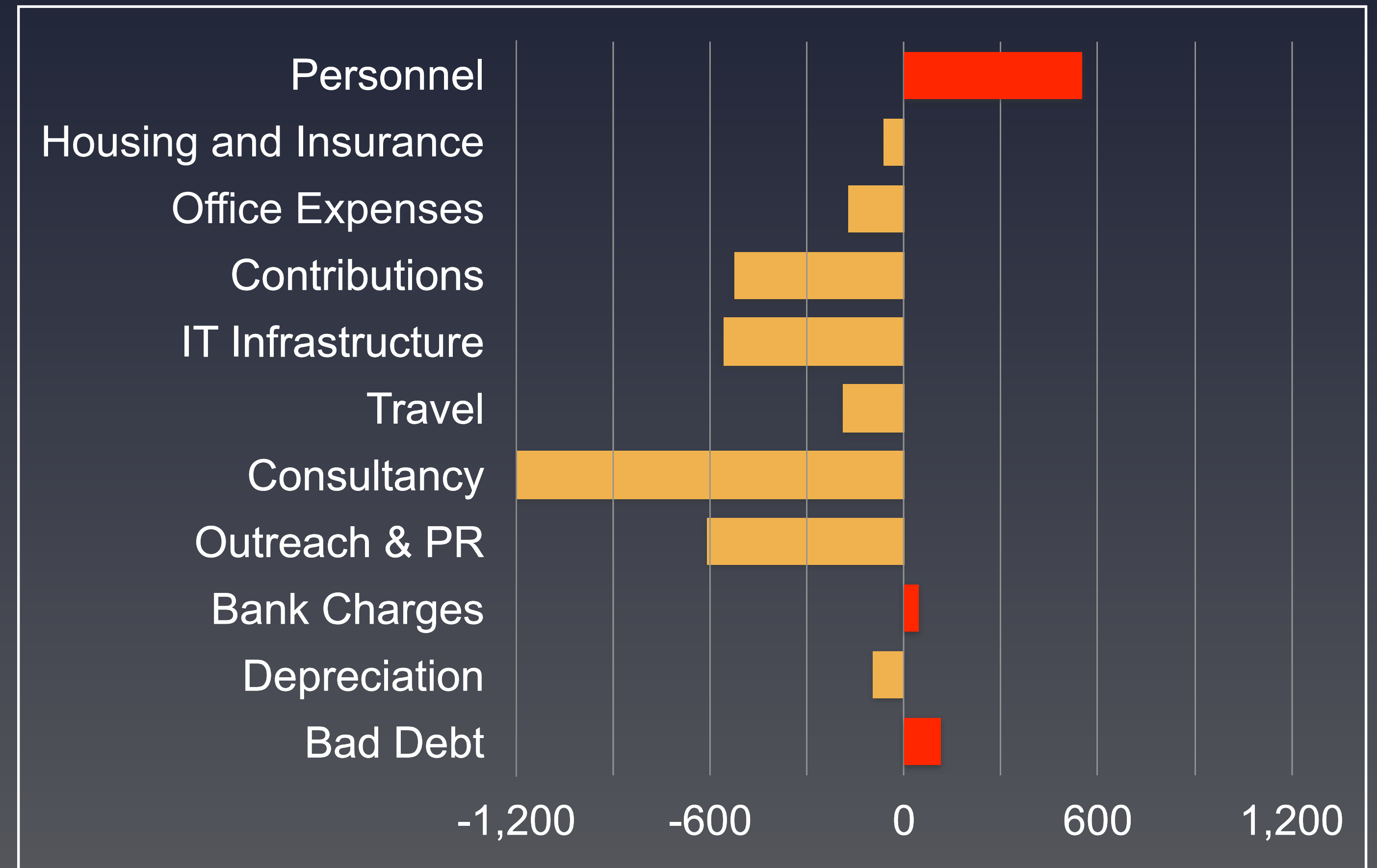
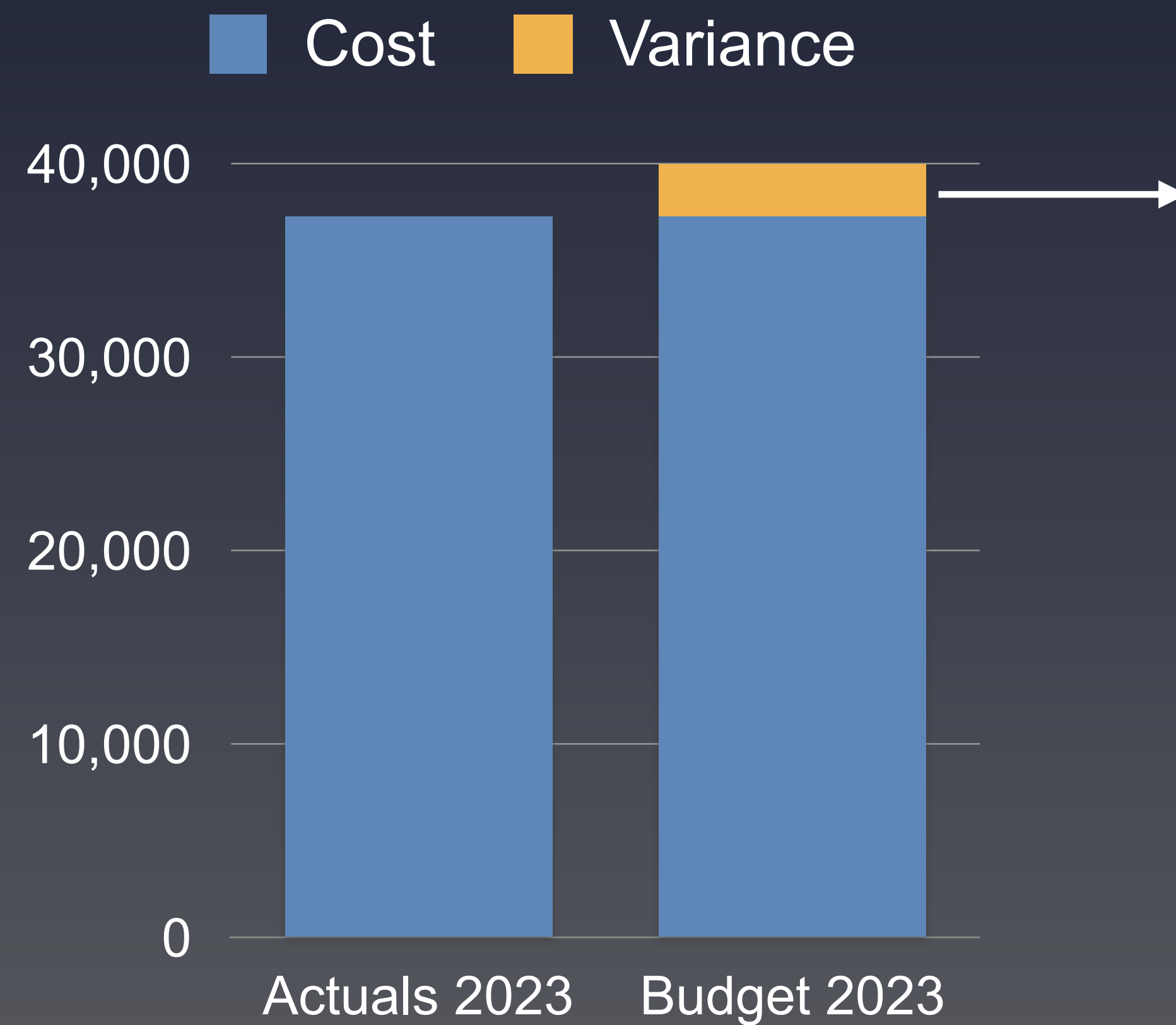
# Cost Breakdown



- Total expenditure for 2023 was EUR 37.3M (34.6M 2022)
  - 2 741 kEUR below budget (7%)
- 59% Personnel Costs
  - 58% in 2022
- 10% Consultancy
  - 13% in 2022
- 10% IT infrastructure
  - 11% in 2022

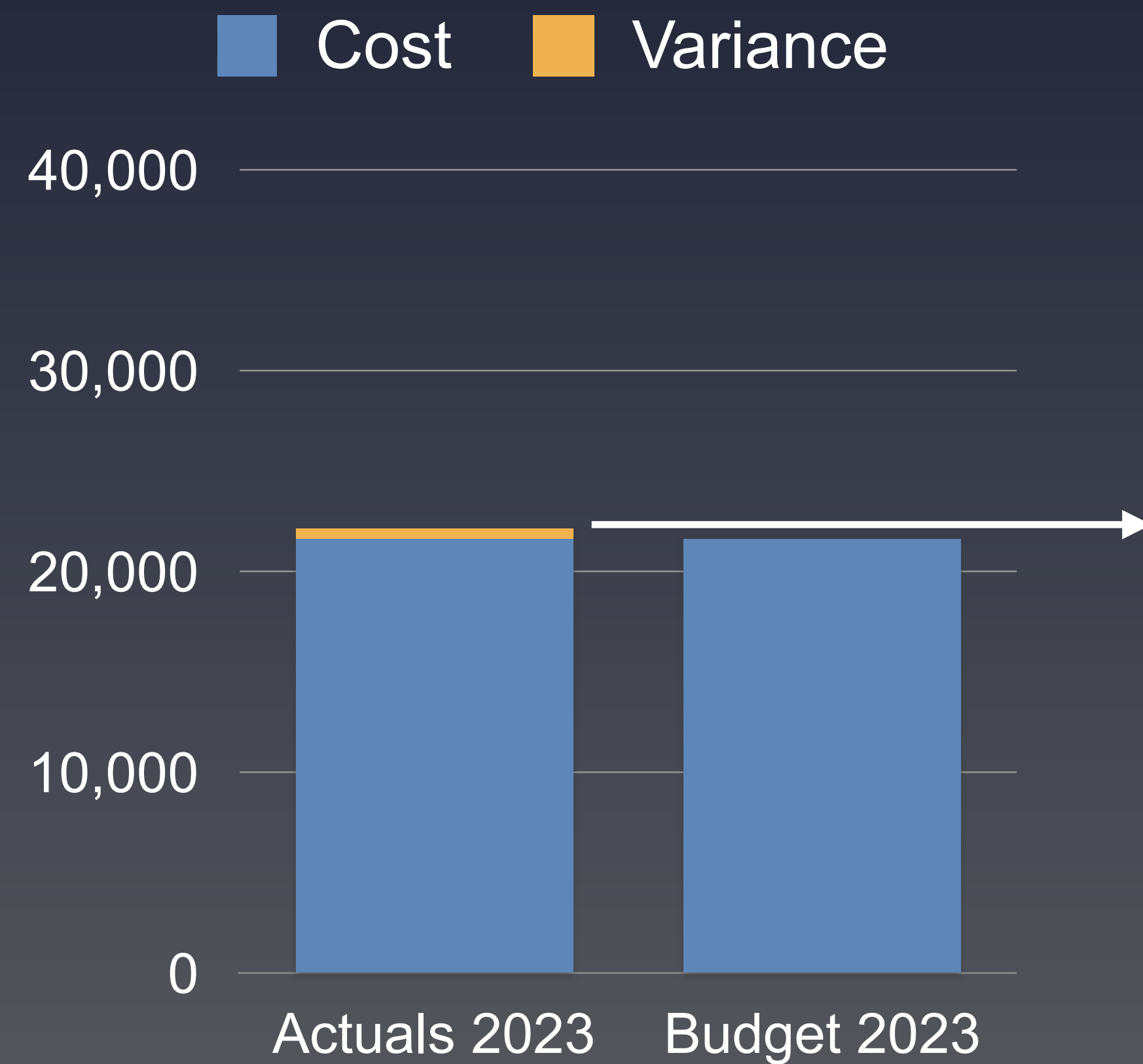
# Budget (Cost) Variance

2 741 kEUR under budget



Total Variance: 2 741 kEUR under budget

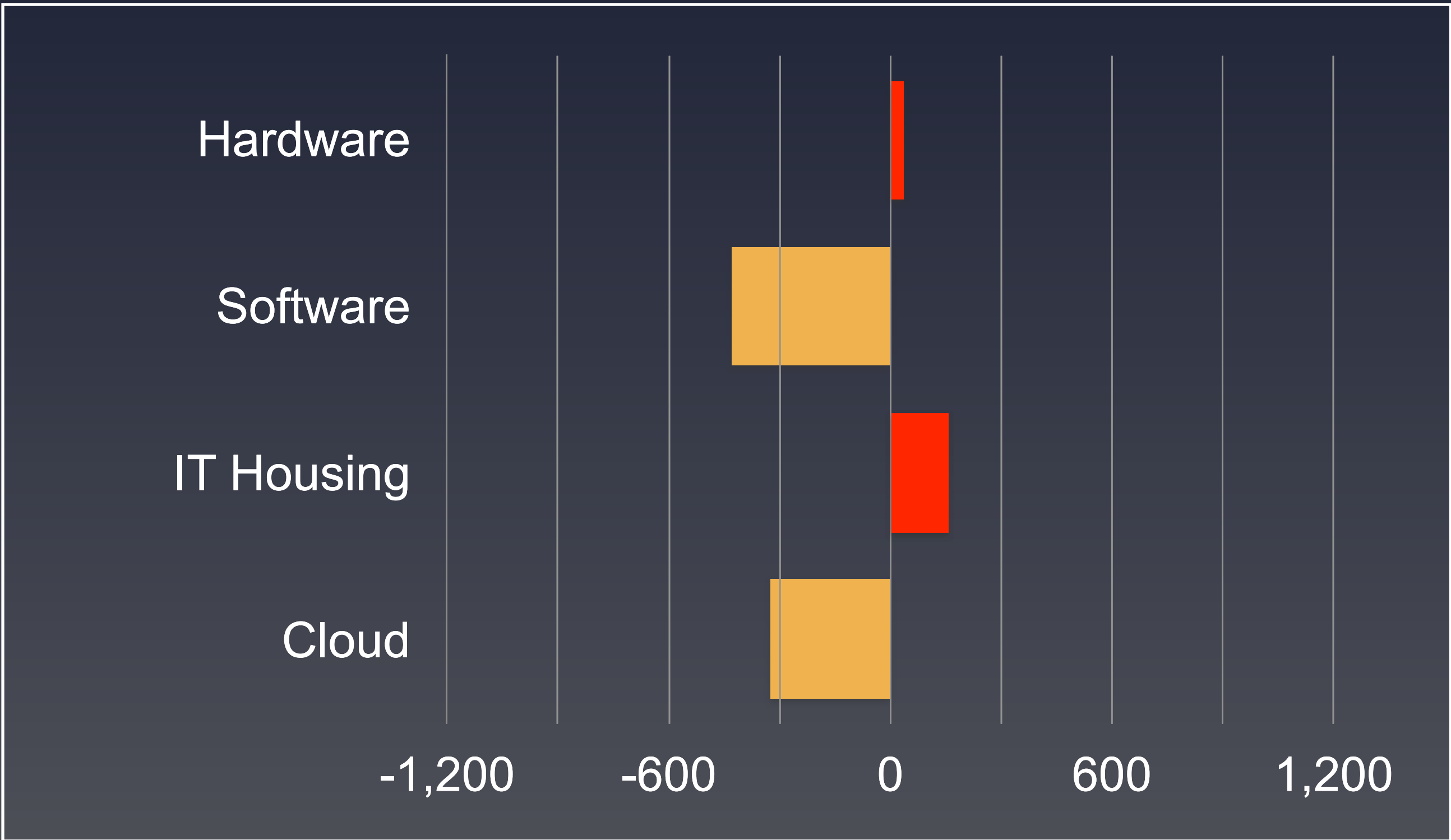
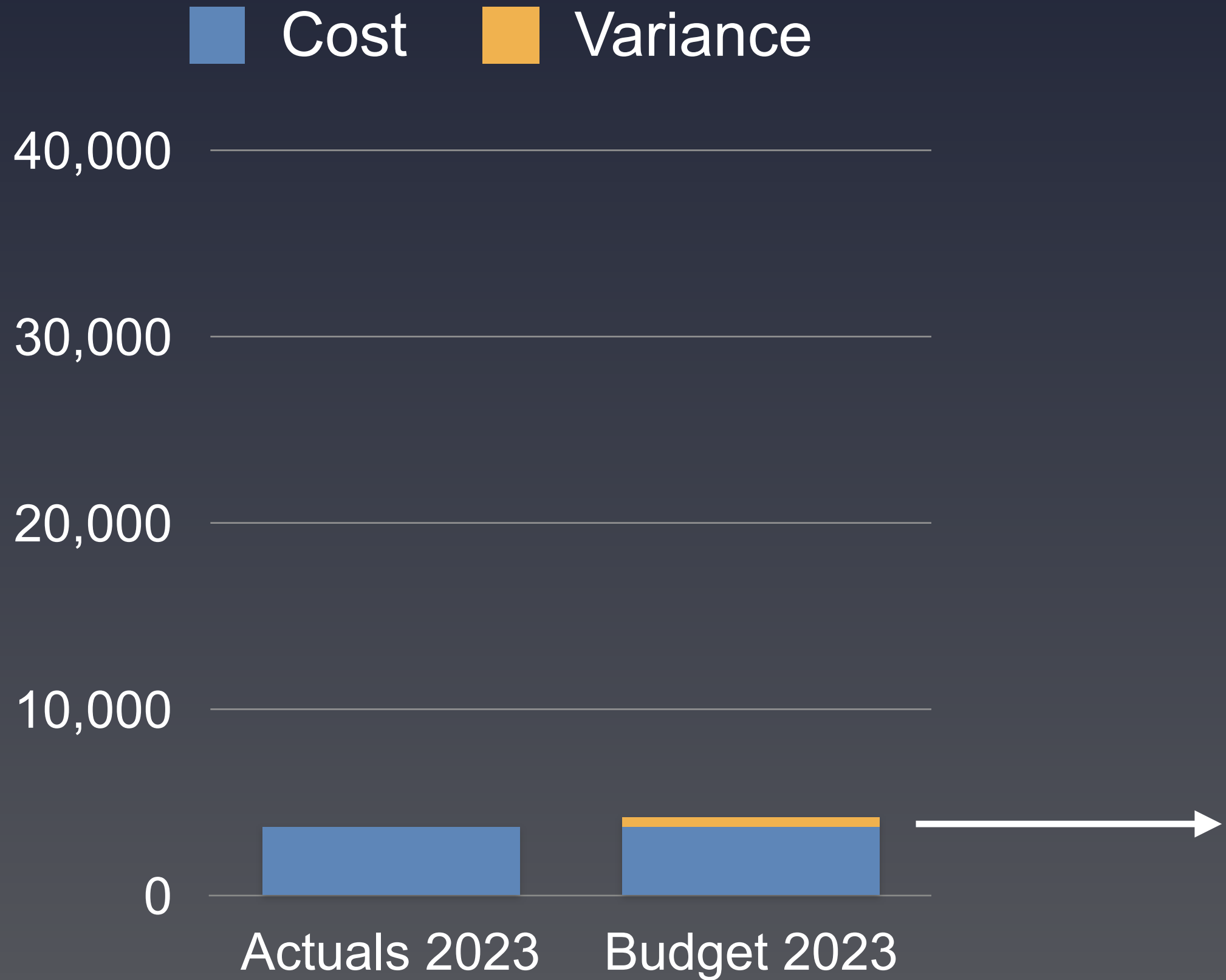
# Personnel Costs (2023) 552 kEUR over budget



Total Variance: 552 kEUR over budget

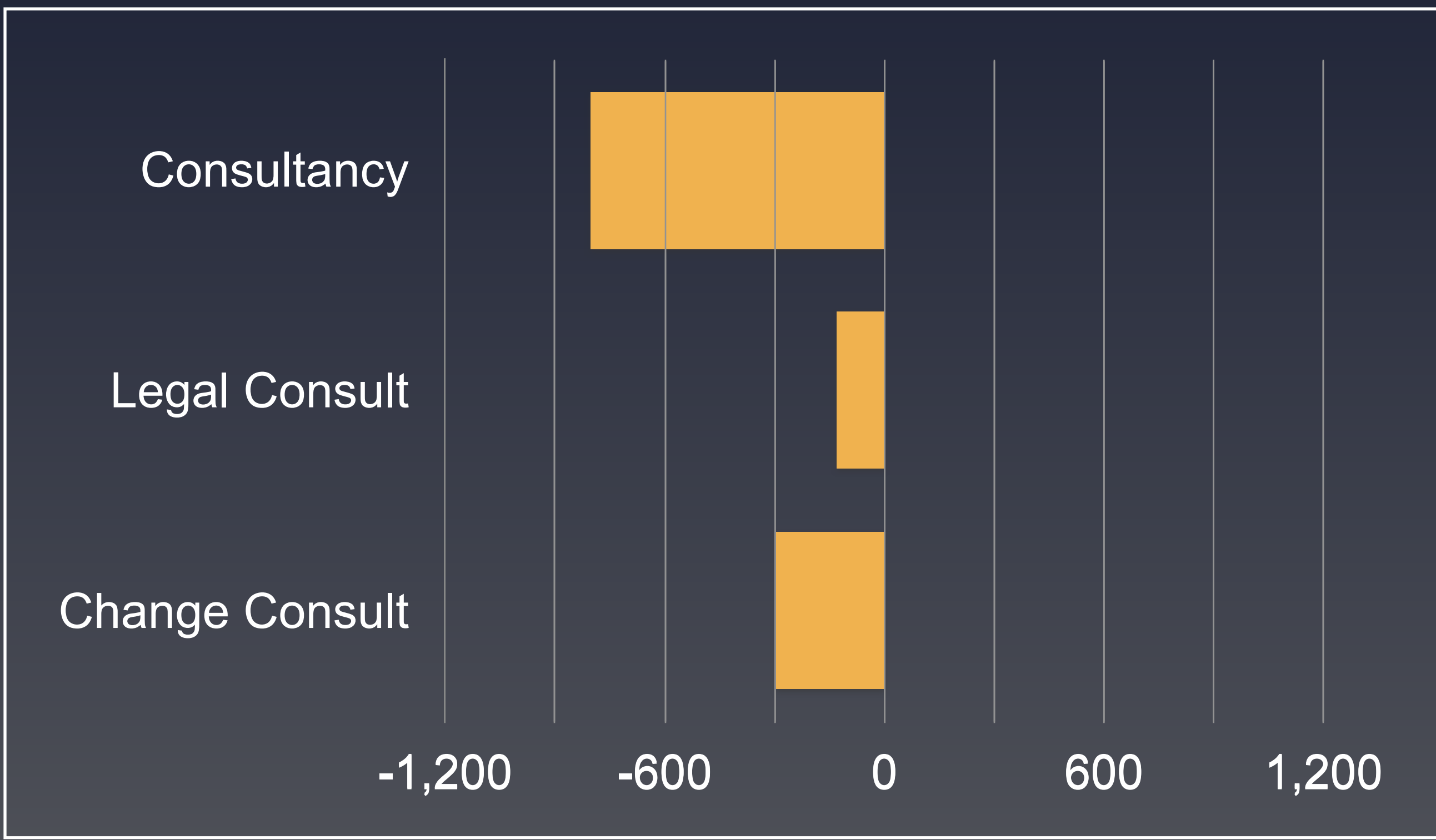
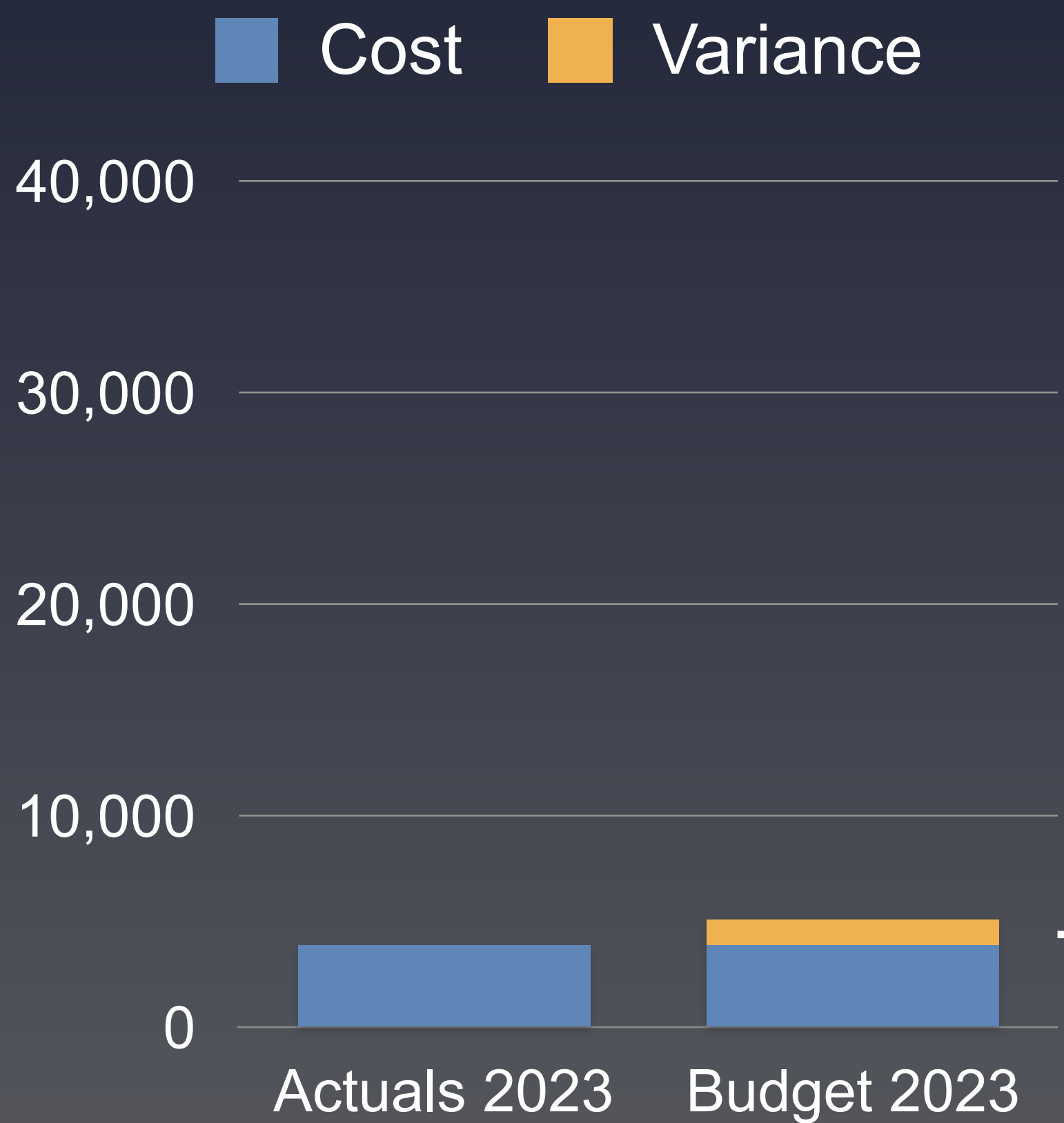
# IT Infrastructure

(2023) 560 kEUR under budget



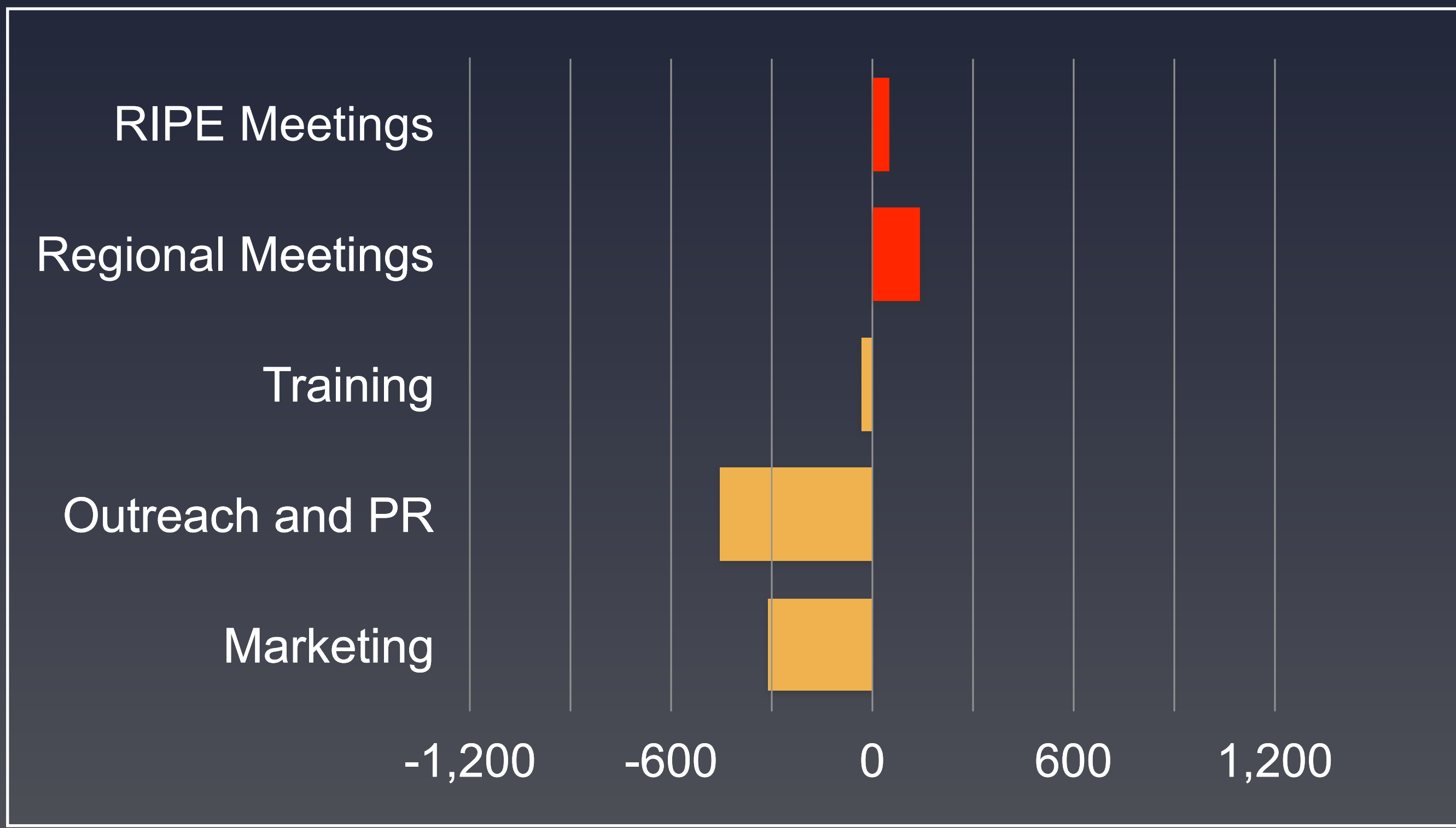
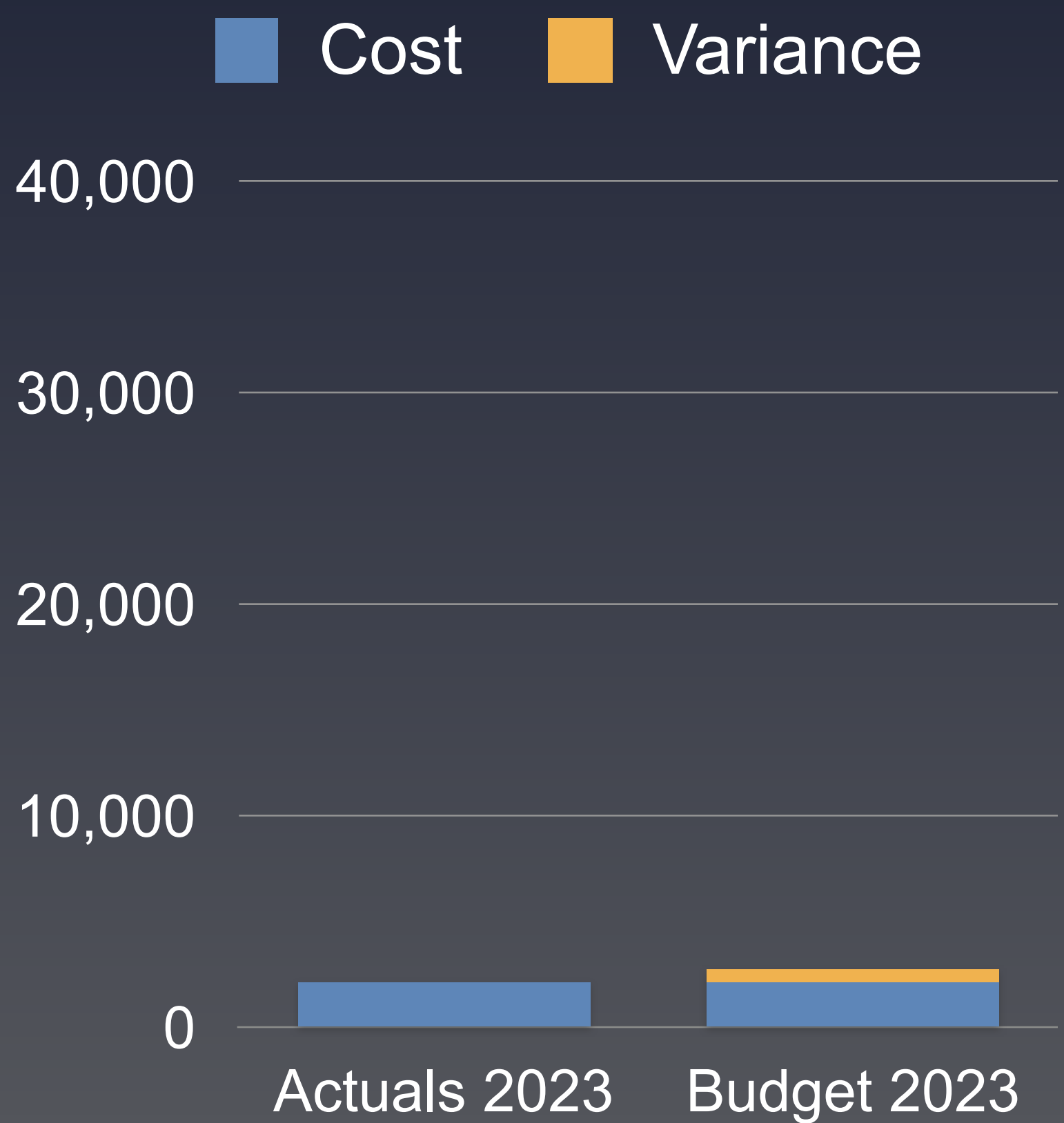
Total Variance: 560 kEUR under budget

# Consultancy (2023) 1 230 kEUR under budget



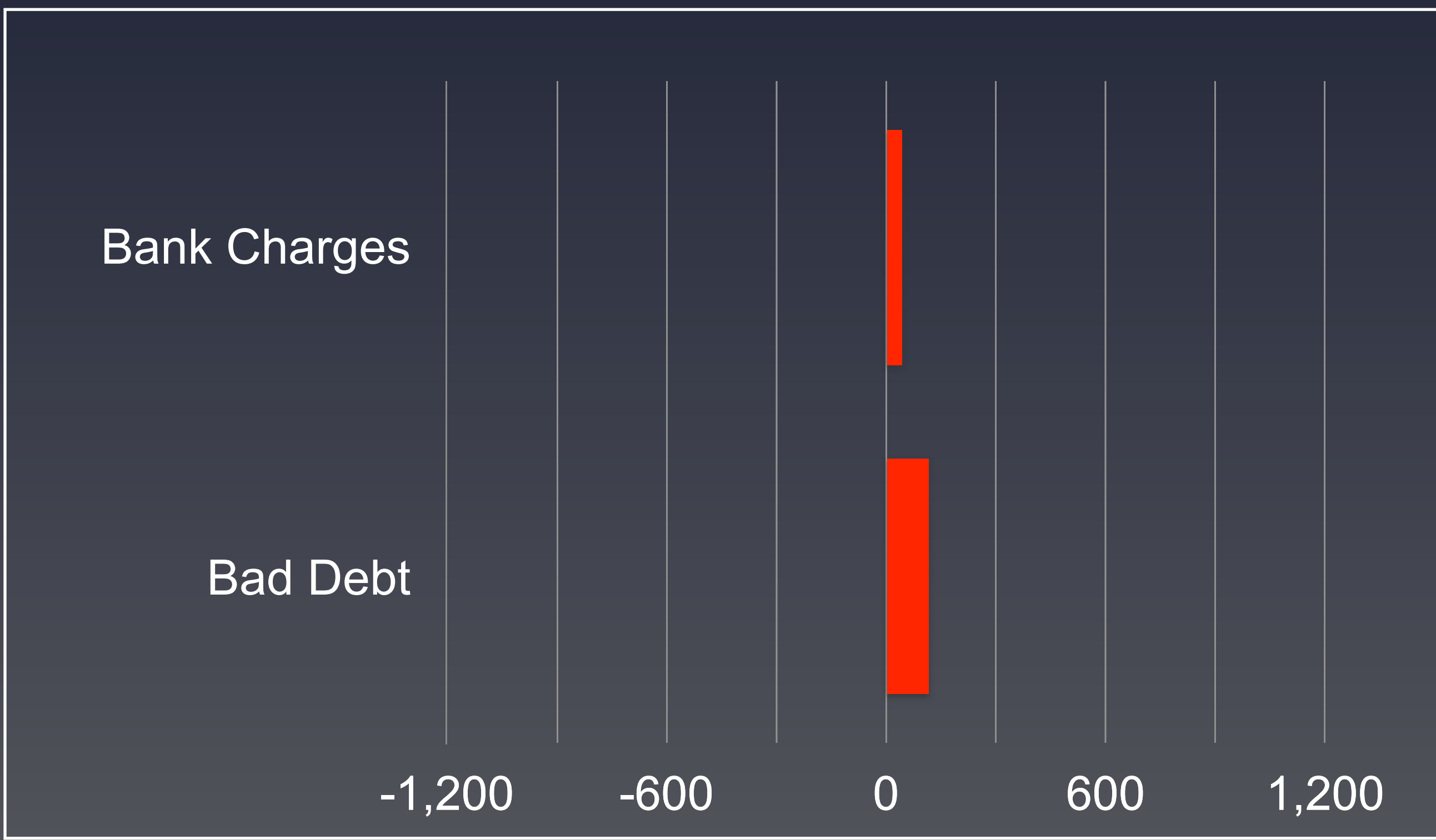
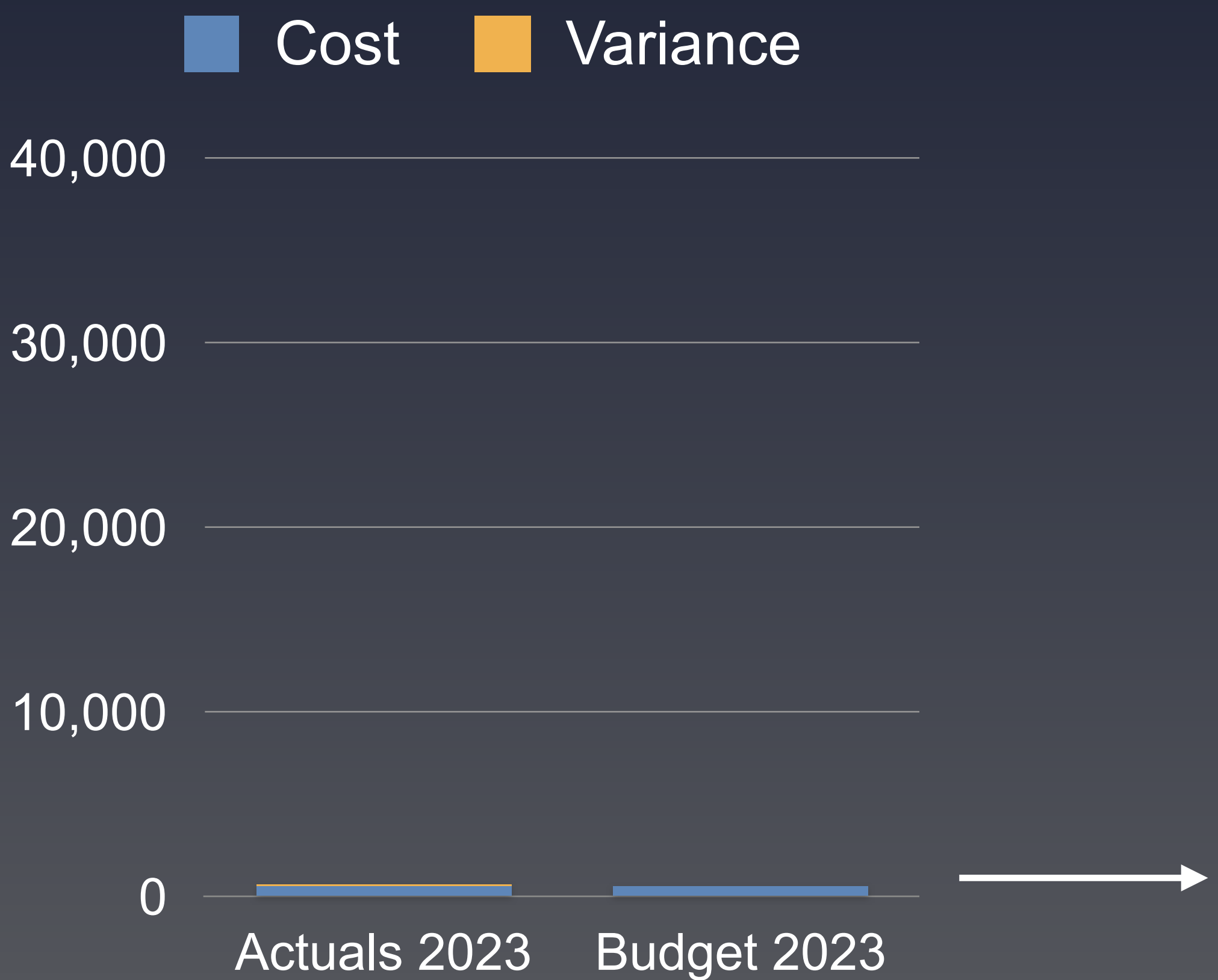
Total Variance: 1 230 kEUR under budget

# Outreach and PR (2023) 611 kEUR under budget



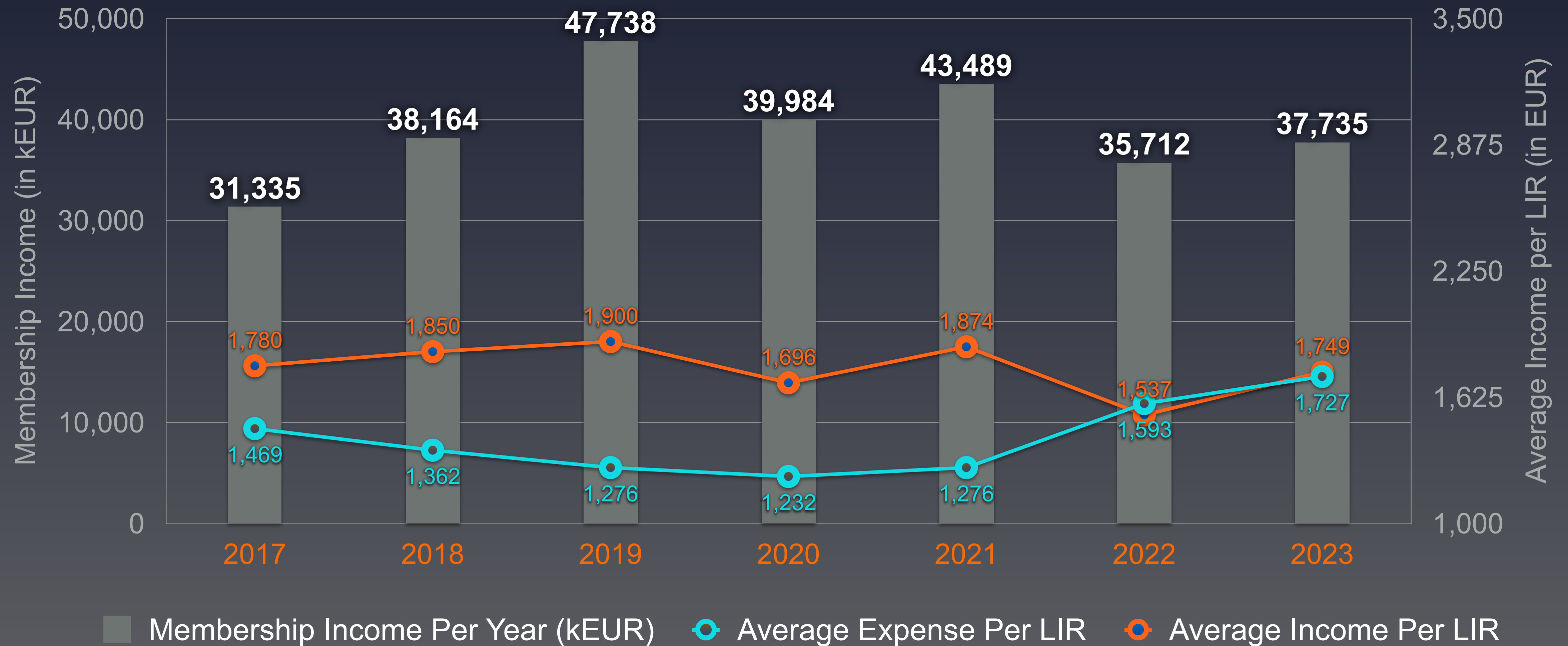
Total Variance: 611 kEUR under budget

# Bank Charges and Bad Debt (2023) 159 kEUR over budget



Total Variance: 159 kEUR over budget

# Membership Income vs Costs



# Related Parties



under the name ‘RIPE NCC Middle East FZ-LLC’ in Dubai, United Arab Emirates. The RIPE NCC Middle East FZ-LLC is fully owned by the RIPE NCC.

### Related Parties

The RIPE NCC is an independent, not-for-profit membership association and has no parent company or group company. As a result, there are no entities that exercise control or joint control over the RIPE NCC and therefore it has no direct related parties.

However, certain parties are indirectly related to the RIPE NCC. Our Executive Board members are also key senior management personnel for some of our LIRs and for certain vendors.

Below are the total transactions with these companies. Please note that all transactions were conducted in the normal course of business. Also, every purchase must be made in accordance with the internal financial governance.

The total incoming transactions of LIR accounts related to our board members is 45 kEUR. The incoming transactions consist of a total of LIR account fees and any applicable VAT.

The total outgoing transactions with suppliers related to our board members amounts to 51 kEUR:

- CZ.NIC z.s.p.o.
  - 10 kEUR: Annual service fee according to DNS SW KNOT support
  - 2 kEUR: CSNOG sponsoring
- Akamai Technologies Netherlands B.V.
  - 32 kEUR: CDN for RPKI RRDP (Server Rental RPKI)
- ICANN
  - 5 kEUR: ICANN sponsorship of MEAC-SIG 2023

- PeeringDB
  - 2 kEUR: Sponsorship Peering DB

One of our key staff members also serves on the Board of the Rob Blokzijl Foundation, to which we contributed 50 kEUR in 2023. The RIPE NCC Managing Director also serves on the board of the Open CSIRT Foundation, to which we contributed 50 kEUR in 2023.

### Auditors Fees

Expenditures for services provided by the RIPE NCC independent auditor, EY member firms, in 2023 and in 2022, are specified as follows:

|                          | 2023 | 2022 |
|--------------------------|------|------|
| Audit Fees               | 68   | 66   |
| Audit-related Fees       | 33   | -    |
| Tax Fees                 | -    | -    |
| Other Non-assurance fees | 14   | 91   |
|                          | 115  | 157  |

The audit fees listed above relate to the procedures applied to the Association by accounting firms, external independent auditors including their tax services and advisory groups. These audit fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

**Signed by Raymond Jetten**  
RIPE NCC Executive Board Treasurer  
11 March 2024  
RIPE NCC  
Amsterdam, the Netherlands

# New Section: Other Information



## OTHER INFORMATION

### **Subsidiaries**

In 2023, our office in Dubai was a branch of the main RIPE NCC legal entity established in the Netherlands. In February 2024, we finalised the set-up of a separate legal entity under the name 'RIPE NCC Middle East FZ-LLC' in Dubai, United Arab Emirates. The RIPE NCC Middle East FZ-LLC is fully owned by the RIPE NCC.



**Treasury**

# Financial Income and Expenditure



- 524 kEUR positive financial result
- Result on interest income 268 kEUR positive
  - 36 kEUR in 2022 negative
- Result exchange difference 67 kEUR **negative**
  - 110 kEUR in 2022 negative
- Unrealised revaluation Financial Fixed Assets 323 kEUR positive
  - 1 614 kEUR in 2022 negative

# Financial Income and Expenditure



- Investment portfolio of EUR 13.6M (7.6M in 2022)
  - Unrealised revaluation of 323 kEUR (1 614 kEUR negative in 2022)
  - Interest income 89 kEUR (49 kEUR in 2022)
- Cash with banks EUR 21.7M (26.5M in 2022)
  - 179 kEUR in interest accrued (85 kEUR negative in 2022)
- Successfully onboarded with our investment partner
  - Dasym Managed Accounts: <https://www.dasym.com/>
  - Transferred 10M EUR to Custodian account with UBS just before year end
  - 6.6M EUR invested before year end

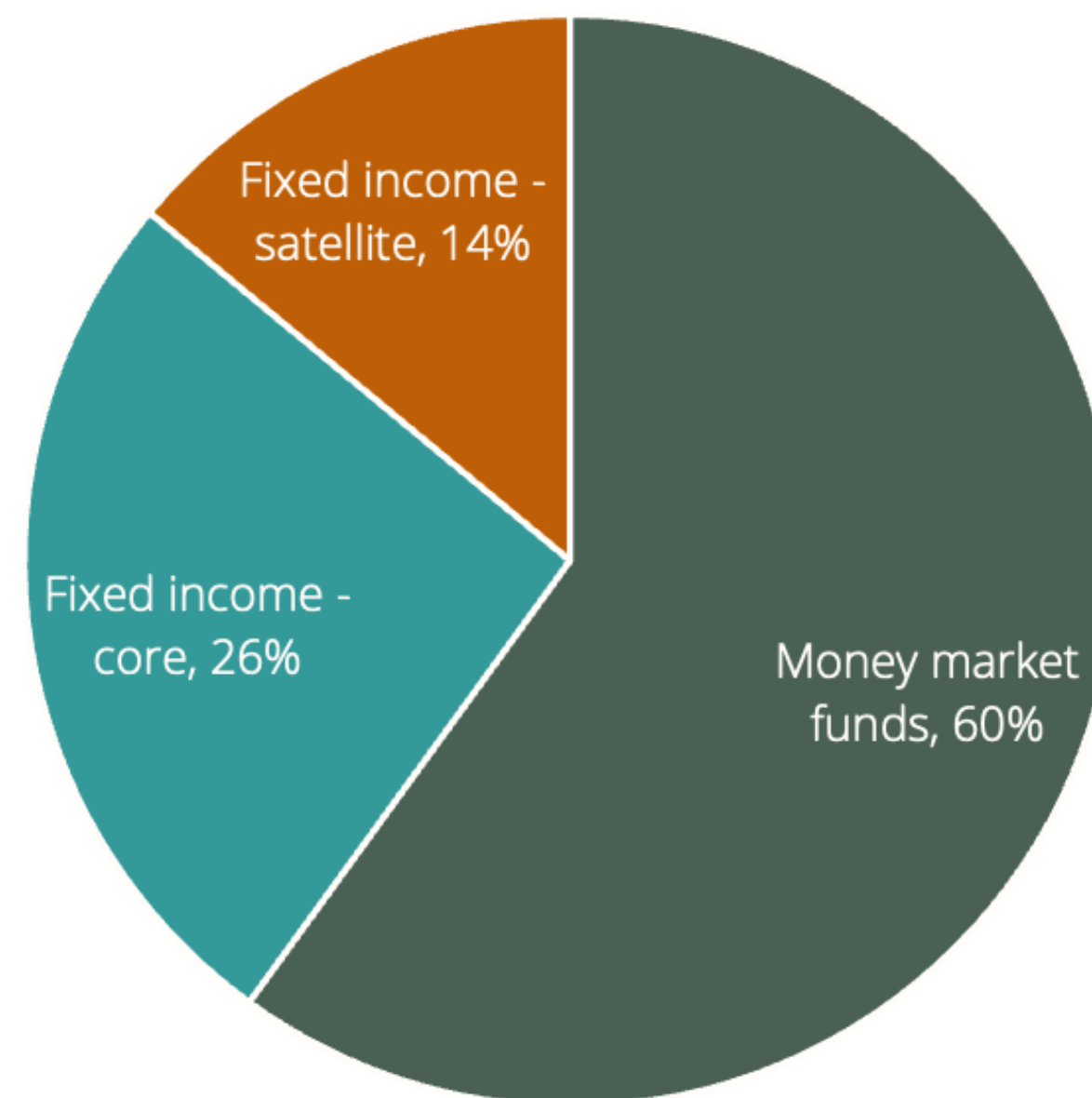
# Investment Portfolio



## RIPE NCC – Overview investment portfolio

*Our investment portfolio is designed for an uncertain world by delivering stable returns through a focus on risk management*

Investment portfolio breakdown into main categories as of March 2024



### Money market funds

- Investments in short term high quality bonds issued by governments and corporates based in Western markets.
- Delivers stable positive returns.
- Moves in line with short term interest rate fluctuations with a slight delay.

### Fixed income - core

- Invests in a wide range of fixed income products, has a higher risk profile than money market funds.
- More sensitive to changes in longer term interest rates and credit spreads.

### Fixed income - satellite

- Invests in fixed income products that are (much) less sensitive to longer term interest rates and credit spreads.
- Offers diversification to the fixed income core bucket



# Taxes

# Corporate Income Tax



- Effective Tax Rate 4.04%
  - 650% in 2022
- Corporate Income Tax 23 kEUR
  - 403 kEUR in 2022
- Surplus before taxes 569 kEUR
  - 61 kEUR in 2022
- Result 546 kEUR Surplus
  - 342 kEUR deficit in 2022
- Fiscal Tax Rate 19%
- Corporate Income Tax 23 kEUR
  - 403 kEUR in 2022
- Fiscal Surplus before taxes 122 kEUR
  - 1 728 kEUR in 2022

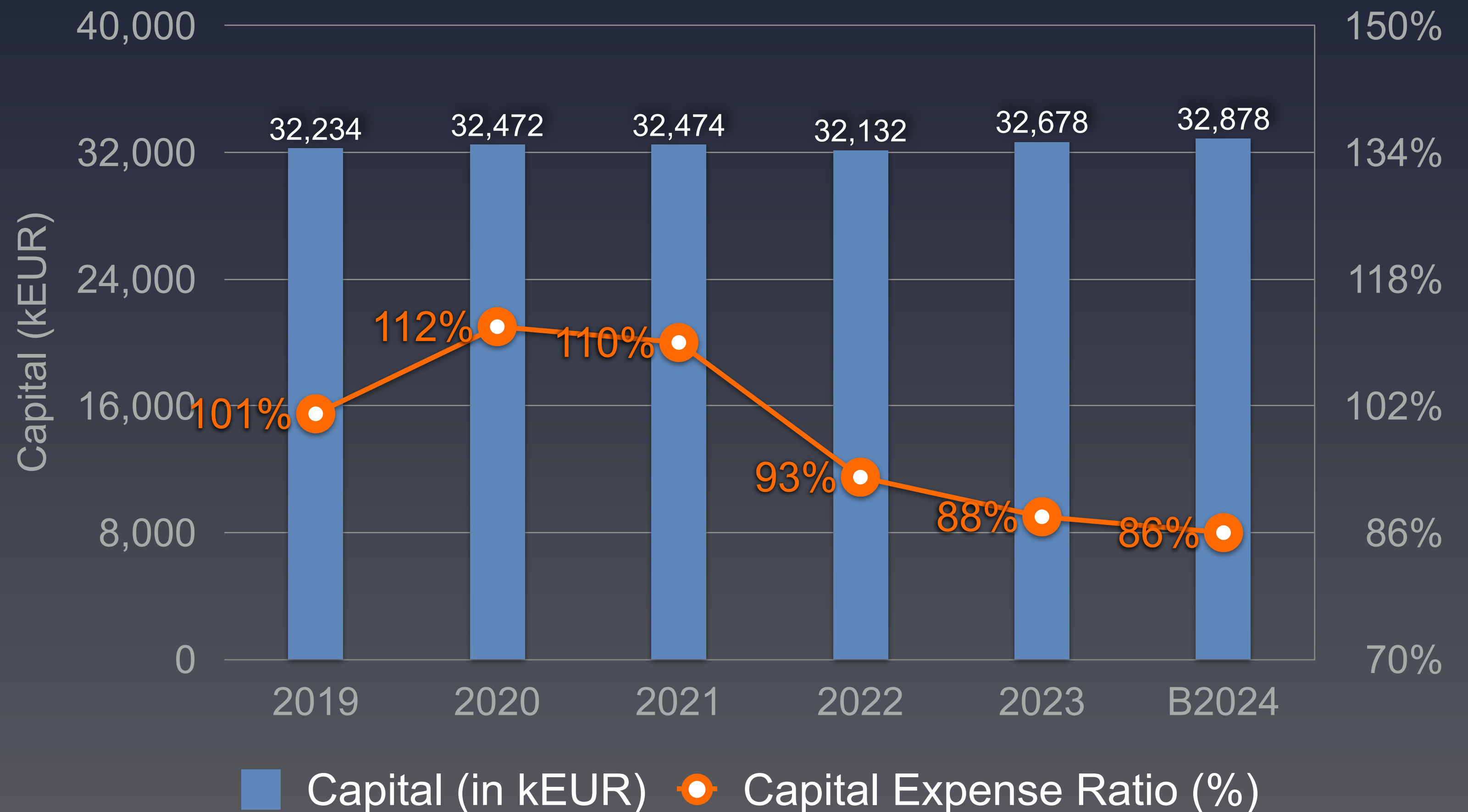


# Capital and Liquidity

# Capital and Liquidity



- Balanced and healthy
- Clearing House buffer of 32M EUR to respond to uncertainties
- ‘At risk’ membership fees, LIR consolidations, inflation, and decreasing income remain a concern
- We are solvent and in a robust financial position
- Ready for the future
- Charging Scheme 2025 vote



# Unqualified or Clean Opinion from EY

We have audited the financial statements 2023 of the RIPE NCC:

“In our opinion the accompanying financial statements give a true and fair view of the financial position of the RIPE NCC as at 31-December-2023, and its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code”



**2024**

# 2024



- Our budget is EUR 38M revenue and 38.2M for costs
- Expect further LIR consolidation to impact our financial stability
- At the same time, we do see a slight increase in number of members (not LIR accounts)
- Continue to engage with our banks on payment issues for members in countries impacted by sanctions and banking regulations
- Instability in parts of our service region remains a concern
- Charging Scheme major topic for discussion and has impact on the future of the RIPE NCC and our community

# Payment Behaviour



|   | 2021 | 2022   | 2023   | 2024 | Ukraine |
|---|------|--------|--------|------|---------|
| <b>Payment on time<br/>(within 30 day period)</b> | 64%  | 58%    | 60%    | 63%  | 44%     |
| <b>Payment after 30 day period</b>                | 35%  | 41.85% | 39.07% | 35%  | 27%     |
| <b>LIR account closure due to<br/>non-payment</b> | 0.7% | 0.5%   | 0.7%   | N/A  | N/A     |
| <b>Outstanding at 20 May 2024</b>                 |      | 0.15%  | 0.23%  | 2.0% | 29%     |

# Membership Fees at Risk (Quantified)

|                          | 2021                | 2022                  | 2023                  | 2024                  | LIRs Not Paid | Total LIRs   | Total EUR             |
|--------------------------|---------------------|-----------------------|-----------------------|-----------------------|---------------|--------------|-----------------------|
| <b>‘Ultra High Risk’</b> | 145<br>kEUR         | 1 020<br>kEUR         | 1 249<br>kEUR         | 1 166<br>kEUR         | 727           | 727          | 3 580<br>kEUR         |
| <b>Sanctions related</b> | -                   | 11<br>kEUR            | 92<br>kEUR            | 268<br>kEUR           | 166           | 166          | 371<br>kEUR           |
| <b>Ukraine</b>           | 0<br>kEUR           | 40<br>kEUR            | 104<br>kEUR           | 204<br>kEUR           | 116           | 403          | 348<br>kEUR           |
| <b>Total</b>             | <b>145<br/>kEUR</b> | <b>1 071<br/>kEUR</b> | <b>1 445<br/>kEUR</b> | <b>1 638<br/>kEUR</b> | <b>1 013</b>  | <b>1 294</b> | <b>4 299<br/>kEUR</b> |

# 2024 April Profit & Loss Figures



|                                      | 2023   | 2024 B | 2024 B Apr | 2024 Apr |
|--------------------------------------|--------|--------|------------|----------|
| Income (in million EUR)              | 38.4   | 38.0   | 12.3       | 11.6     |
| Expenses (in million EUR)            | 37.3   | 38.2   | 12.3       | 11.5     |
| Redistribution (in million EUR)      | -1.1   | -      | -          | -        |
| Financial Result (in million EUR)    | 0.5    | 0.4    | 0.1        | 0.05     |
| Surplus (in million EUR)             | 0.5    | 0.2    | 0.1        | 0.1      |
| Average redistribution per LIR (EUR) | 54     | -      | -          | -        |
| Number of LIRs                       | 21 570 | 21 500 | 21 500     | 21 436   |
| Average cost per LIR (EUR)           | 1 727  | 1 777  | 572        | 536      |

# 2024 Full Year Forecast



|                                      | 2023   | 2024 B | 2024 Apr | 2024 FORECAST |
|--------------------------------------|--------|--------|----------|---------------|
| Income (in million EUR)              | 38.4   | 38.0   | 11.6     | 35.8          |
| Expenses (in million EUR)            | 37.3   | 38.2   | 11.5     | 38.2          |
| Redistribution (in million EUR)      | -1.1   | -      | -        | -             |
| Financial Result (in million EUR)    | 0.5    | 0.4    | 0.05     | 0.6           |
| Surplus (in million EUR)             | 0.5    | 0.2    | 0.1      | -1.8          |
| Average redistribution per LIR (EUR) | 54     | -      | -        | -             |
| Number of LIRs                       | 21 570 | 21 500 | 21 436   | 20 000        |
| Average cost per LIR (EUR)           | 1 727  | 1 777  | 536      | 1 901         |

# RIPE 89 and GM



- Redistribution vote by GM, based on forecast for 2024
  - A negative redistribution is possible
  - Deduct or add to Clearing House
  - Or redistribute the result on the invoices for 2025

# Recap



- The RIPE NCC remains in a stable financial position
  - Income under budget (1 633 kEUR)
  - Costs under budget (2 741 kEUR)
  - Positive operating result (1 144 kEUR)
  - Redistribution over 2023 (1 100 kEUR)
  - Surplus of 546 kEUR over 2023, added to Clearing House reserves
- But there are legitimate concerns
  - Financial Risk (decrease of income, inflation, volatile markets and membership fee at risk)

# Resolution 1



“The General Meeting Adopts the RIPE NCC Financial Report 2023”



# Questions

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