



RIPE NCC
RIPE NETWORK COORDINATION CENTRE

RIPE NCC Financial Update

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Finance Director

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
- A flat per-LIR fee has kept things straightforward and predictable since 2013
- We maintain a low risk profile



Financial Update

Financial Performance



- Compared to 2022 budget
(2022 September YTD budget = 100%)



The Financial Story So Far (2022 September YTD)



- Income EUR 27,8 million (4% above budget)
 - Increase of 475 LIRs (354 members)
- Expenditure EUR 23,8 million (12% under budget)
 - 172,3 FTEs employed, on average
- A surplus of EUR 2,6 million (budget is EUR 0)
- Two concerns:
 - Some membership fees at risk
 - Inflation

Balance Sheet (in kEUR)



Assets	Sep 2022	2021	Sep 2021
Tangible Fixed Assets	1.449	1.683	1.661
Financial Fixed Assets	8.902	10.271	10.285
Total Current Receivables	3.451	2.234	3.040
Cash at bank and in hand	34.458	37.134	39.911
Total Assets	48.260	51.322	54.897
Capital and Liabilities			
Capital	35.085	32.474	41.380
Current Liabilities	13.175	18.848	13.517
Total Capital and Liabilities	48.260	51.322	54.897

Balance Sheet (in kEUR)



Capital and Liabilities	Sep 2022	2021	Sep 2021	2020
Clearing House	32.474	32.472	32.472	32.234
Surplus / Deficit	2.611	2	8.908	238
Capital	35.085	32.474	41.380	32.472
Fees Redistributed	427	13.516	173	11.156
Other Current Liabilities	12.748	5.332	13.342	5.493
Current Liabilities	13.175	18.848	13.515	16.649
Total	48.260	51.322	54.897	49.121



Income

Income Details (2022 September YTD)



- Income EUR 27,8 million, 4% higher than budgeted
- Annual fees at EUR 26,2 million (26,6 million in 2021)
- Sign-up fees at EUR 1,3 million (4 million in 2021)
- RIPE Meeting income EUR 103k, 18% below budget
- Other income is EUR 223k, 34% below budget
 - Consists mainly of sponsorship and Certified Professionals income

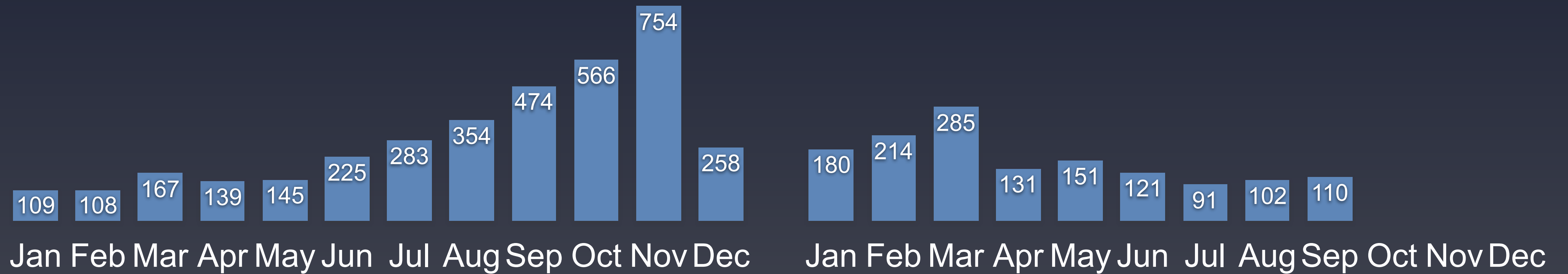
New LIR Accounts vs Closures



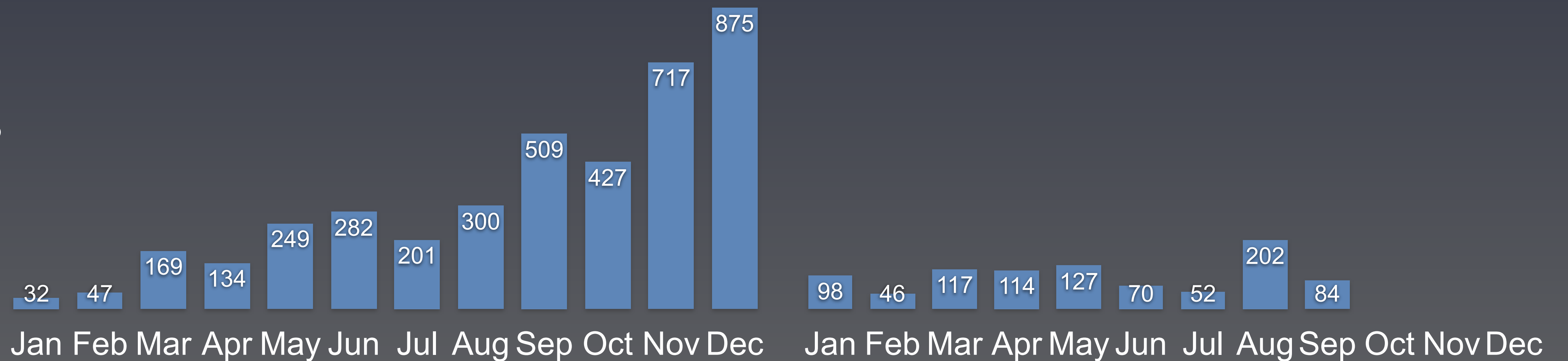
2021

2022

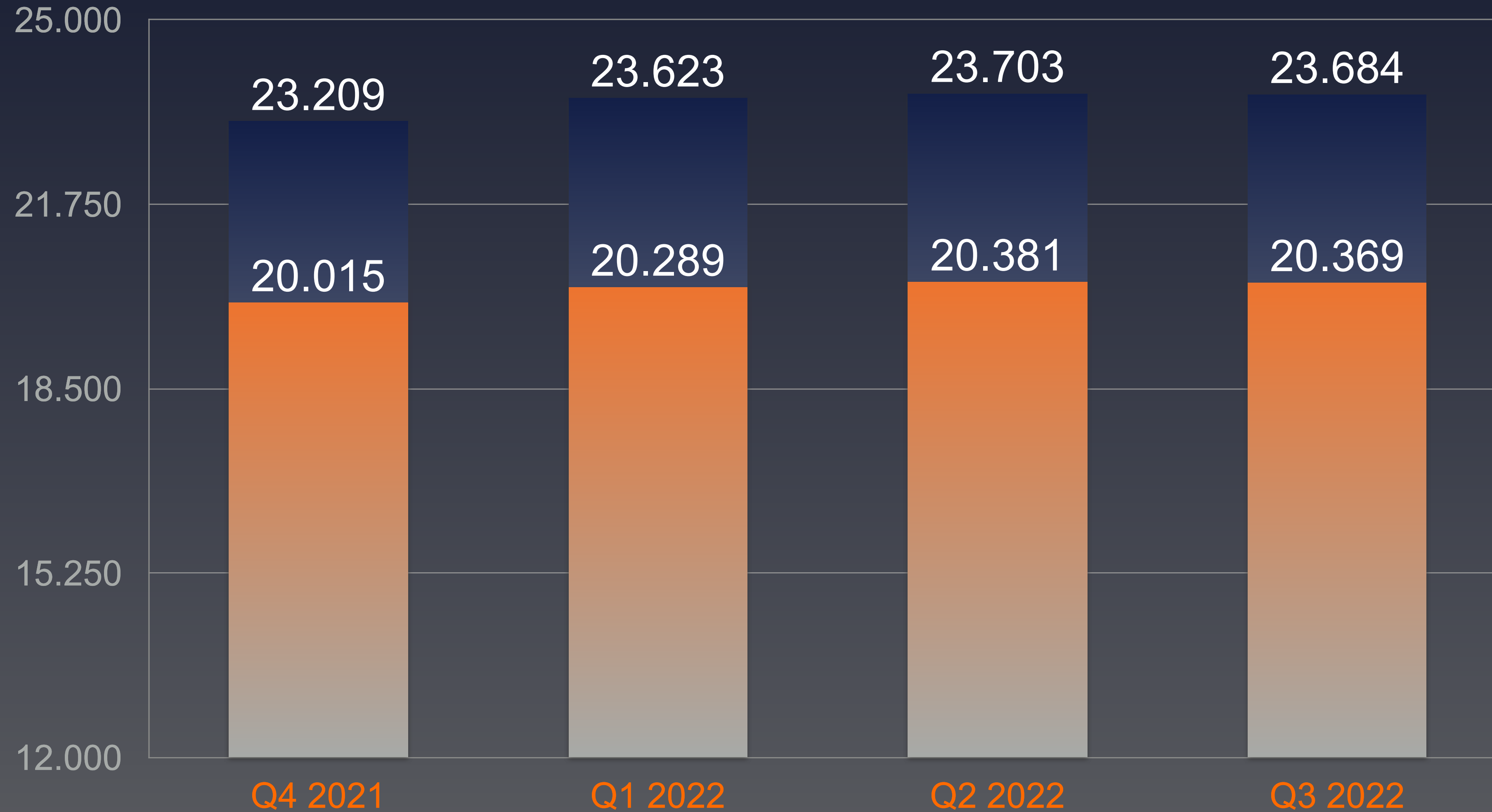
New LIR



Closures



Members and LIRs



Payment Behaviour



Entire Membership

	2020	2021	2022	Russia	Ukraine
Payment on time (within 30 day period)	56%	64%	58%	58%	32%
Payment during COVID-19 extension	26%	N/A	N/A	N/A	N/A
Payment after 30 day period	17%	35%	39%	30%	29%
LIR account closure due to non-payment	0,8%	0,7%	0,5%	0%	0%
Outstanding at 30 Sept. 2022			2%	12%	39%

Membership Fees at Risk (Recap)



- Ultra High Risk Countries (as defined by three major Dutch banks)
 - Cuba, Iran, North Korea and Syria
 - Invoices not issued
 - Payment obligation remains (but has been postponed)
- Russia and Ukraine
 - Invoices issued
 - Due date extended to 31 December 2022

Membership Fees at Risk (Quantified)



	2020	2021	2022	LIRs Not Paid	Total LIRs
'Ultra High Risk'	0 kEUR	133 kEUR	935 kEUR	635	635
Russia	0 kEUR	0 kEUR	221 kEUR	258	2.157
Ukraine	0 kEUR	0 kEUR	183 kEUR	179	456
Total	0 kEUR	133 kEUR	1.339 kEUR	1.072	3.248

Membership Fees at Risk (Next Steps)



‘Ultra High Risk Countries’	Russia	Ukraine
Invoicing on hold for foreseeable future	Payment due 31 December 2022	Payment due 31 December 2022
Continuing to look for solutions	Additional extension on case-by-case basis	Automatic extension until 30 June 2023
	88% have been able to pay	61% have been able to pay

Will continue to monitor developments

Please share input at GM or directly with Executive Board

RIPE NCC will follow direction provided by Executive Board

Membership Fees at Risk (2023 Invoices)



- Invoices will be issued for all members in 2023
 - Except for members in ‘Ultra High Risk Countries’ (will not invoice until safe to receive funds)
- Any 2023 payment extensions will be linked to ‘protecting resource holders in distressed areas’
- As in 2022, closing of LIRs is not the intended outcome

Inflation



- A major concern
- In cooperation with the GM, we have taken precautions
 - Increased membership fee in 2023 from 1.400 to 1.550 EUR
 - Redistribution mechanism remains in place
 - Maintain a strong buffer for uncertainty



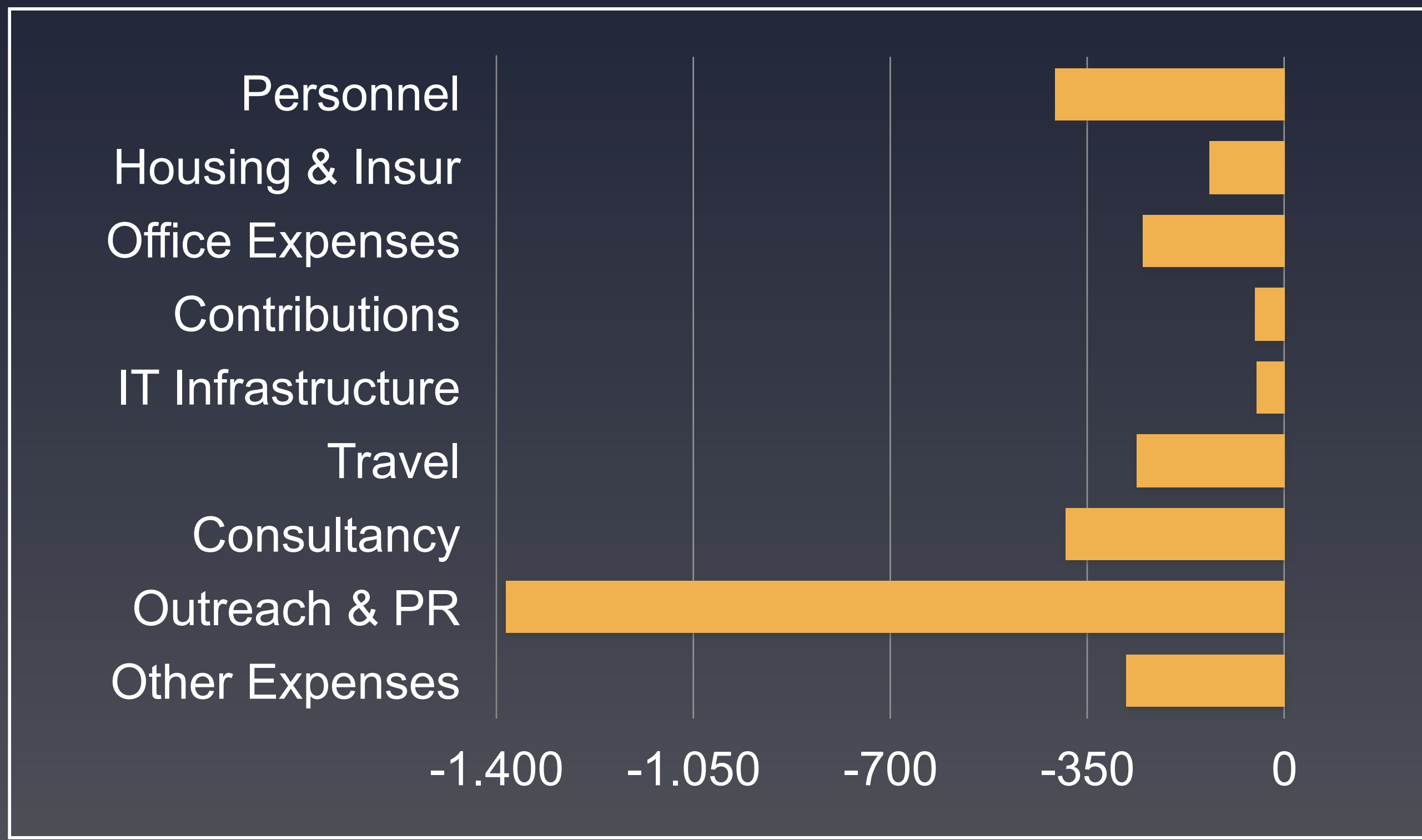
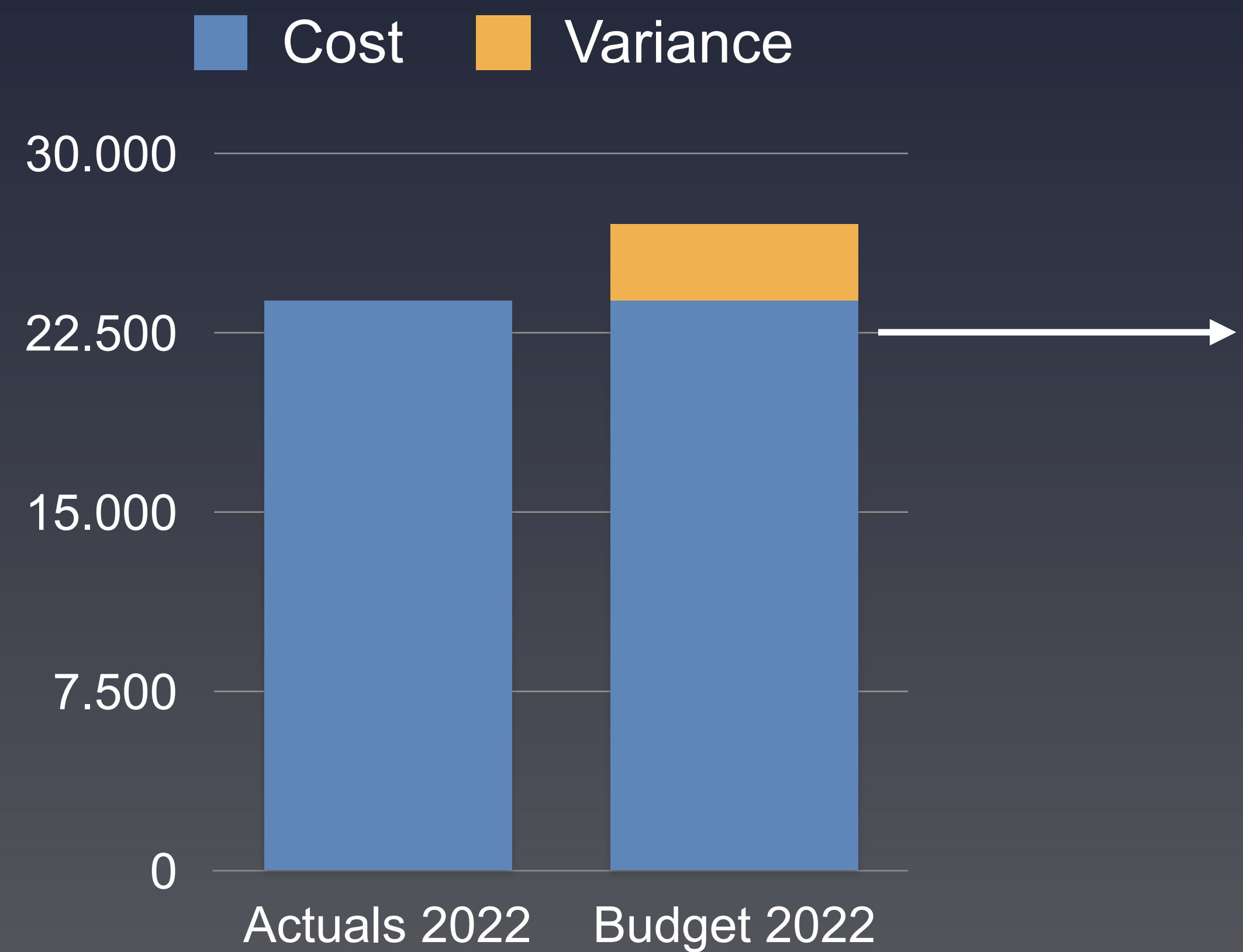
Expenditures

2022 Expenditure Overview (September YTD)



- Total expenditure was EUR 23,8 million
 - 12% under budget
- Payroll and personnel expenses were EUR 14,1 million
 - 3% under budget
 - 172,3 FTEs (172,6 Sept) against budgeted 186,8 FTEs
- Other Operating Expenses (OPEX) were EUR 9,3 million
 - 22% under budget
- Depreciations and bad debts were EUR 708k
 - 22% under budget

Budget Variance (2022 September YTD)



Total Variance: EUR 3,2 million

Procurement (2022 September YTD)



	In EUR	Number of invoices	Average in EUR per invoice	Individual invoices
Creditors (inc. VAT)	12.323.145	1.540	8.002	22 >100 kEUR
VAT on creditor invoices	1.275.222	1.020	1.250	
Capital expenditure (BS)	280.817	41	6.849	2 >25 kEUR
	Total creditors		Average in EUR per creditor	
Number of creditors	326		37.801	

Procurement incl. VAT (1) (2022 September YTD)



Suppliers with turnover above 120 kEUR	Activity	In EUR	Position 2021
1. Staff Pension	Organisational Sustainability	1.218.217	1
2. IT Housing	Information Services	695.331	2
3. Office Rent	Organisational Sustainability	596.424	3
4. RIPE 84 Meeting Hotel	Community and Engagement	483.099	New
5. Contributions (ICANN & NRO)	Organisational Sustainability	481.105	11
6. Software Licences	The Registry	341.490	5
7. RIPE 85 Meeting Hotel	Community and Engagement	319.396	New
8. IT Cloud & Support	Information Services	292.842	13
9. IT Hardware & Support	Information Services	217.802	7

Procurement incl. VAT (2) (2022 September YTD)



Suppliers with turnover above 120 kEUR	Activity	In EUR	Position 2021
10. Business Licenses	The Registry	171.243	17
11. Temp Agency	The Registry	170.573	19
12. IT Hardware & Support	Information Services	156.898	14
13. Business Licenses	Information Services	156.005	New
14. Laptops & Ancillaries	Information Services	151.965	7
15. IT Cloud & Support	Information Services	150.616	4
16. Insurances	Organisational Sustainability	140.821	New
17. Legal Advice	Organisational Sustainability	138.279	16
18. Business Licenses	The Registry	126.143	5

Inflation



- A major concern
- Effects on RIPE NCC 2022 - moderate (so far)
 - Majority of contracts are fixed
 - Expect 2023 contracts to be indexed (for inflation) - with considerable effects
 - Our suppliers have fixed energy prices, for now
- But in cooperation with the Board, we have taken precautions
 - Included inflation of 8,5% on average in 2023 budget
 - We will keep a close eye on development of costs in 2023 and make decisions accordingly



Treasury

Treasury



- 1.391 kEUR unrealised **negative** financial result
 - Investment portfolio of EUR 9 million
 - Unrealised negative revaluation 1.320 kEUR
 - Interest income 68 kEUR
- Cash with banks EUR 34,4 million
 - We pay +/- 0.5% negative interest on all our cash held with banks
 - Per 1 October 2022, the three Dutch banks will no longer charge negative interest
 - 134 kEUR in negative interest accrued YTD
 - 5 kEUR negative exchange rate result
- Overall result YTD 3,2% **negative**

Treasury



- Treasury Project update
 - Project postponed due to unrest in our service region
 - Work has continued to update treasury statute
 - Focus on index fund investing to ensure transparency, simplicity and diversification via a third party
- No formal decision so far
 - Goal is to (at least) partly offset inflation by generating positive return
 - All decisions will require EB approval



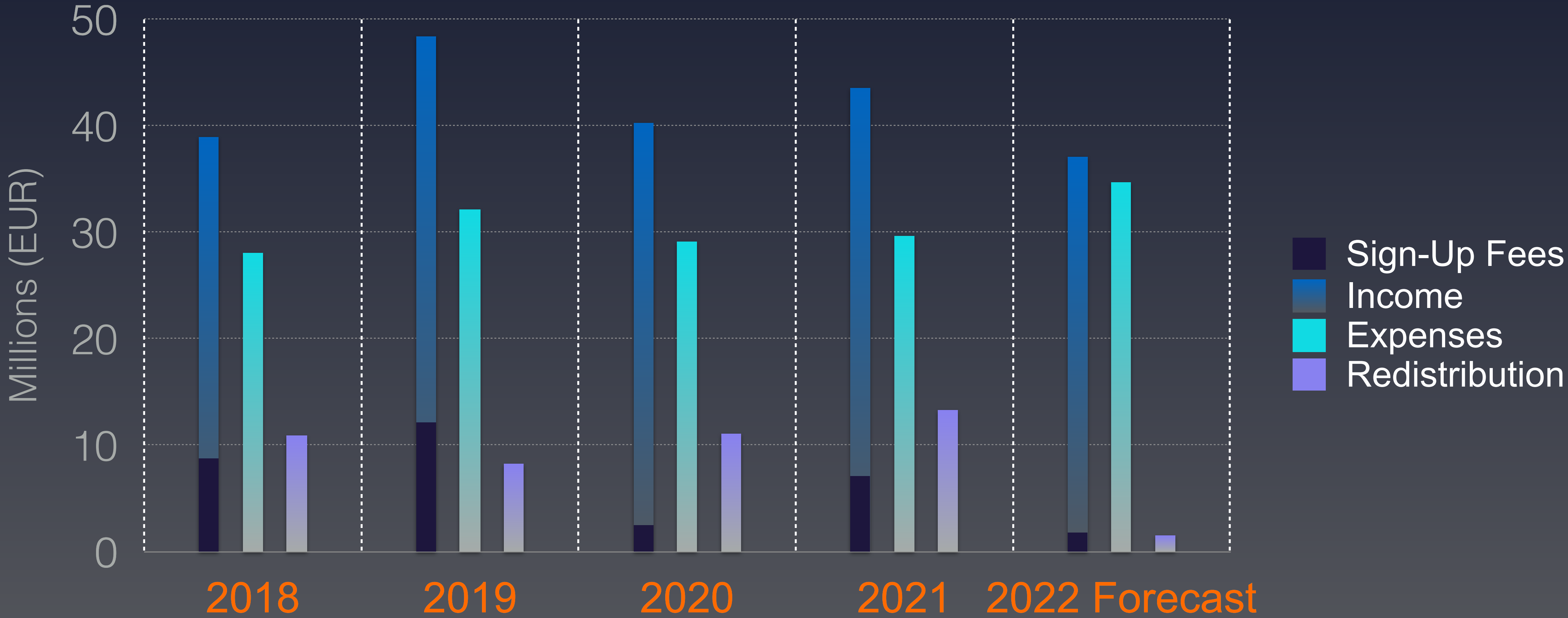
Surplus

2022 Forecast



	2022	2022 FORECAST AP&B	B2022	2022 September	2021
Income (in million EUR)	37,1	37,3	35,6	27,8	43,5
Expenditures (in million EUR)	34,7	32,1	35,6	23,8	29,6
Redistribution (in million EUR)	-	-	-	-	13,3
Financial Result (in million EUR)	(1,0)	(1,3)	0,2	(1,4)	(0,5)
Surplus (in million EUR)	1,5	3,7	0,2	2,6	-
Average Redistribution per LIR (EUR)	65	161	0	110	573
Number of LIRs	23.000	23.463	22.500	23.684	23.209
Average Cost per LIR (EUR)	1.509	1.396	1.582	1.017	1.275

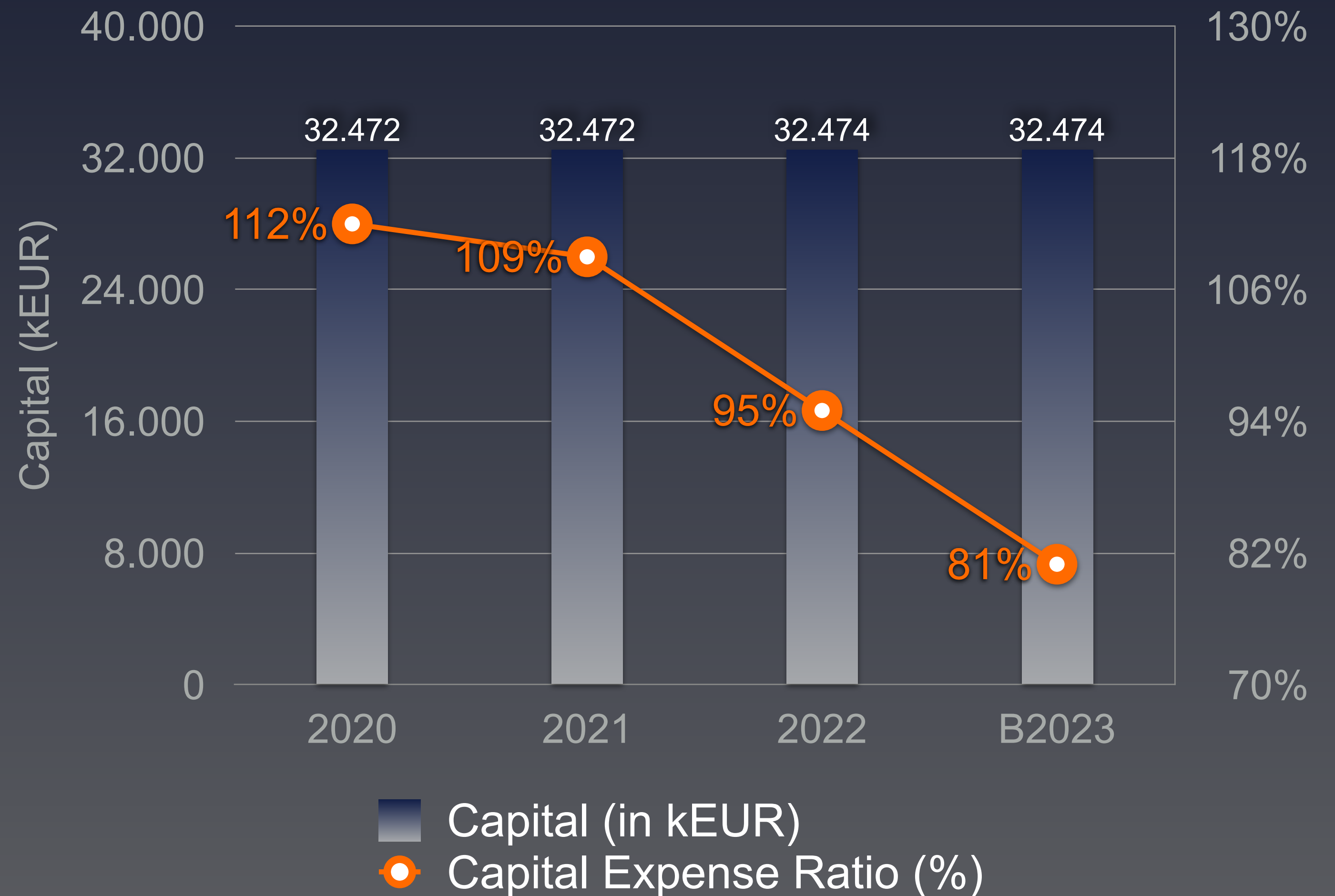
Income and Expenditure



Capital and Liquidity



- Balanced and healthy
- Clearing House buffer of EUR 32.5 million to respond to uncertainties
- We are solvent and in a robust financial position
- Ready for the future, with two concerns: inflation and revenue at risk
- Redistribution?





**Redistribution of the
RIPE NCC Surplus
2022**

Our Advice to the RIPE NCC Executive Board



- Resolution 1 - The GM approves the redistribution of the 2022 surplus:
 - Yes
 - No
- We advise the GM to vote “No” and add the surplus to clearing house reserve:
 - Increase in financial uncertainty
 - Portion of membership fee at risk and inflation

Capital and Liquidity

2023

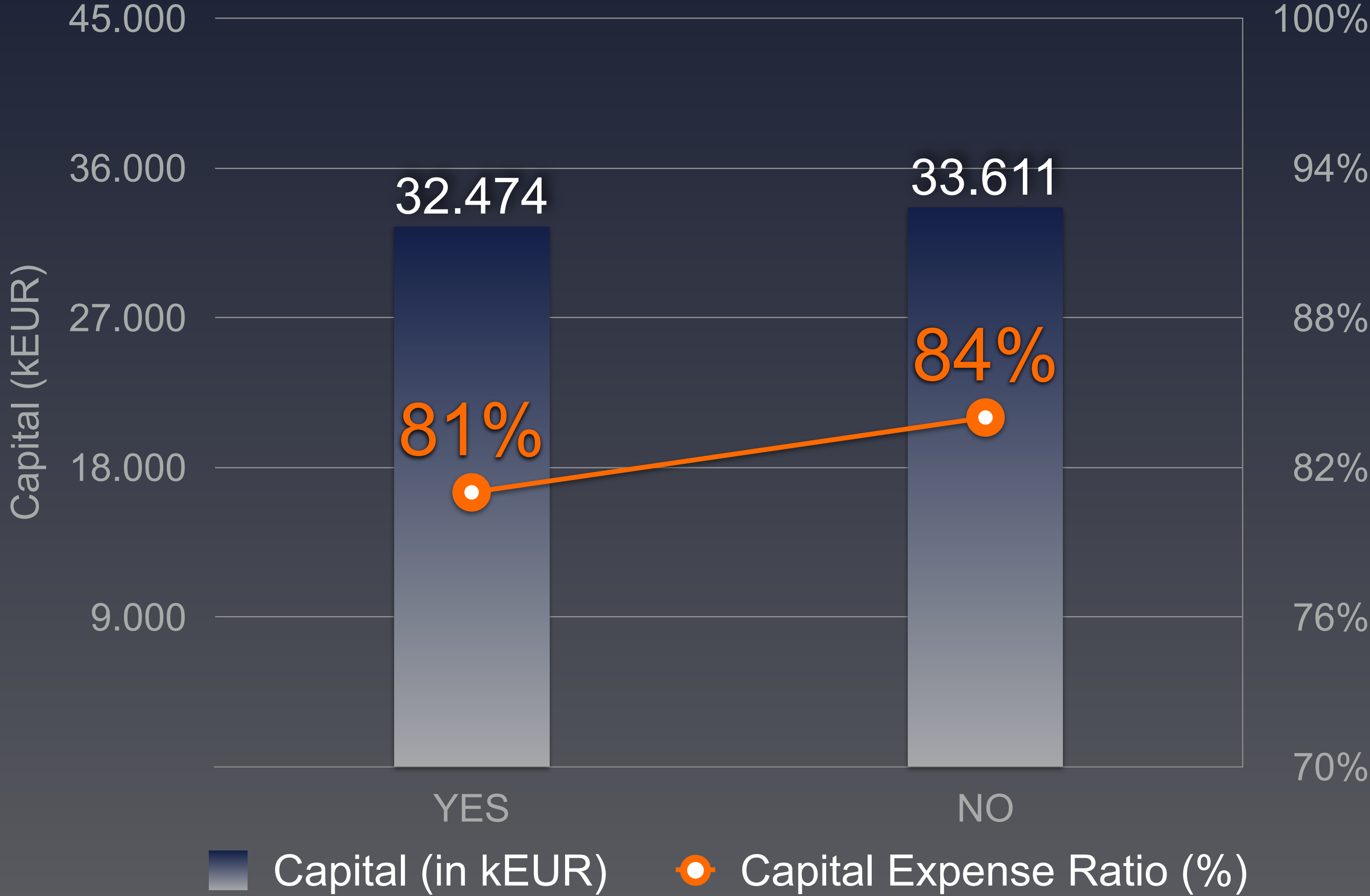


- **Resolution 1 “Yes”**

- Add to Clearing House 0 kEUR
- Taxes 0 kEUR

- **Resolution 1 “No”**

- Add to Clearing House 1,156 KEUR
- Taxes 344 kEUR





Questions



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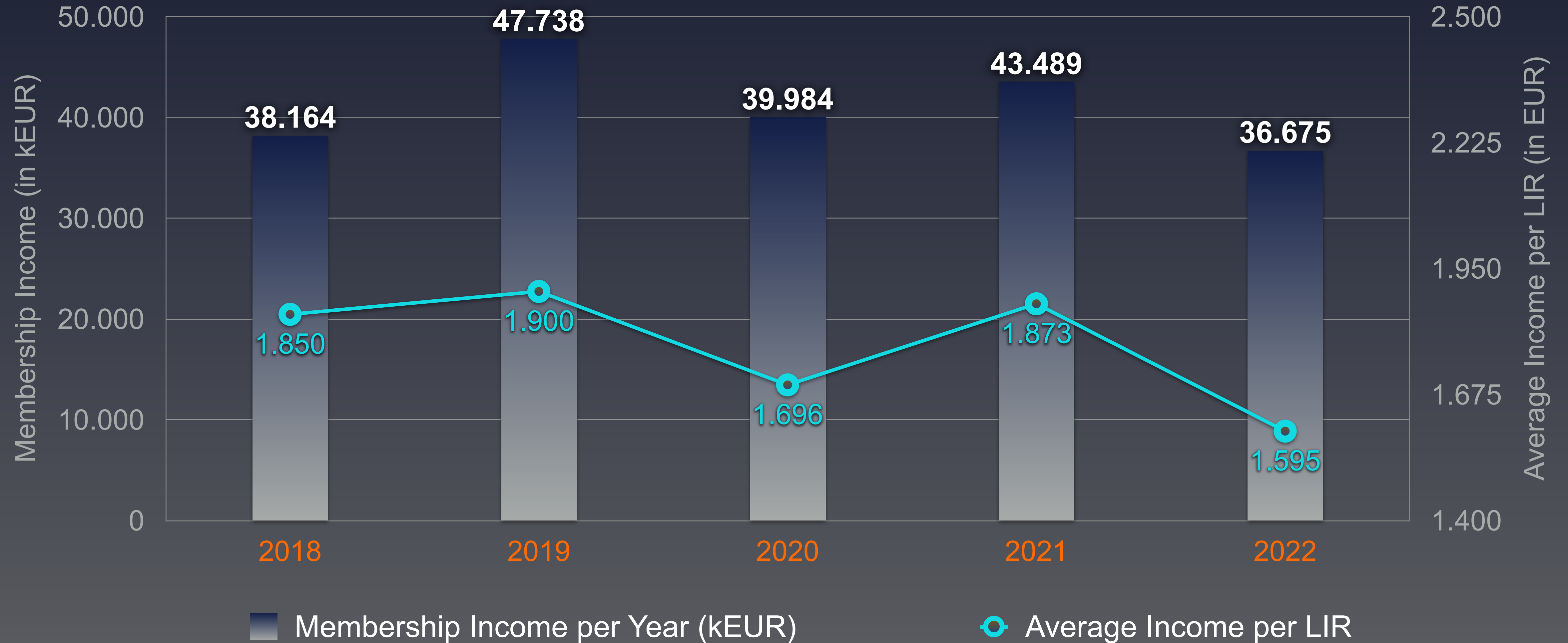
Sanctions and Banks



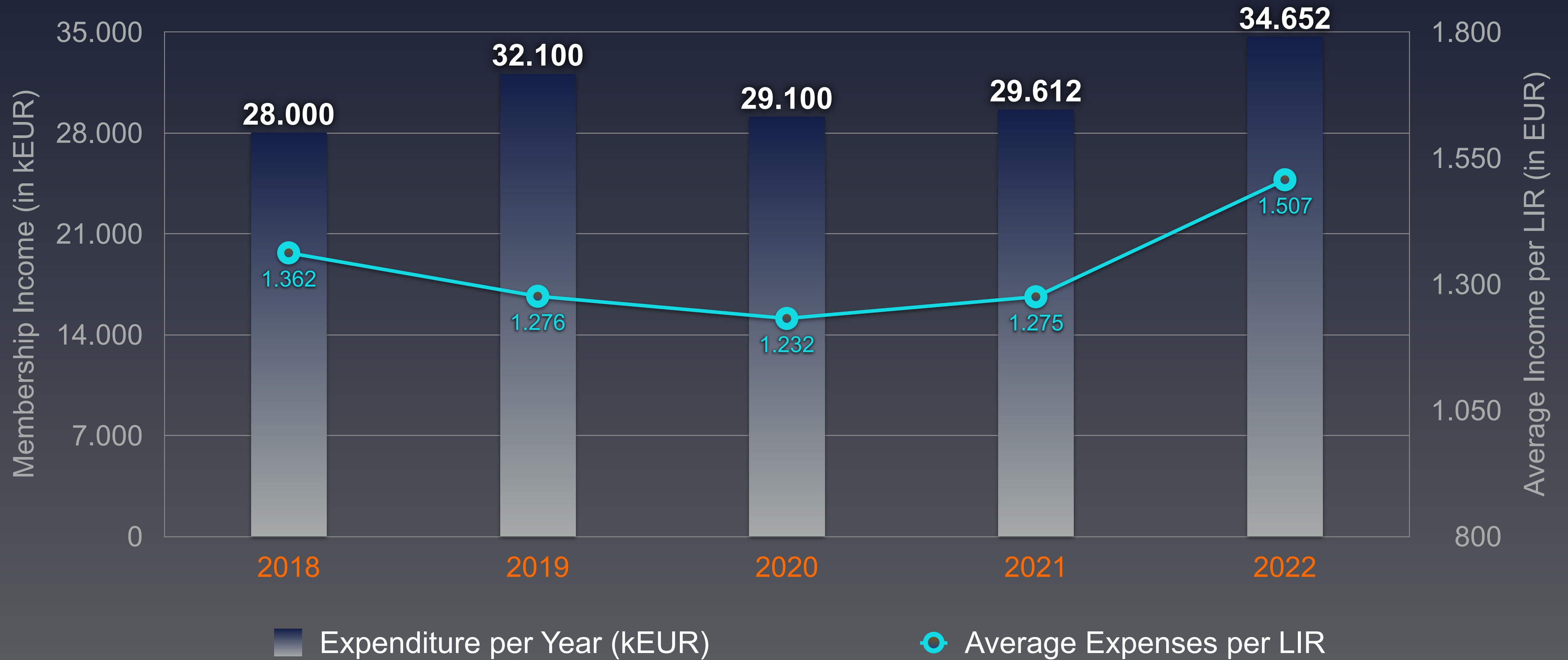
- Possible termination of banking relationship (RIPE NCC & BANK)

	EU Sanctions Restrictions	Bank Restrictions	RIPE NCC Action
Individually sanctioned member	<ul style="list-style-type: none"> • No economic resources can be made available to member • Existing economic resources must be frozen 	<ul style="list-style-type: none"> • No receipt of funds allowed 	<ul style="list-style-type: none"> • Freeze resources • Postpone payment obligation (not issue invoice or credit outstanding invoice)
Non-sanctioned member from UHRC	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • No receipt of funds allowed 	<ul style="list-style-type: none"> • Postpone payment obligation (not issue invoice or credit outstanding invoice)

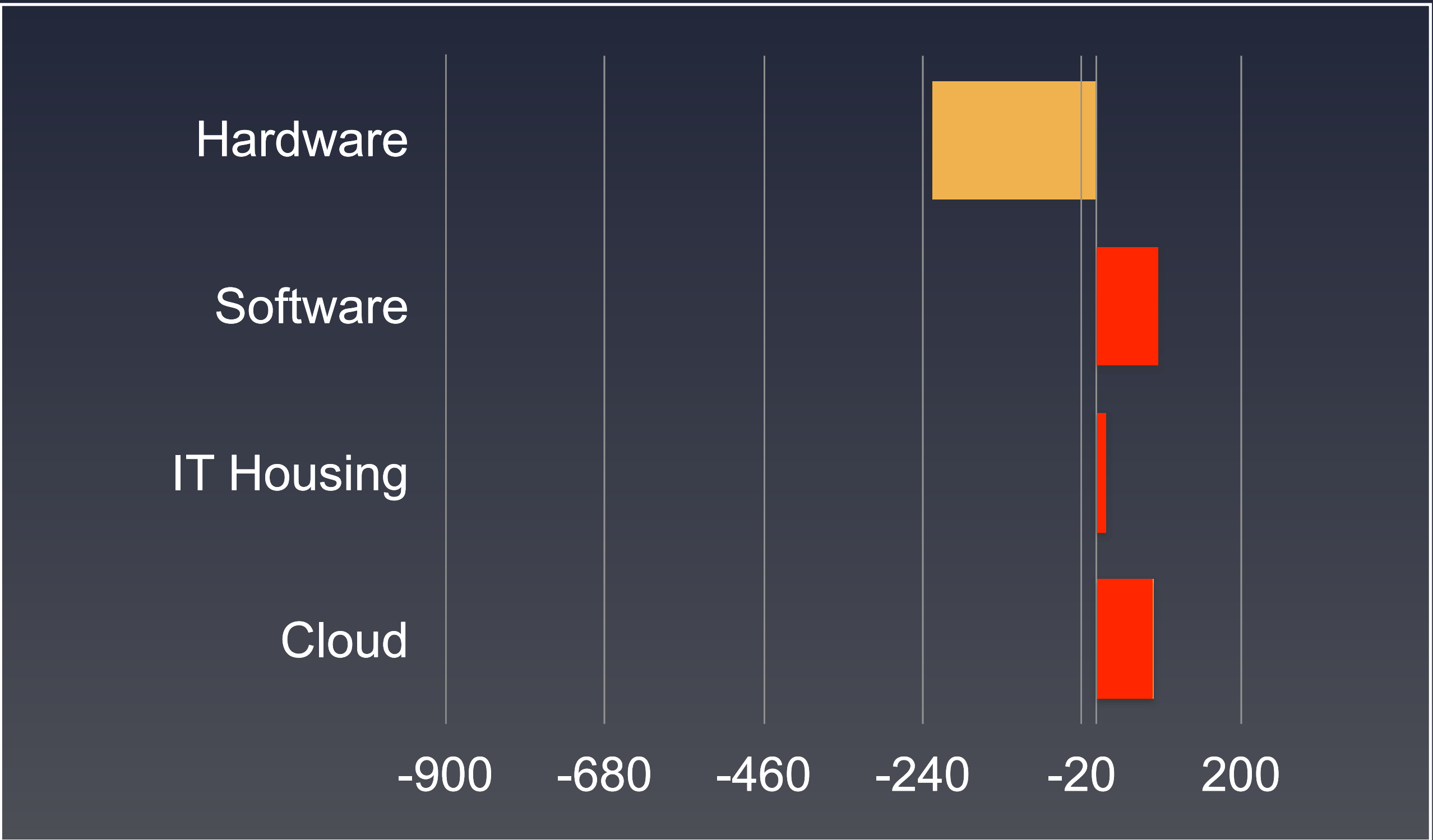
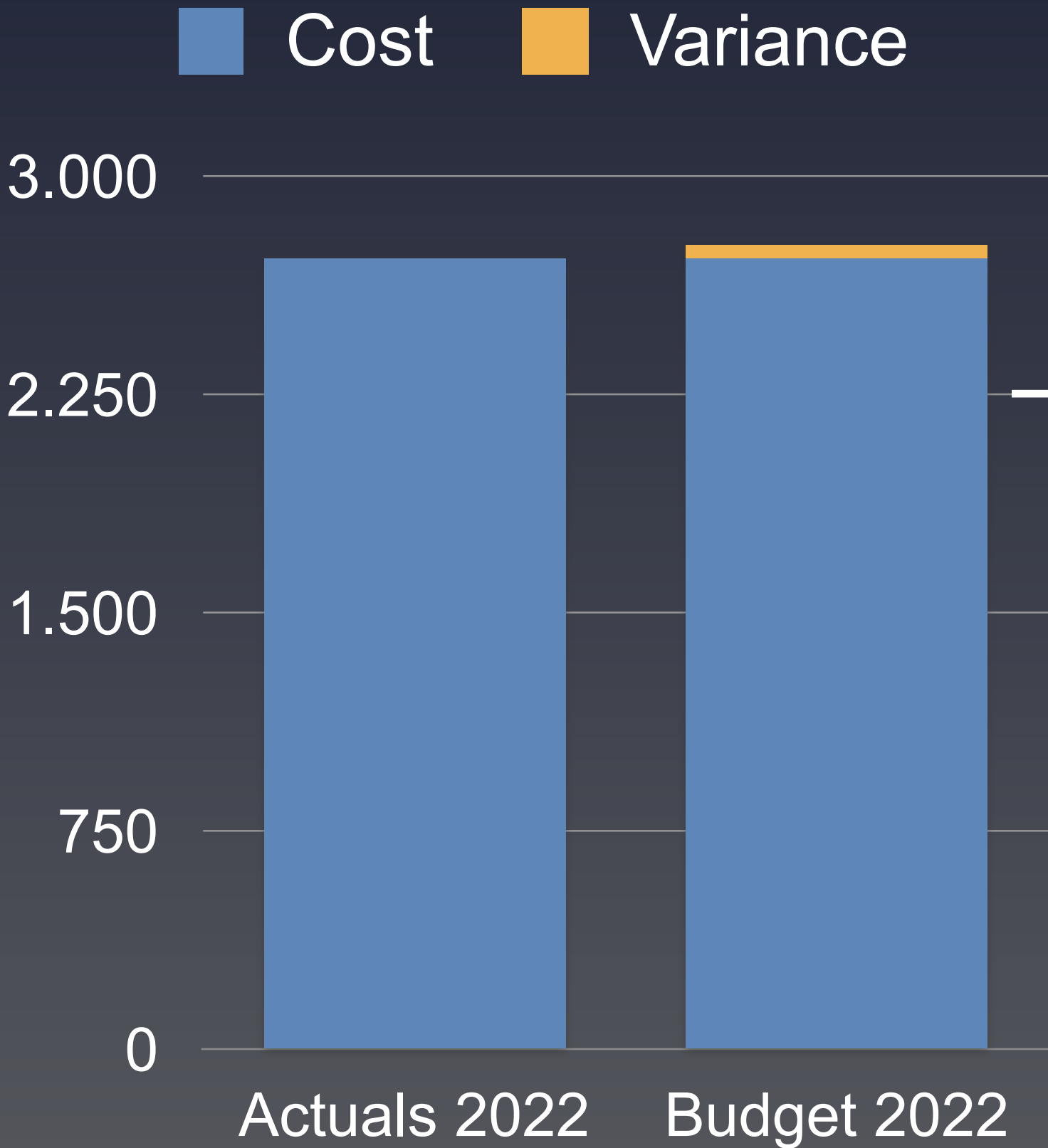
Membership Income



Expenditure

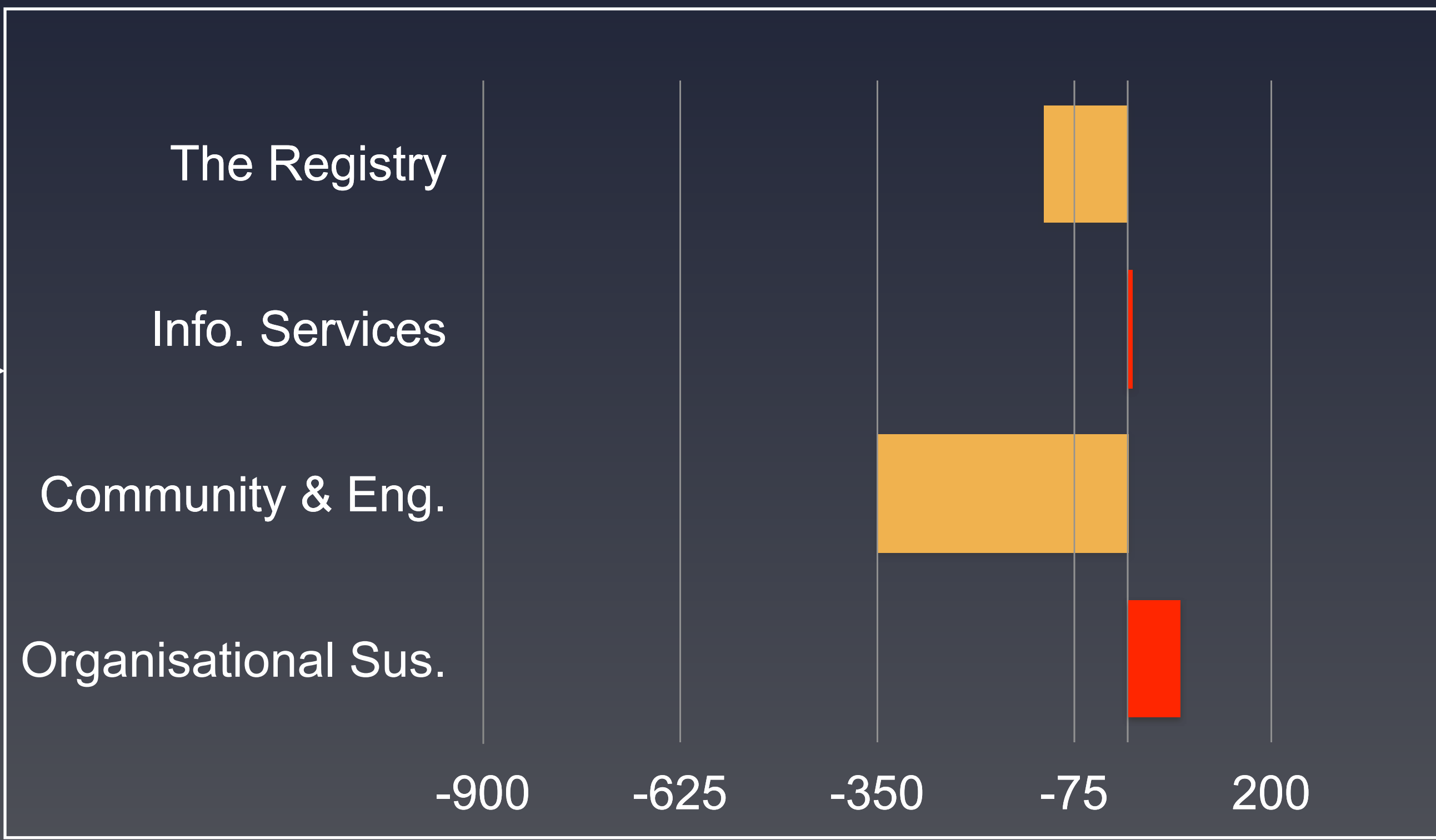
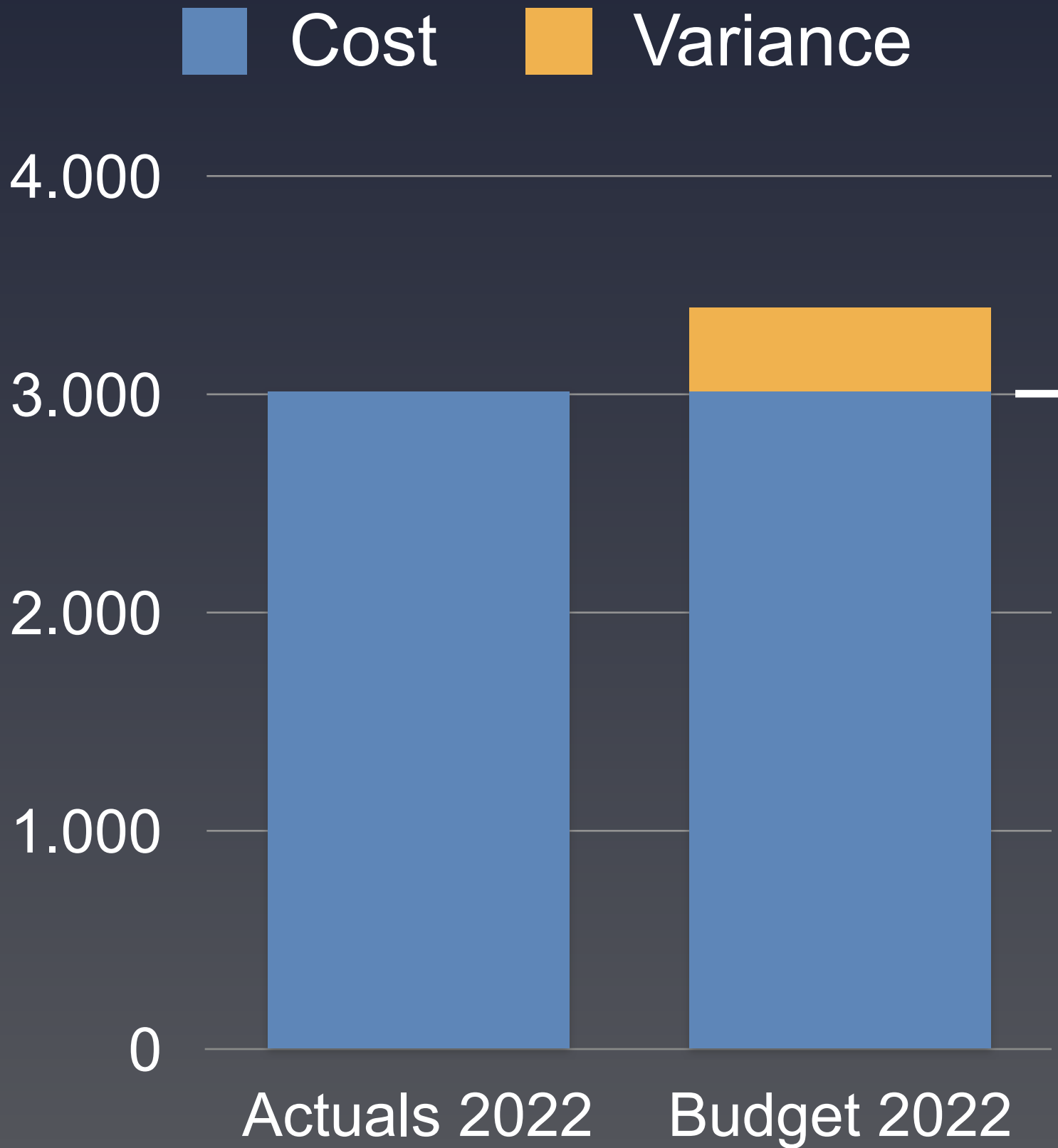


Information Technology (2022 September YTD)



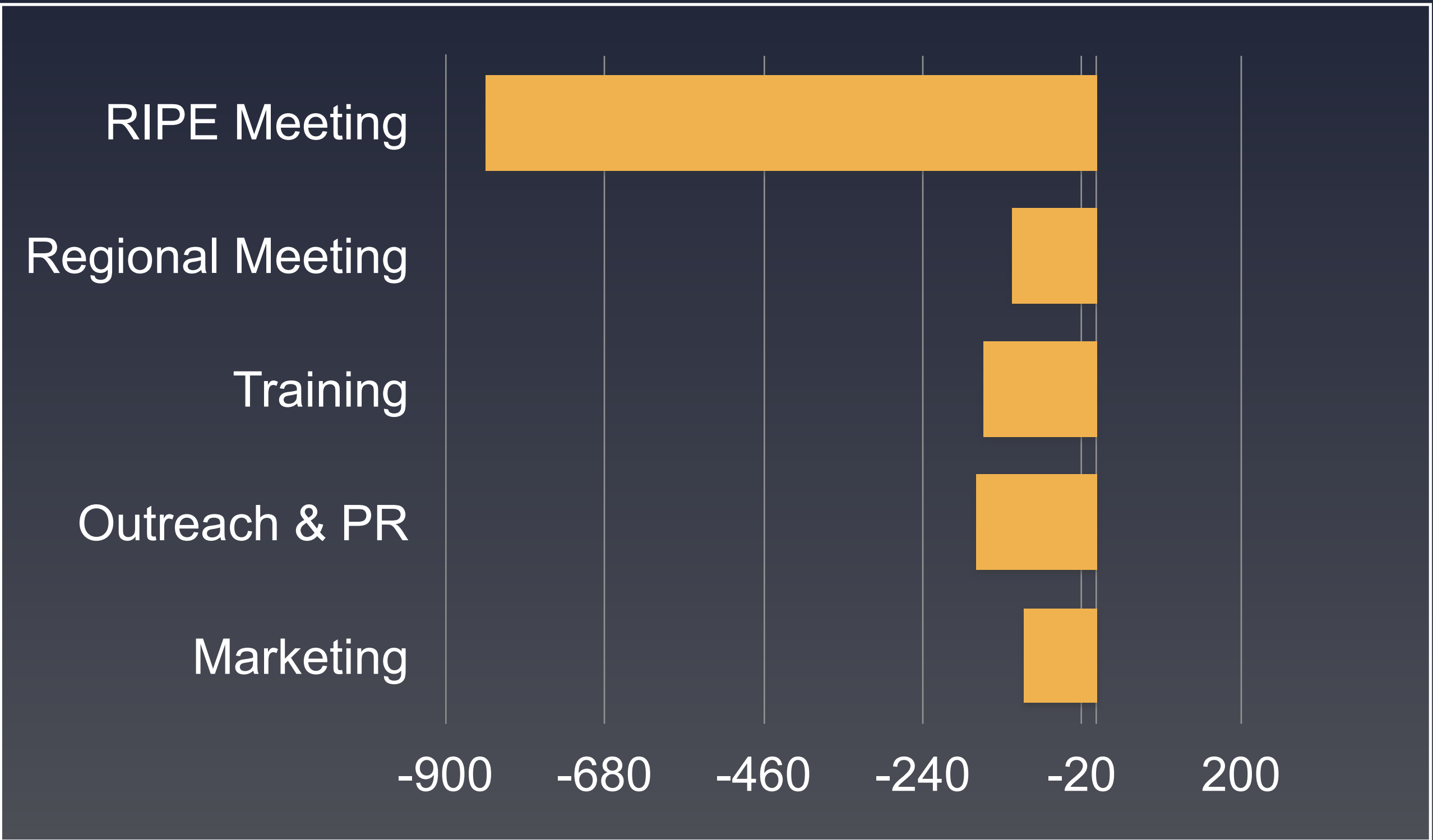
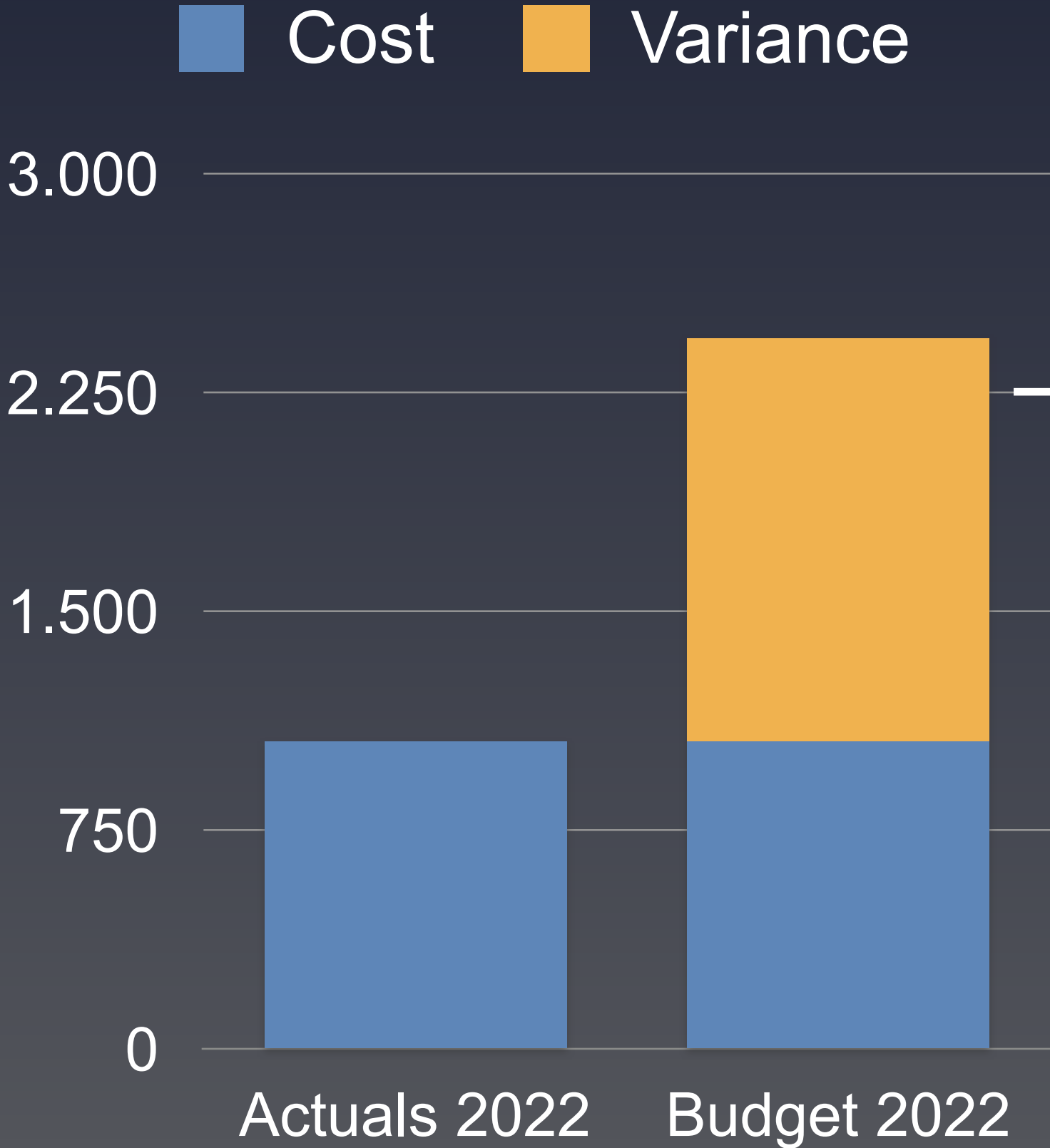
Total Variance: 49k

Consultancy (2022 September YTD)



Total Variance: EUR 388k

Outreach and PR (2022 September YTD)



Total Variance: 913k