



RIPE NCC
RIPE NETWORK COORDINATION CENTRE

Financial Report 2021

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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
- Equality between members in the current Charging Scheme reinforces simplicity and predictability
- We are committed to maintaining a low risk profile

The Story of the 2021 Financial Report



- Income over budget (5M EUR)
 - 3,550 new LIRs generated 7.1M EUR income
 - 195% more new LIRs than in budget due to continued demand for IPv4
- Costs under budget (4M EUR)
 - COVID-19 restricted face-to-face external relations/community interaction expenses
- COVID-19 provided an opportunity to focus on internal organisation
 - Due diligence and compliance, information security, legal and sanctions
- Result: 13.3M EUR redistributed in full to our members
- Subsequent events
 - The war and uncertainty as a consequence

The Story of the 2021 Financial Report



- The RIPE NCC remains in a stable financial position for 2022
 - Sufficient and sustainable income
 - Costs under budget
 - Sound capital and liquidity management
 - Transparency in financial operations
 - Risk focus areas:
 - Information security (IT risk)
 - Sanctions (Registry risk)
 - Legislation and regulations (Legal risk)
 - Bank relations (Financial risk)
 - Ready for the future

Update: Banks and Sanctions



- The banking environment for the RIPE NCC has become complex
 - Sanctions
 - Ultra High Risk Countries (UHRC) as defined by the banks:
 - <https://www.abnamro.nl/en/commercialbanking/about-abnamro/sanctions-measures.html>
- Solutions
 - Long term: Continue to research options to receive money in compliant way
 - Accounting: Postpone payment obligation for countries defined as UHRC
 - In 2021, we postponed 133 kEUR in payment obligations

Sanctions & Banks



	EU Sanctions Restrictions	Bank Restrictions	RIPE NCC Action
Individually Sanctioned Member	<p>No economic resources can be made available to member</p> <p>Existing economic resources must be frozen</p>	No receipt of funds allowed	<p>Freeze resources</p> <p>Postpone payment obligation (do not issue invoice or credit outstanding invoice)</p>
Non-Sanctioned Member from UHRC	None	No receipt of funds allowed	Postpone payment obligation (do not issue invoice or credit outstanding invoice)

Sanctions & Banks



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

	EU Sanctions Restrictions	Bank Restrictions	RIPE NCC Action
Individually Sanctioned Member	<p>No economic resources can be made available to member</p> <p>Existing economic resources must be frozen</p>	<p>No receipt of funds allowed</p>	<p>Freeze resources</p> <p>Postpone payment obligation (do not issue invoice or credit outstanding invoice)</p>
Non-Sanctioned Member from UHRC	<p>None</p>	<p>No receipt of funds allowed</p>	<p>Postpone payment obligation (do not issue invoice or credit outstanding invoice)</p>

Financial Performance



- Compared to our 2021 budget* (before redistribution)

(*2021 budget = 100%)



2021 in Numbers



- Our income was 12.8% higher than projected at **43.5M EUR**
- LIR consolidation in line with expectations, from 23,569 LIRs to **23,209 LIRs**
 - 20,015 members at year end, increase of 172
- Income from sign-up fees **7.1M EUR** in 2021 (compared to 2.5M EUR in 2020)
- Total expenditure was **29.6M EUR** (11.8% under the budgeted 33.5M)
- **161.9 FTEs** against budgeted 170 FTEs
- Financial result 457 kEUR **negative**
- Surplus of **13.3M EUR**, redistributed to members
- The capital expense ratio decreased from 112% to **110%**

Ongoing Impact of COVID-19



- All events and in-person training courses from March 2020 to April 2022 were cancelled
- All travel was suspended
- Recruitment of staff has been slower but is going up

Payment Behaviour during COVID-19



	2020	2021	2022
Payment on time (<30d payment term)	56%	64%	58%
Payment during COVID-19 extension	26%	N/A	N/A
Payment after reminders before final closure	17%	35%	26%
LIR account closure	0.8%	0.7%	
Outstanding as of 15 May 2022			14.8%

Balance Sheet (in kEUR)



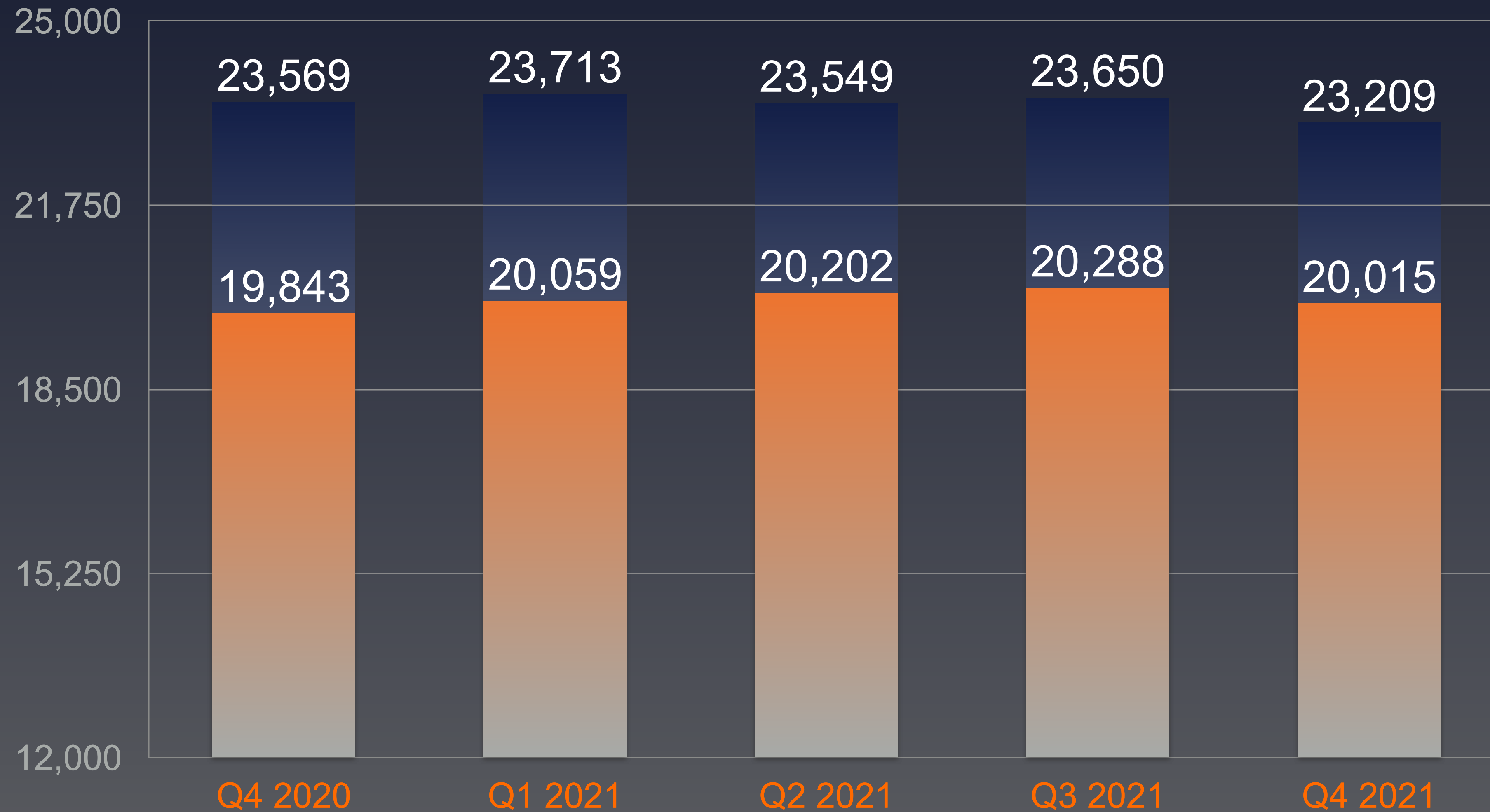
Assets	2021	2020
Tangible Fixed Assets	1,683	2,323
Financial Fixed Assets	10,271	12,381
Total Current Receivables	2,234	1,909
Cash at Bank and in Hand	37,134	32,556
Total Assets	51,322	49,169
Capital and Liabilities		
Capital	34,474	32,472
Current Liabilities	18,848	16,697
Total Capital and Liabilities	51,322	49,169

Balance Sheet (in kEUR)

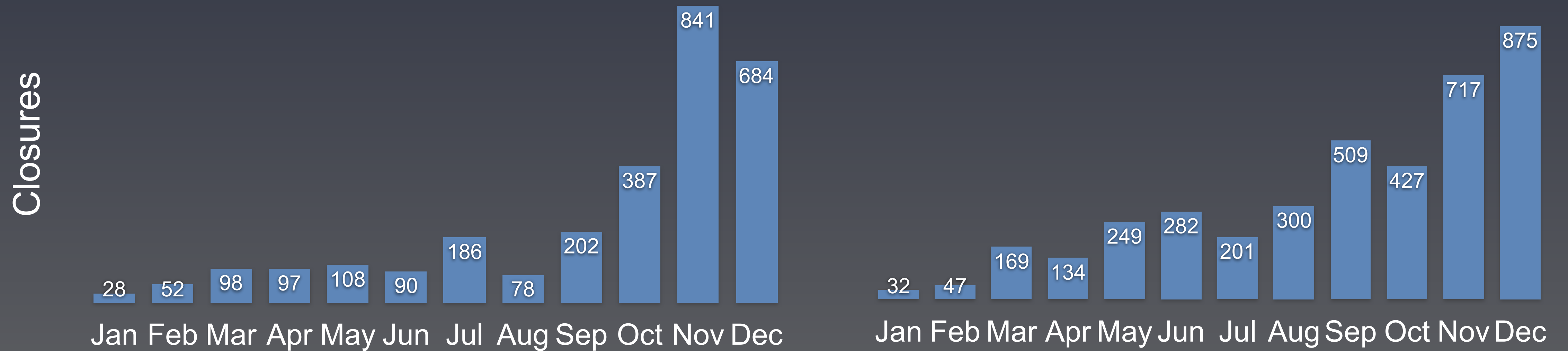
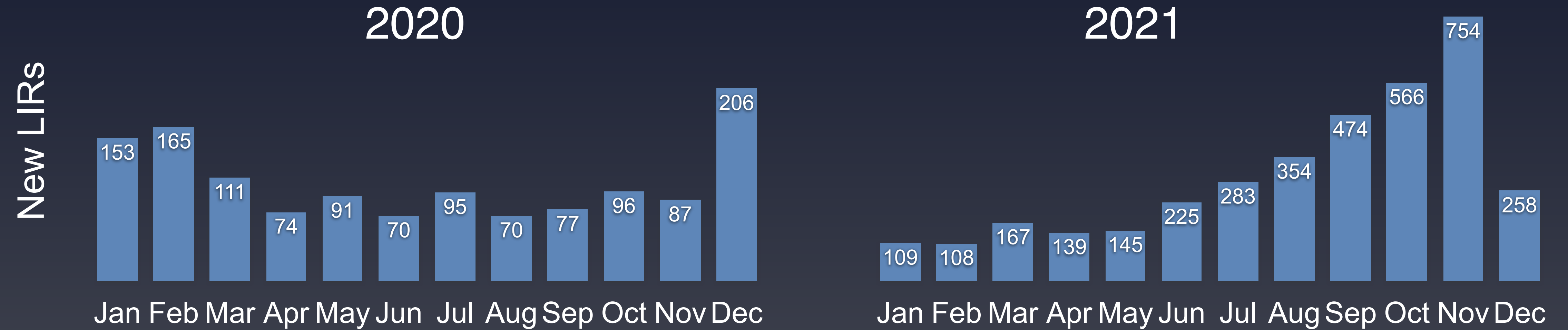


Capital and Liabilities	2021	2020	2019	2018
Clearing House	32,472	32,234	25,460	25,215
Surplus / Deficit	2	238	6,774	245
Capital	32,474	32,472	32,234	25,460
Redistribution of members' fees	13,516	11,156	8,365	11,035
Other Current Liabilities	5,332	5,493	7,683	4,182
Current Liabilities	18,848	16,697	16,048	15,217
Total	51,322	49,169	48,282	40,678

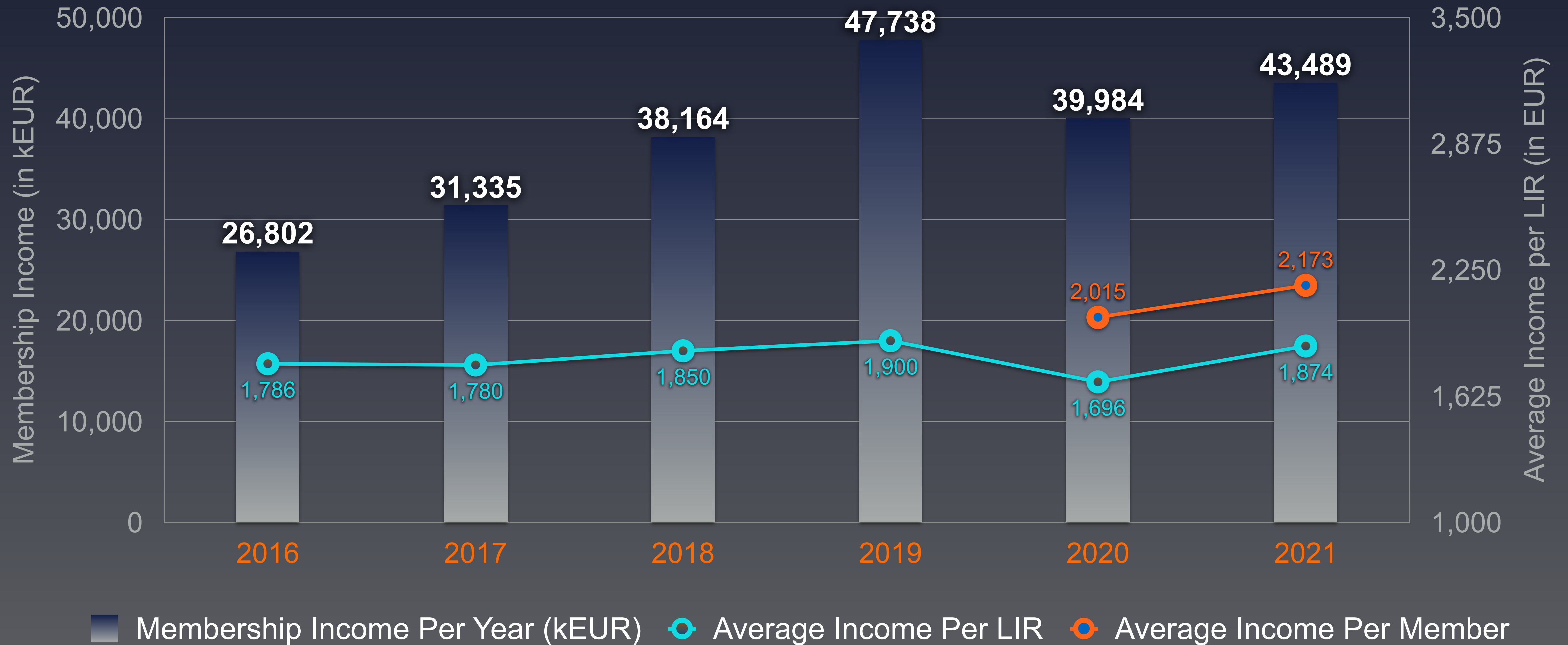
Members and LIRs



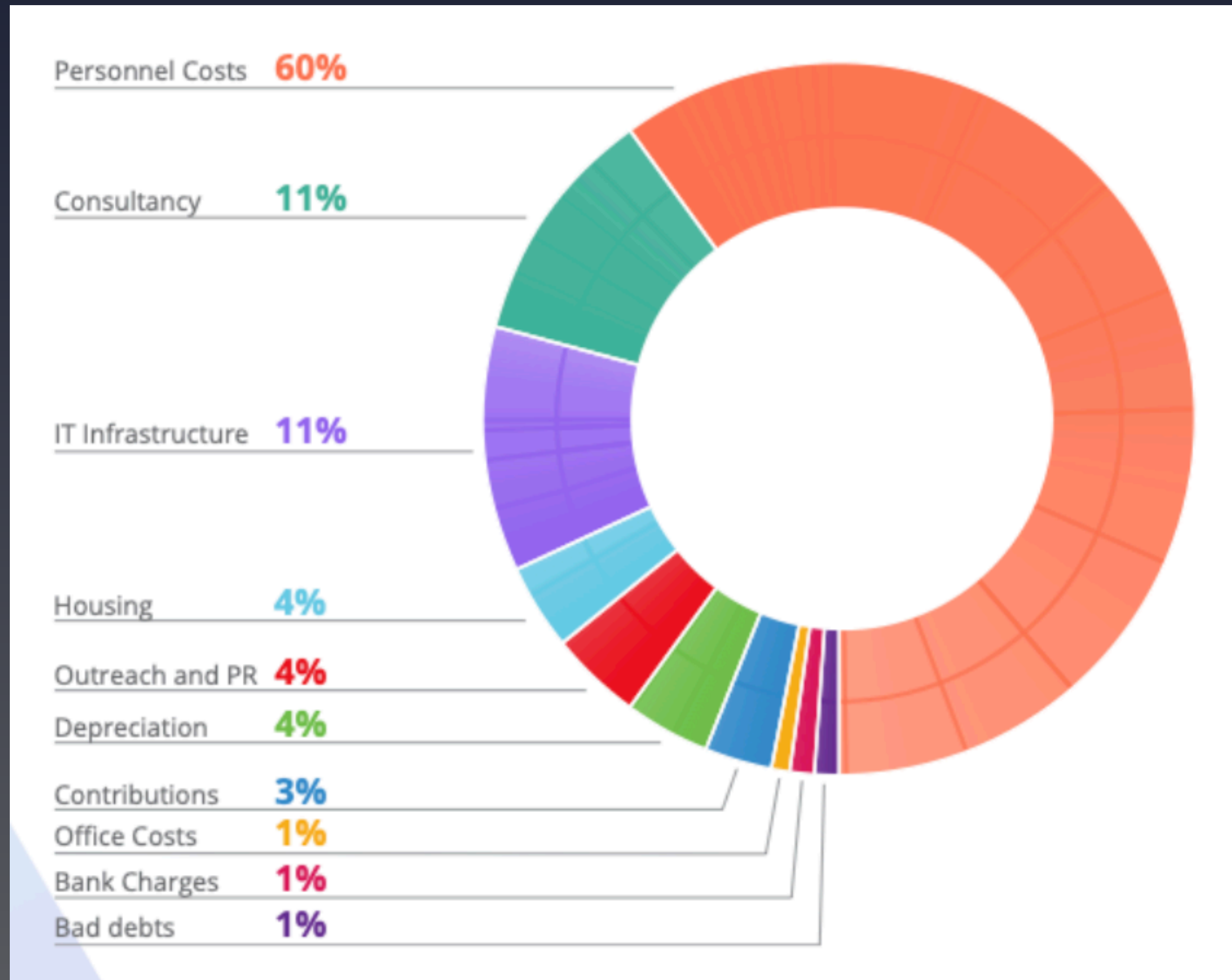
New LIR Accounts and Closures



Membership Income

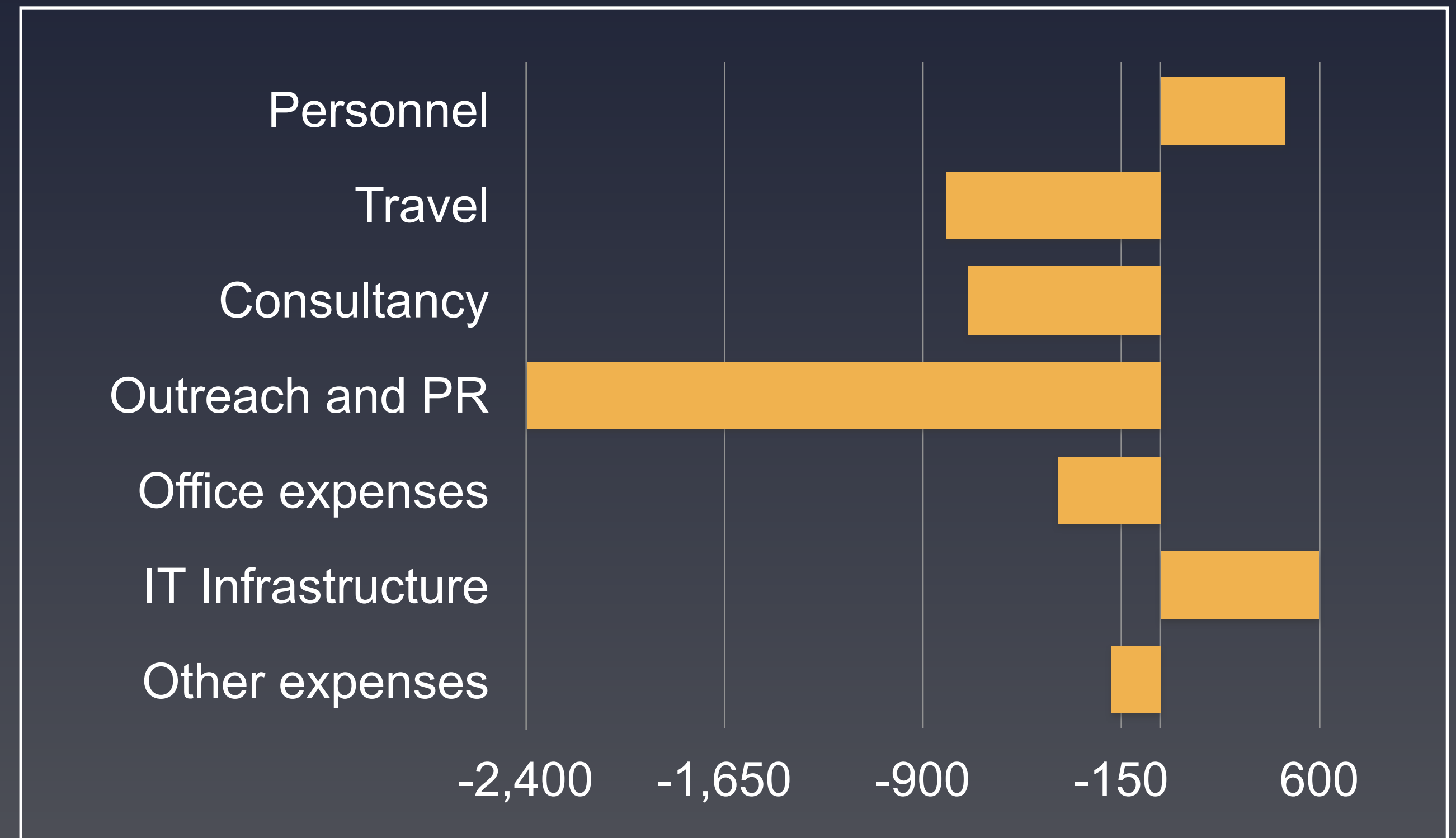
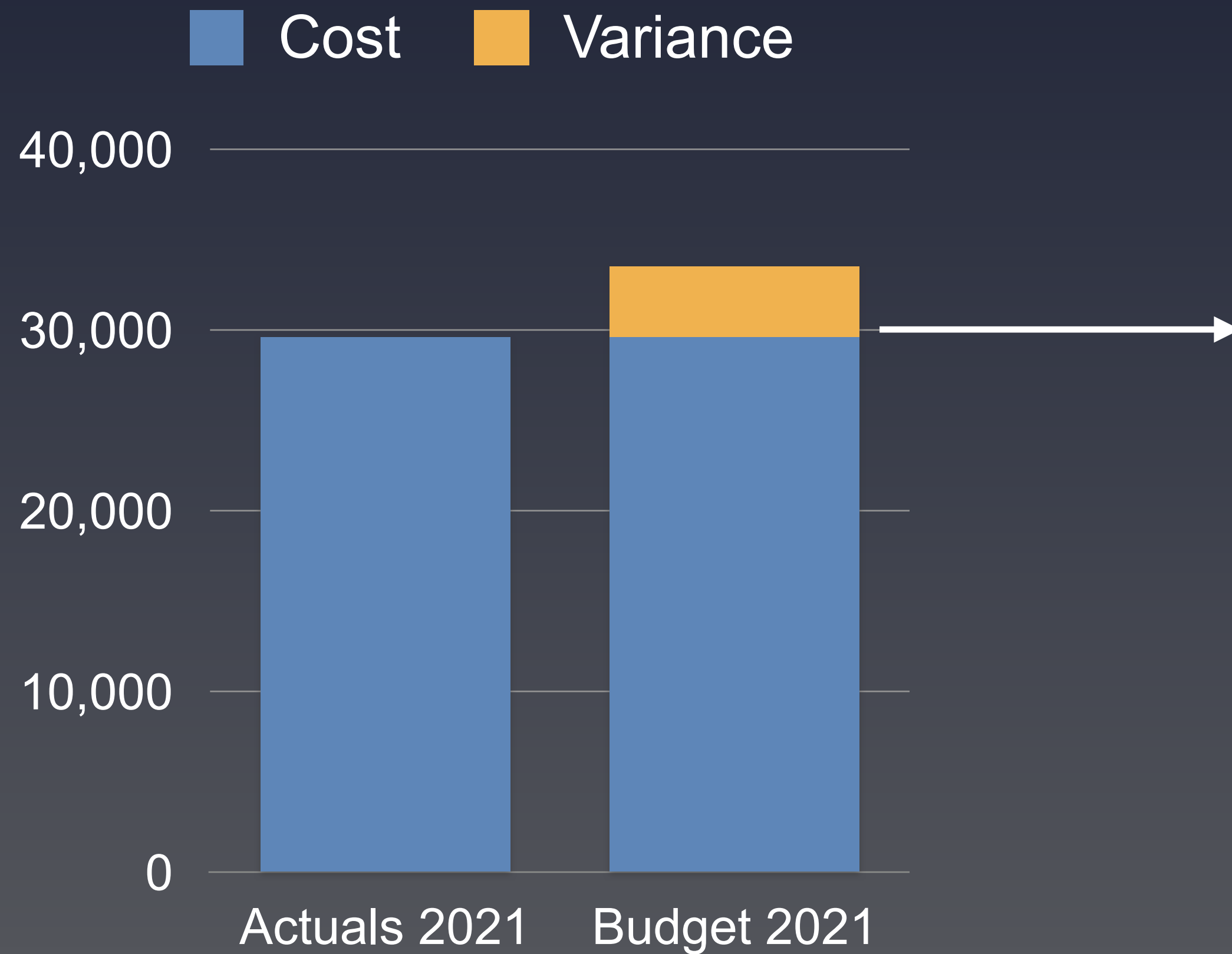


Cost Breakdown



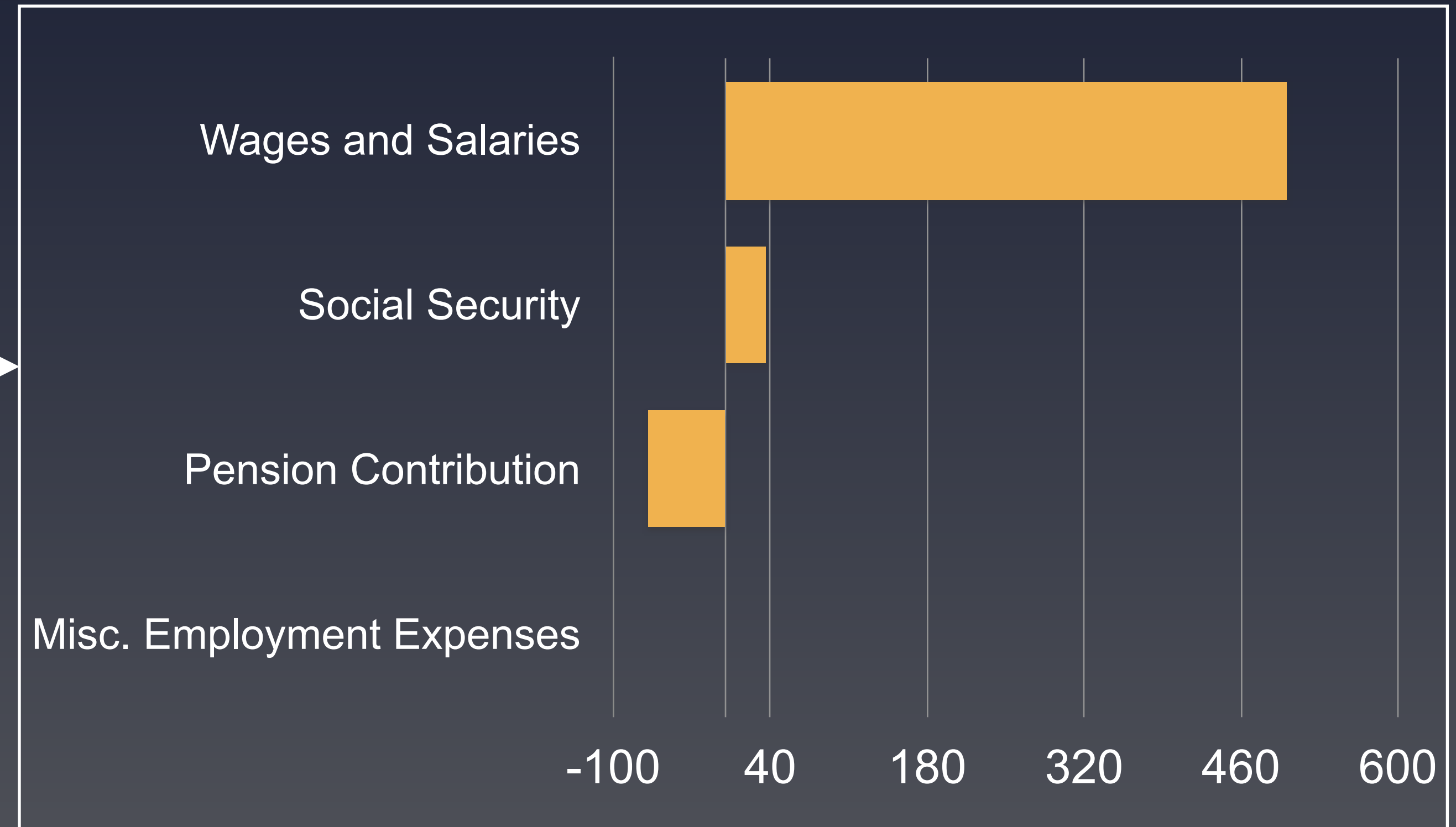
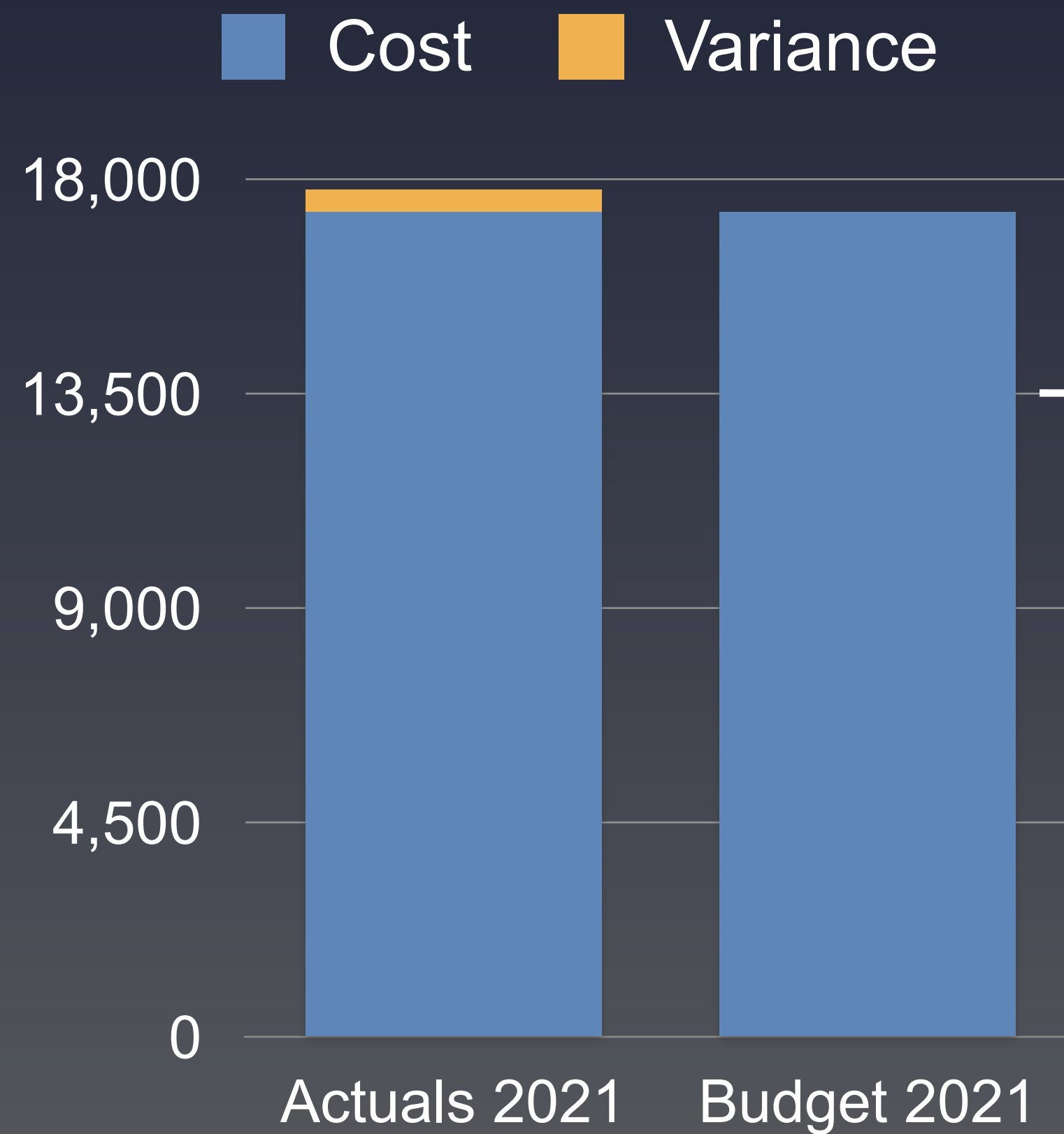
- Total expenditure for 2021 29.6M EUR
 - 11.8% or 4M EUR below budget
- 60% personnel costs
- 11% consultancy
- 11% IT infrastructure

Budget (cost) Variance in kEUR



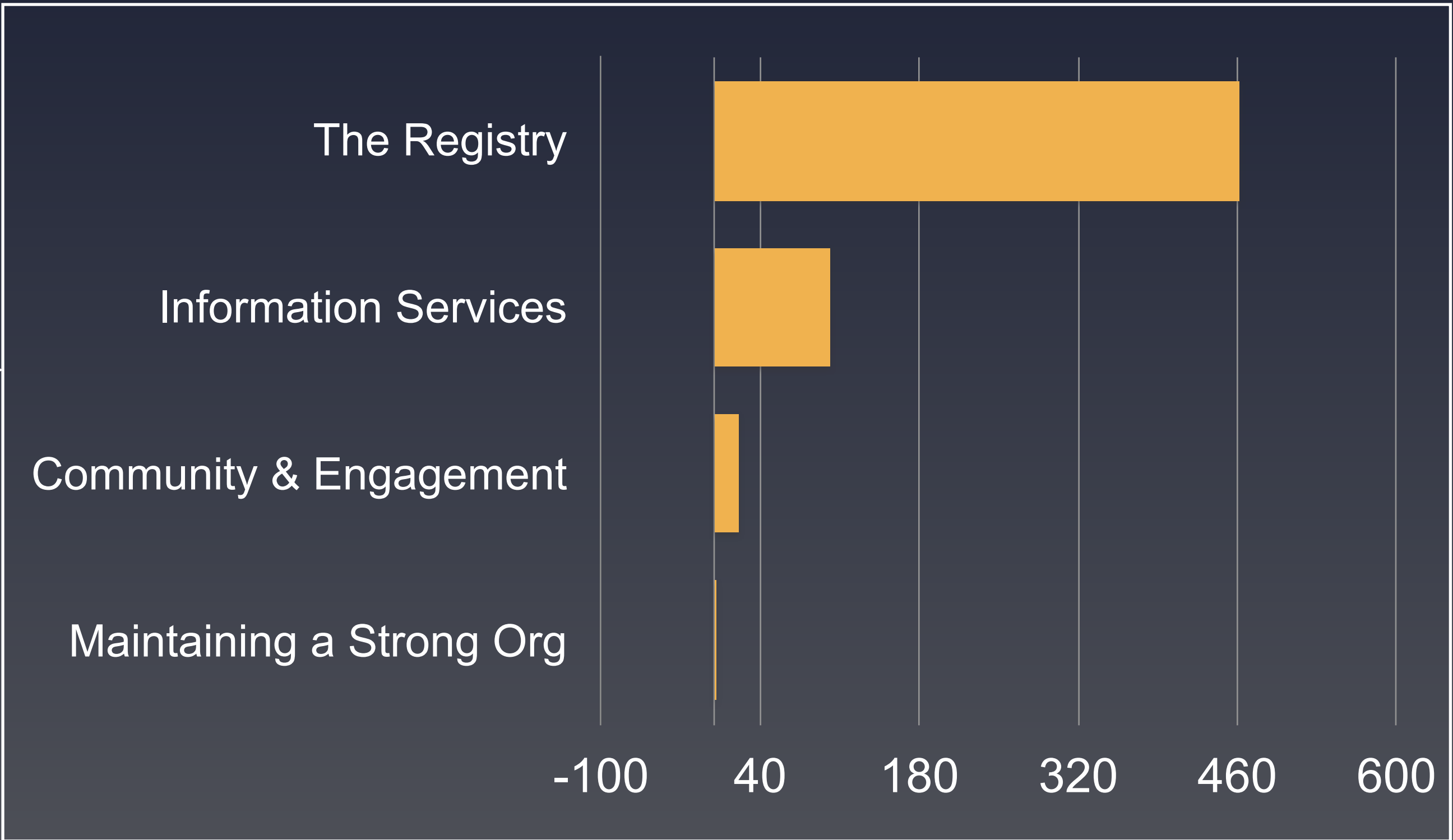
Total Variance: 3.9M

Personnel Costs (2021)



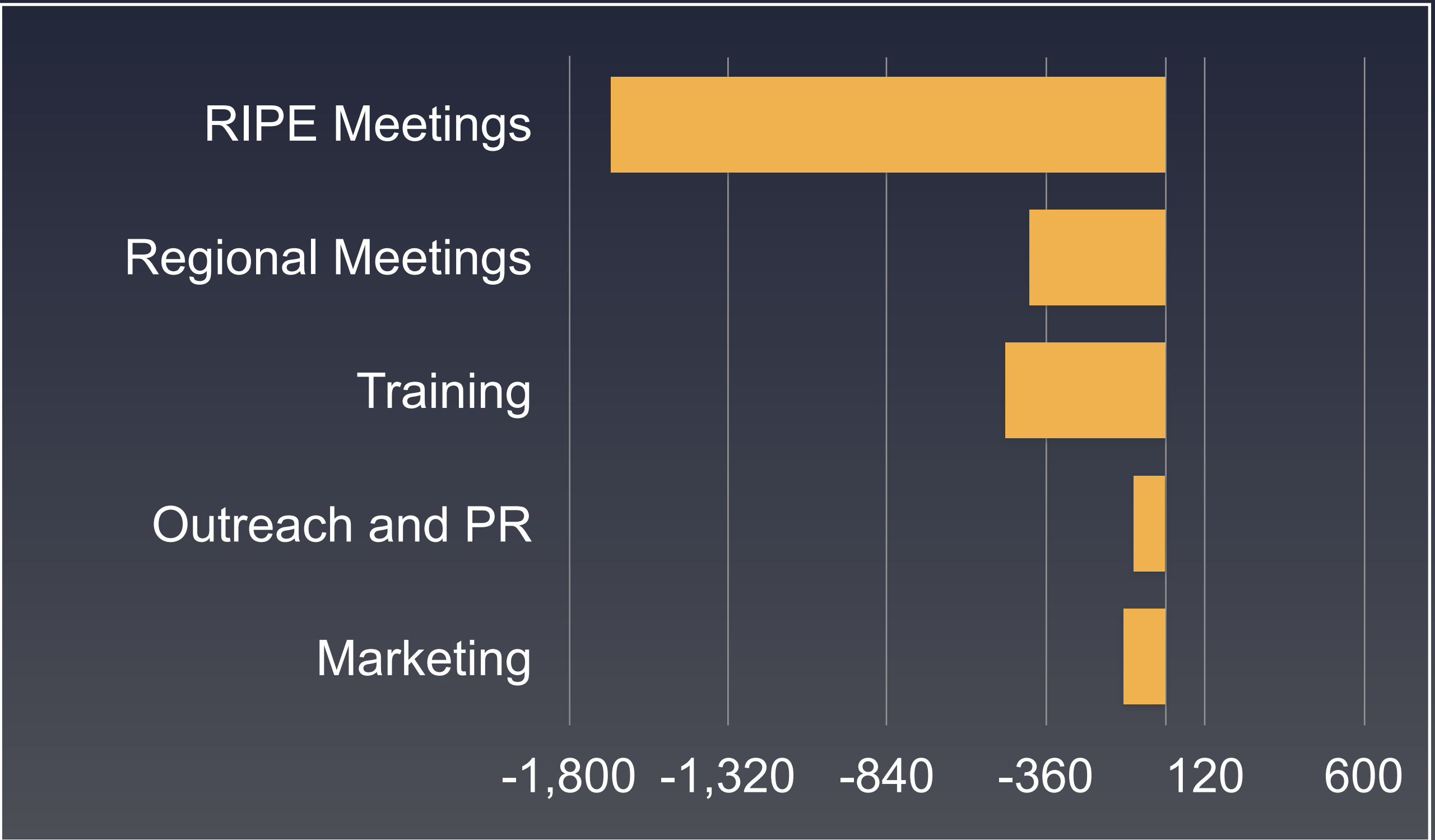
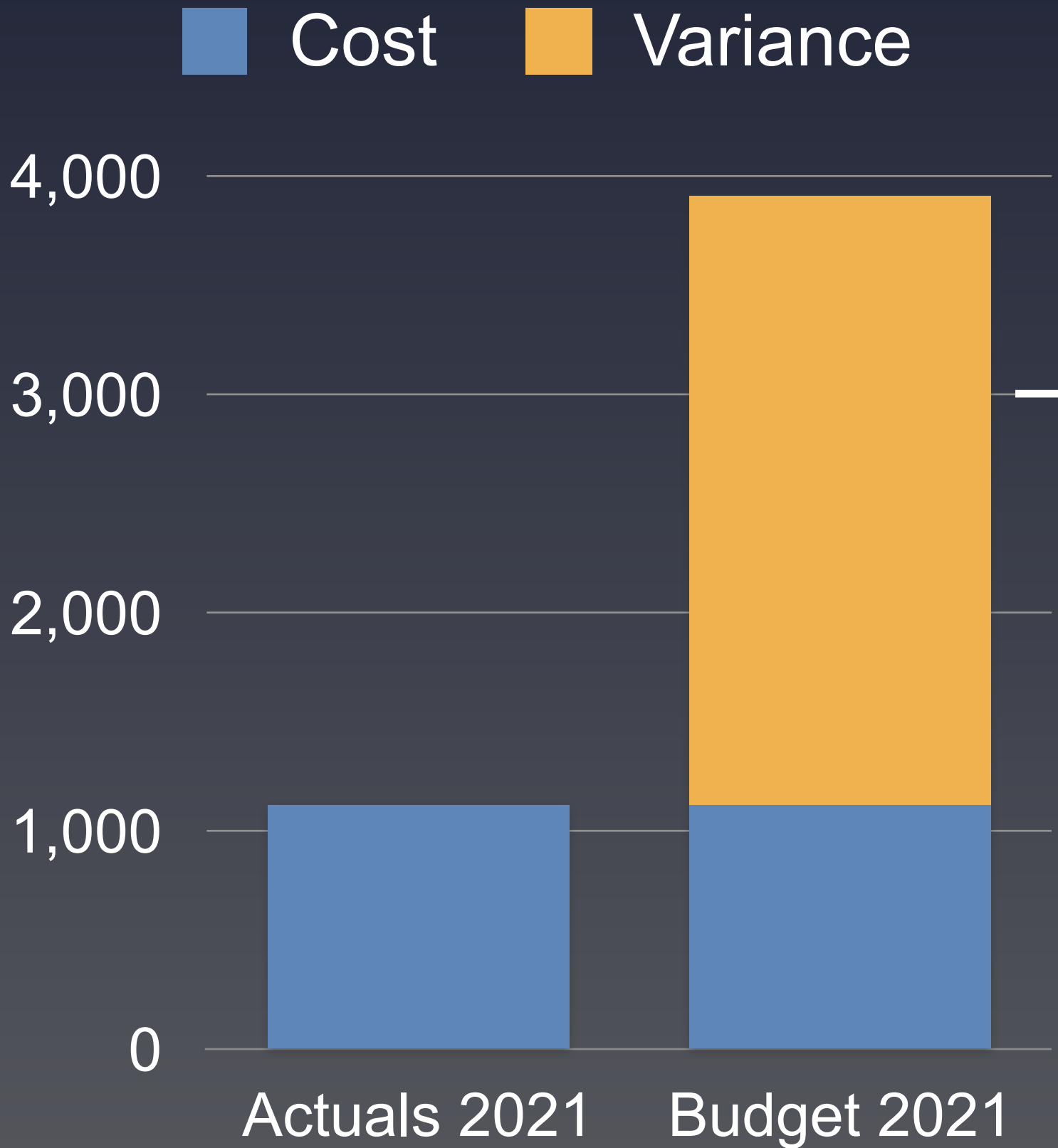
Total Variance: 467k

IT Infrastructure (2021)



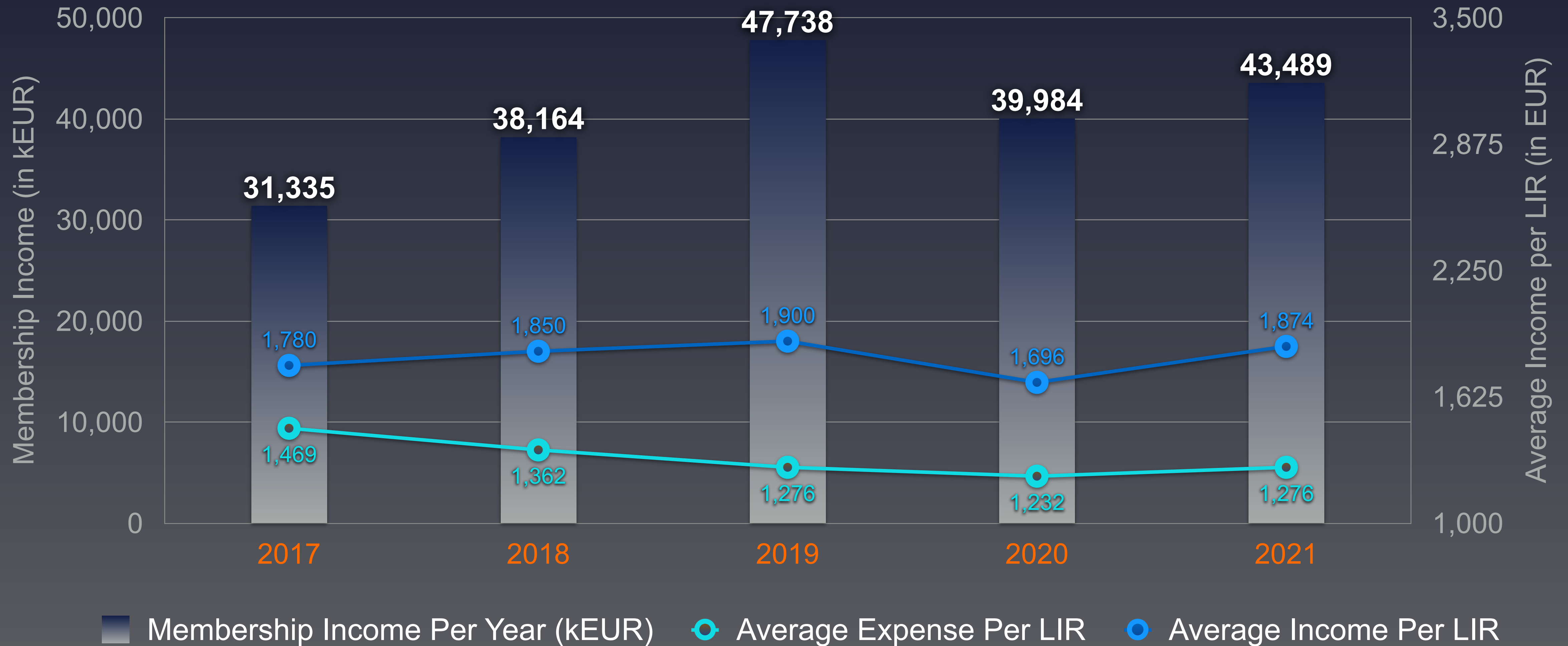
Total Variance: 608k

Outreach and PR (2021)



Total Variance: 2.8M

Membership Income vs Costs



Procurement Report 2021



	In EUR	Number of invoices	Average in EUR per Invoice	Individual Invoices
Turnover Creditors (Incl. VAT)	14,102,353	1,791	7,874	25 >100 kEUR
VAT on Creditor Invoices	1,577,598	1,171	1,347	
Capital Expenditure (BS)	431,505	89	4,848	3 >25 kEUR
	Total Creditors		Average in EUR per Creditor	
Number of Creditors	242		58,274	

Procurement Report 2021 Incl. VAT



Suppliers with turnover higher than 100k EUR (1 of 2)	Activity	In EUR	Position 2020
1. Staff Pension	Maintaining a Strong Organisation	1,334,112	1
2. IT Housing	Information Services	921,716	2
3. Office Rent	Maintaining a Strong Organisation	799,802	3
4. IT Cloud and Support	Information Services	377,960	7
5. Business Licences	The Registry	365,863	6
6. Staff Health Insurance	Maintaining a Strong Organisation	362,875	5
7. IT Hardware and Support	Information Services	345,882	4
8. Laptops and Ancillaries	Information Services	344,134	13
9. Certified Professionals	External Engagement and Community	322,249	New
10. Business Licences	The Registry	320,041	8

Procurement Report 2021 Incl. VAT



Suppliers with turnover higher then 100k EUR (2 of 2)	Activity	In EUR	Position 2020
11. ICANN and NRO Costs	Maintaining a Strong Organisation	280,052	New
12. IT Cloud and Support	Information Services	243,736	17
13. IT Cloud	Information Services	205,714	New
14. IT Hardware and Support	Information Services	194,035	4
15. Contributions	Maintaining a Strong Organisation	144,942	12
16. Legal Advice	Maintaining a Strong Organisation	141,898	New
17. Business Licences	The Registry	138,295	New
18. Salary Admin Consultancy	Maintaining a Strong Organisation	122,067	New
19. Temp Agency	The Registry	107,921	New

Financial Income & Expenditure



- 457 kEUR unrealised negative financial result
- Resulted in interest income 55 kEUR negative
 - 32 kEUR in 2020
- Resulted in exchange difference 58 kEUR
 - 115 kEUR negative in 2020
- Unrealised revaluation of financial fixed assets 459 kEUR negative
 - 312 kEUR in 2020

Financial Income & Expenditure

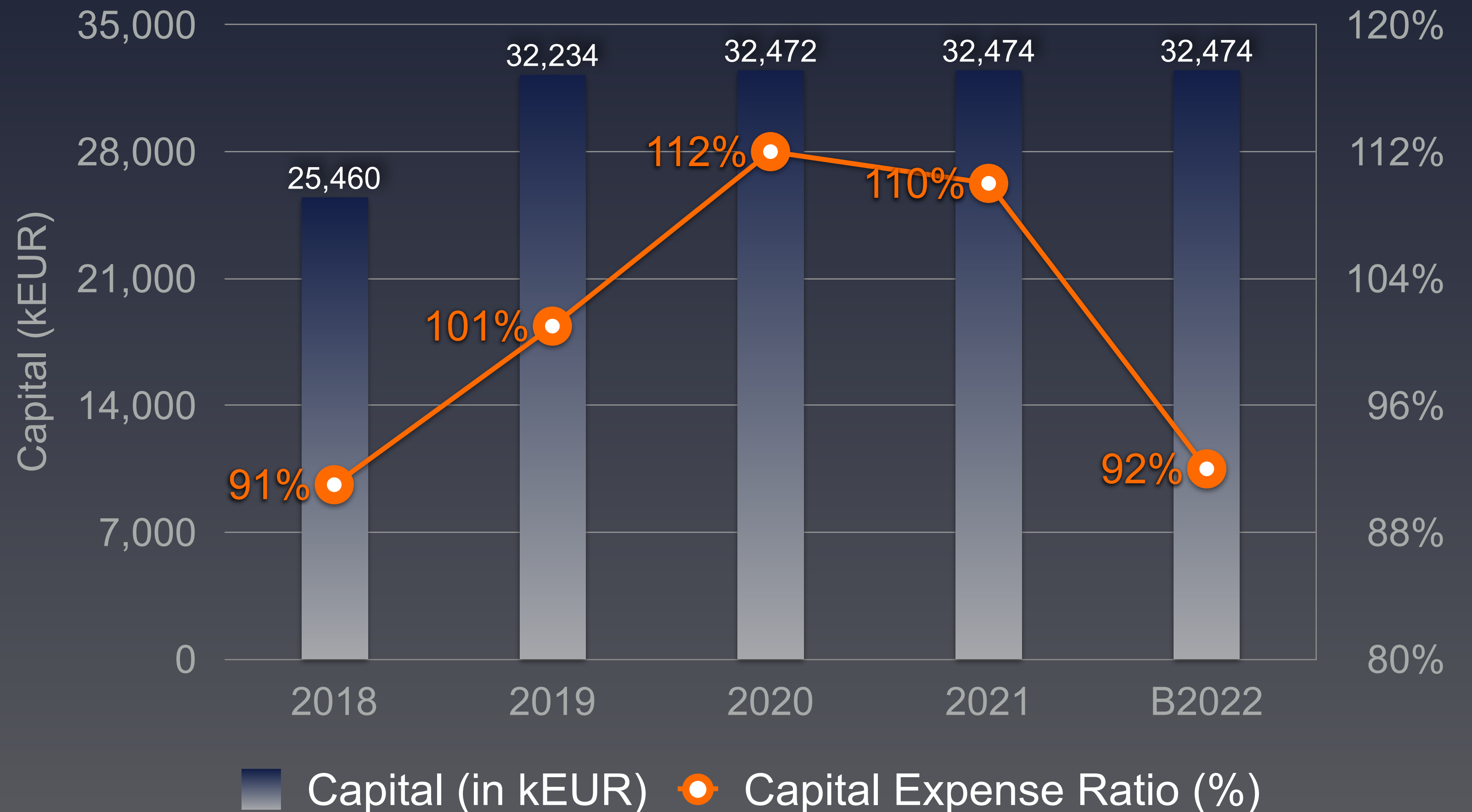


- Investment portfolio of 10.3M EUR (12.4 in 2020)
 - Unrealised revaluation of 459 kEUR negative YTD (312 positive in 2020)
 - Interest income 166 kEUR (182 in 2020)
 - Strong fluctuations in revaluations during year due to volatile markets
- Cash with banks 37.1M EUR (32.6 in 2020)
 - We pay +/- 0.5% negative interest on all our cash held with banks
 - 221 kEUR in negative interest accrued YTD (141 in 2020)
- Result: treasury project
 - Investment decision postponed due to current situation
 - Current statute will be redefined (two parties engaged)

Capital and Liquidity



- Balanced and healthy
- We are solvent and in a robust financial position
- Ready for the future, which has considerable uncertainties
- Proposed price increase for 2023
- Clearing house buffer of 32M EUR to respond to uncertainties
- Redistribution vote at GM in case of surplus or loss



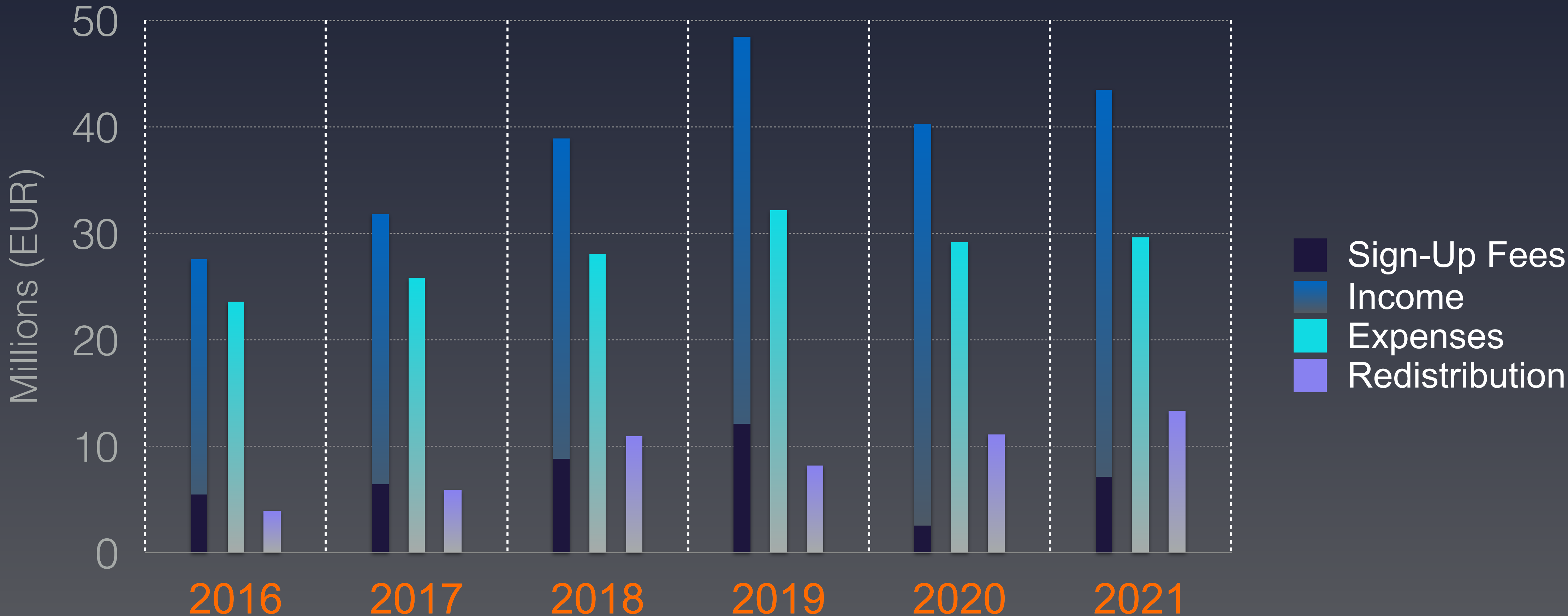
Corporate Income Tax



- Commercial Tax Rate 98%
- Corporate Income Tax 124 kEUR
 - 0 kEUR negative in 2020
- Surplus before taxes 126 kEUR
 - 0 kEUR in 2020
- Result 2 kEUR surplus
 - 238 kEUR in 2020
- Fiscal Tax Rate 21%
- Corporate Income Tax 124 kEUR
 - 0 kEUR negative in 2020
- Surplus before taxes 594 kEUR
 - 0 kEUR in 2020
- Result 470 kEUR surplus
 - 0 kEUR in 2020

Difference in non-tax deductible interest expenses clearing house reserve

Income and Expenditure



The Year Ahead



- Our budget is 35.6M EUR for 2022 (income and costs)
- We are almost in a post-COVID scenario
- We expect to see further LIR consolidation; this could have an impact on our financial stability
- At the same time, we do see increases in our members (not LIR accounts)
- Continue to engage with our banks to resolve payment issues for members in countries impacted by sanctions and banking regulations
- Ensure we can deliver our promise to all our members
- Uncertainty in our service region remains a concern

2022 Q1 Figures



	2021	2022 B	2022 Q1	
Annual fees (in kEUR)	36,400	33,700	8,581	25%
Sign-up fees (in kEUR)	7,100	1,200	660	55%
Other (in kEUR)	-	700	45	6%
Total (in kEUR)	43,500	35,600	9,286	26%
Number of LIRs	23,209	22,500	23,623	
Average income per LIR	1,874	1,582	393	

2022 Q1 Figures



	2021	2022 B	2022 Q1	
Personnel (in kEUR)	17,785	19,342	4,522	23%
FTE	161.9	186.8	169.8	
Other operating expenses	10,604	15,008	2,486	17%
Depreciation	1,071	1,000	177	18%
Bad debt	152	250	62	25%
Total	29,612	35,600	7,247	20%
Average cost per LIR (EUR)	1,276	1,582	304	

2022 Q1 Figures



	2021	2022 B	2022 Q1	
Income (in million EUR)	43.5	35.6	9.3	26%
Expenses (in million EUR)	29.6	35.6	7.2	20%
Redistribution (in million EUR)	13.3	-	-	
Surplus (in million EUR)	0.2	0	1.5	
Average redistribution per LIR (EUR)	572	-	63	
Number of LIRs	23,209	22,500	23,623	
Average cost per LIR (EUR)	1,276	1,582	304	

2022 Q1 and Income Forecast



	2021	2022 B	2022 Q1	2022 FORECAST	
Annual fees (in kEUR)	36,400	33,700	8,581	34,700	103%
Sign-up fees (in kEUR)	7,100	1,200	660	1,650	138%
Other (in kEUR)	-	700	45	500	72%
Total (in kEUR)	43,500	35,600	9,286	36,850	104%
				-	
Number of LIRs	23,209	22,500	23,623	23,000	
Average Income per LIR	1,874	1,582	393	1,602	

2022 Q1 and Costs Forecast



	2021	2022 B	2022 Q1	2022 FORECAST	
Personnel (in kEUR)	17,785	19,342	4,522	19,750	102%
FTE	161.9	186.8	169.8	179	96%
Other operating expenses	10,604	15,008	2,486	14,650	98%
Depreciation	1,071	1,000	177	800	80%
Bad debt	152	250	62	250	100%
Total	29,612	35,600	7,247	35,450	99%
Average Cost per LIR (EUR)	1,276	1,582	304	1,541	

2022 Q1 and Forecast

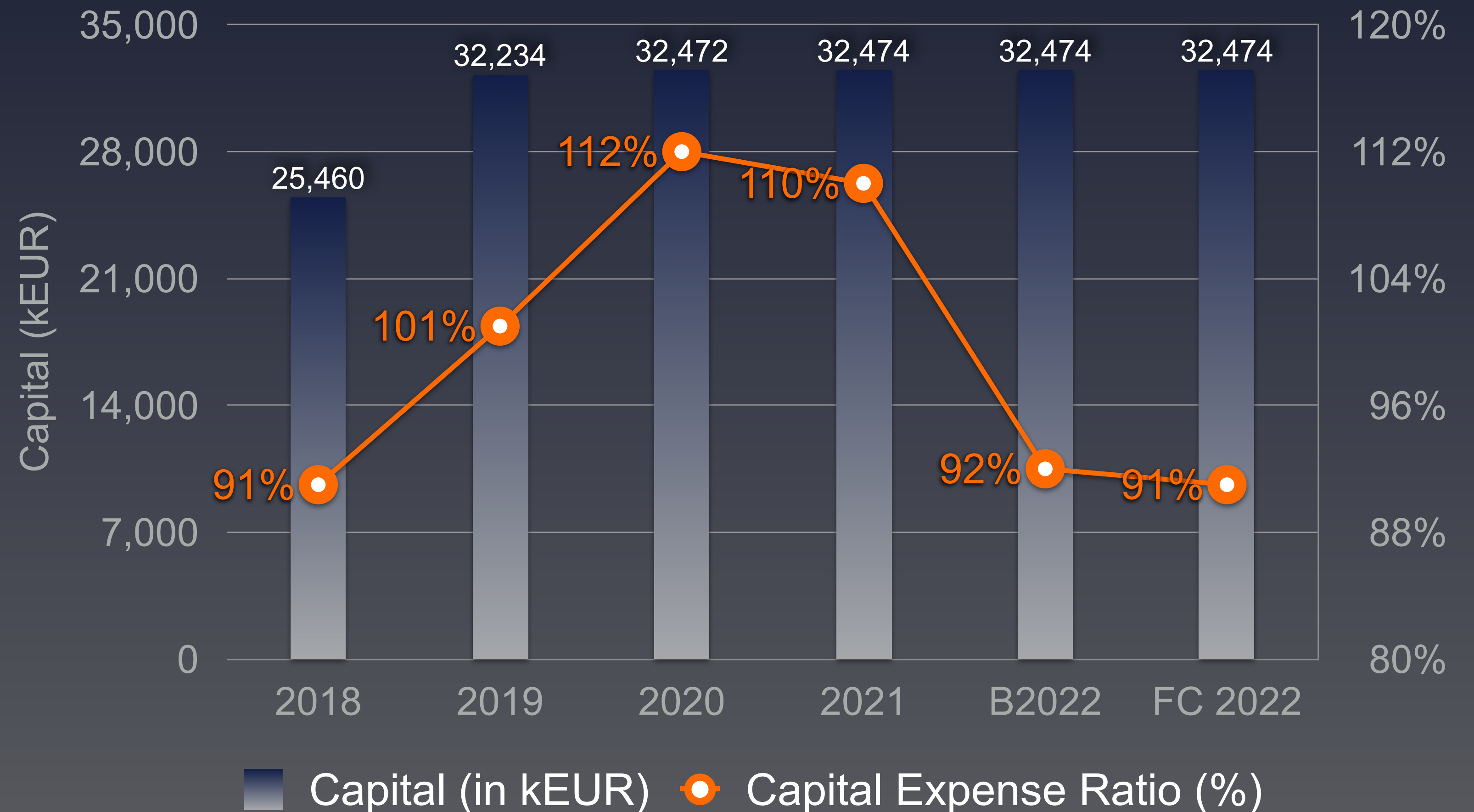


	2021	2022 B	2022 Q1	2022 FORECAST	
Income (in million EUR)	43.5	35.6	9.3	36.8	104%
Expenses (in million EUR)	29.6	35.6	7.2	35.4	99%
Redistribution (in million EUR)	13.3	-	-	-	
Surplus (in million EUR)	0.2	0	1.5	1.4	
Average redistribution per LIR (EUR)	572	-	63	26	
Number of LIRs	23,209	22,500	23,623	23,000	
Average cost per LIR (EUR)	1,276	1,582	304	1,573	

Forecast Capital and Liquidity



- Balanced and healthy
- We are solvent and in a robust financial position
- Ready for the future, which has considerable uncertainties
- Proposed price increase for 2023
- Clearing house buffer of 32M EUR to respond to uncertainties
- Redistribution vote at GM in case of surplus or loss



RIPE 85 and the Next GM



- Inform GM to expect vote regarding redistribution at RIPE 85
 - If loss - deduct from clearing house or redistribute
 - Example: membership fee + redistribution $1,400/1,550 + 50 = 1,450/1,600$
 - If surplus - add to clearing house or redistribute
 - Example: membership fee + redistribution $1,400/1,550 - 50 = 1,350/1,500$
 - In case of break-even, no vote required



Questions

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