



# Financial Report

## 2023

# Table of Contents

03. **Executive Board Report**

12. **Financial Statements 2023**

12. Balance Sheet as of 31 December 2023

13. Statement of Income and Expenditures 2023

14. Cash Flow Statement 2023

15. Accounting Policies

19. Breakdown of Items in the Balance Sheet

25. Arrangements and Commitments Not Shown in the Balance Sheet

26. Breakdown of Items in the Statement of Income and Expenditure

35. **Other Information**

36. **Independent Auditor's Report**



**RAYMOND JETTEN**  
TREASURER

# EXECUTIVE BOARD REPORT

## Introduction

We are pleased to be able to report a financial surplus in our 2023 Financial Report. This result was not easy to achieve, as we had to implement significant cost-cutting measures and be flexible in the face of many of the same challenges we faced in 2022. With multiple wars and conflicts in our service region, inflation, and the continued classification of Iran and Syria as ultra high-risk countries by Dutch banks, the financial environment we operate in remains unstable. But thanks to the hard work of our team, we have been able to ensure the RIPE NCC remains financially stable without compromising the quality of our services.

In 2023, we clearly saw the continued effect of the consolidation of multiple LIR accounts. With a net reduction of 1,813 since the beginning of the year, this was even greater than the previous largest decline in LIR accounts in 2020 (1,556). This shows a continuation of the trend that we have seen over the past four years, which follows years of steady growth due to the IPv4 run-out.

The financial surplus we achieved in 2023 was the result of several strategic decisions and prudent financial management practices. The main factor was the decision to start cutting costs after the 2023 May General Meeting (GM). The reasons for this decision were twofold. First, there was an unexpected reduction in income due to fewer new LIR accounts than budgeted and an expected decline in the number of LIR accounts overall, and our inability to collect membership fees from “Ultra High-Risk” countries. And, secondly, there was the outcome of the May 2023 GM vote on the Charging Scheme for 2024, in which the GM voted not to increase membership fees for 2024 and to reject a category-based Charging Scheme model. This meant a reduced budget for 2024 on top of increased costs

due to inflation, which prompted us to immediately start cutting costs to avoid a deficit for 2023 and to ensure a good starting base for 2024.

We have recorded a gain on our investments thanks to positive interest rates and good fund performance. Unfortunately, we have not yet been able to recover the unrealised loss from 2022. In 2023, we also concluded our treasury project, under which we transferred 10M EUR to our UBS account just before the end of the year, of which we invested 6.6M EUR. This puts us in a good position for 2024 to at least offset a loss in value due to inflation on our clearing house reserve, and perhaps even better.

Starting the year with 23,383 LIR accounts, we saw a decrease to 21,570 LIR accounts by 31 December 2023. During this period, we closed a total of 2,780 LIR accounts and welcomed 967, which is below the budget of 1,600 new LIRs. It is also important to note that a significant proportion of these new LIR accounts came from Iran and Syria (117 or 12%). However, due to banking restrictions, we postponed invoicing members in these countries for the third year running. Despite the reduction in the total number of LIR



accounts, the total number of our members fell by only 154, indicating that this is mainly due to the consolidation of multiple LIR accounts.

In addition, our capital expenditure ratio fell from 93% to 88%. This relates to the increase in expenditure in 2022 compared to 2023 due to high inflation and COVID-19 restrictions in the first quarter of 2022. Total cash and financial assets remained stable, from 34,176 kEUR to 35,317 kEUR.

Economic circumstances in our service region were challenging for us and our community in 2023, although we are seeing signs of stabilisation at the time of writing. We will continue to closely monitor the organisation's financial situation, and the RIPE NCC Executive Board is committed to making the necessary decisions to ensure that it remains financially stable in the years ahead.

In 2024, we will continue our efforts to rationalise costs where necessary and to further improve the efficiency of our financial resources. Our future plans are outlined in the 2024 Activity Plan and Budget, and in the RIPE NCC Strategy 2022-2026. We have continued work to professionalise and improve our presence in the Middle East. Significant steps have been taken, but we still have considerable work to do to finalise this project which ultimately aims to establish a separate operational legal entity in Dubai.

For 2024, the RIPE NCC has an income budget of 38M EUR, and a total expense budget of 38.2M EUR, resulting in a negative surplus before a financial result of 200 kEUR. The cost budget represents the cost-cutting activities from 2023, which were required to facilitate the reduction in income. We have budgeted a positive financial result of 400 kEUR, compensating for the negative budgeted surplus. In the 2024 budget we included a further decline of 1,000 LIR accounts, as we expect the number of members and LIR accounts to even out over time. In the 2024 budget, contrary to 2023, we have included the income from Ultra High-Risk Countries. For more details, please refer to: <https://ftp.ripe.net/ripe/docs/ripe-814.pdf>

## About the RIPE NCC

The RIPE NCC is an independent, not-for-profit membership association that supports the infrastructure of the Internet through technical coordination in Europe, the Middle East and parts of Central Asia. Our most prominent activity is to act as the Regional Internet Registry (RIR) providing global Internet resources and related services (IPv4, IPv6 and AS Number resources) to members in our service region.

In 2023, our team was composed of 180.7 FTEs (172.0 in 2022) located in Amsterdam and Dubai, not including Employees of Record (EoRs) and consultants working in other parts of our service region.

### Objectives:

1. Support an open, inclusive and engaged RIPE community
2. Operate a trusted, efficient, accurate and resilient Registry
3. Enable our members and community to operate one secure, stable and resilient global Internet
4. Maintain a stable organisation with a robust governance structure
5. Attract engaged, competent and diverse staff

## The RIPE NCC Executive Board

The RIPE NCC Executive Board is elected by members to represent them and provide guidance to the RIPE NCC's management team. In 2023, the RIPE NCC Executive Board consisted of six men and one woman. The Board does not receive remuneration or a fixed expense reimbursement.

- Ondřej Filip, Chair
- Piotr Strzyżewski, Secretary
- Raymond Jetten, Treasurer
- Remco van Mook, Member
- Maria Häll, Member
- Job Snijders, Member
- Harald A. Summa, Member

## RIPE NCC Management

The RIPE NCC's management team oversees the general operation of the organisation. In 2023, the RIPE NCC's management team consisted of five men and four women, and their remuneration amounted to 1,917 kEUR. The breakdown of this remuneration is available on page 28.

- Hans Petter Holen, Managing Director
- Daniella Coutinho, Senior Executive Assistant to the Managing Director
- Athina Fragkouli, Chief Legal Officer
- Simon-Jan Haytink, Chief Financial Officer
- Hisham Ibrahim, Chief Community Officer
- Felipe Victolla Silveira, Chief Technology Officer
- James Kennedy, Chief Registry Officer
- Carolien Vos, Chief Human Resources Officer
- Eleonora Petridou, Chief Information Security Officer

## Membership trends and financial sustainability

In 2023, our total income was 38.4M EUR (37.3M after redistribution), which is below the budget of 40M EUR. Our total membership fee income was 37.7M EUR, consisting of annual fees & sign-up fees. The membership voted for a fee redistribution over 2023. More information is provided below.

Income from annual fees increased from 34M EUR in 2022 to 36.9M EUR, slightly below budget (37.6M EUR). The lower-than-budgeted actual revenue is due to fewer new LIR accounts than expected. The unpredictability of the influx of LIR accounts is related to the perceived availability of IPv4 resources and their market value.

More specifically, we lost 154 members in 2023, from 20,231 to 20,077, and 1,813 LIR accounts, from 23,383 to 21,570. In all, 2,780 LIR accounts were closed, mainly due to consolidation, and 967 new LIR accounts were opened compared to the 1,600 budgeted. Our inability to collect money from “Ultra High-Risk” countries, due to the high risk this would pose for the RIPE NCC, was incorporated in the income budget 2023.

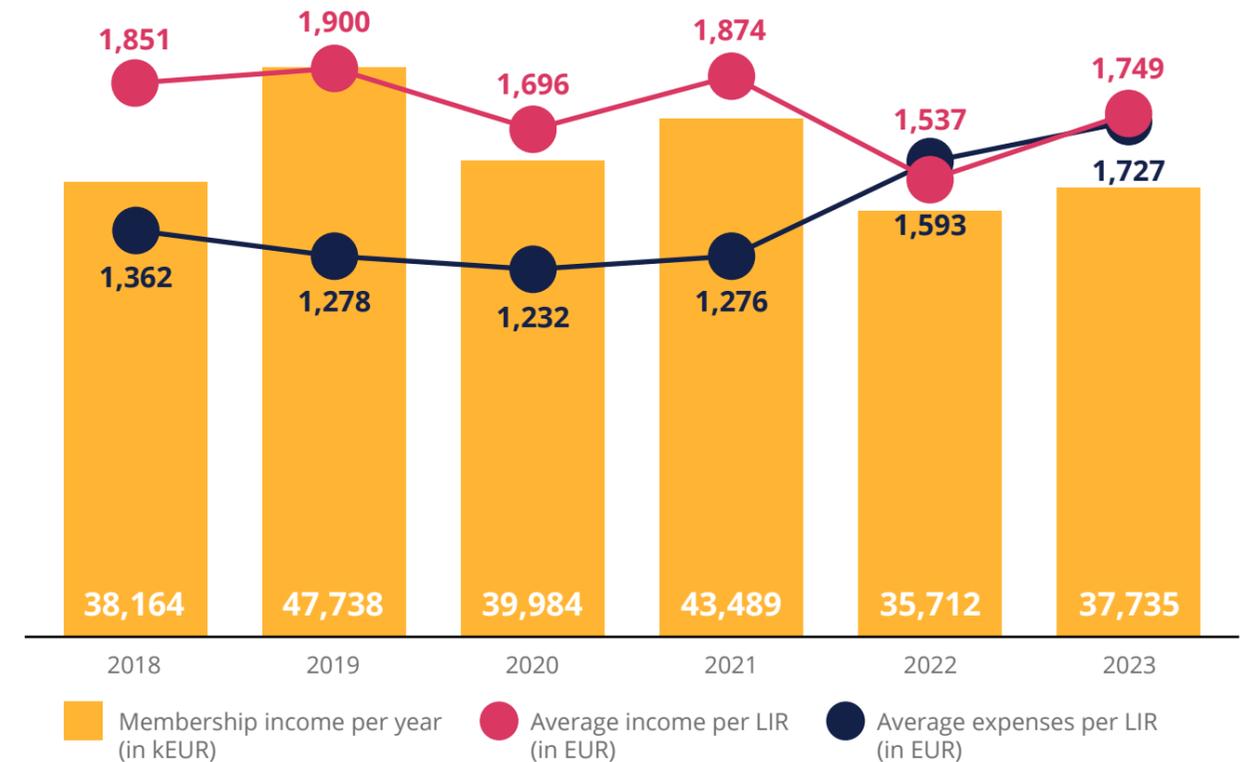
## Membership fee redistribution over 2023

The RIPE NCC has offered its members the opportunity to redistribute excess contributions through voting since 2015. With this redistribution, we refund the surplus from one financial year to members in the form of a discount on the following year’s membership invoice.

Members voted in favour of a redistribution of annual fees at the November 2023 General Meeting. We had advised members to vote against a redistribution, as we only expected a very small amount to redistribute. However, thanks to cost-cutting measures, we were able to provide a redistribution of 1.1M EUR for 2023 in the 2024 invoices, and a small remainder of previous years’ redistribution that we had been unable to process.

## Costs under budget

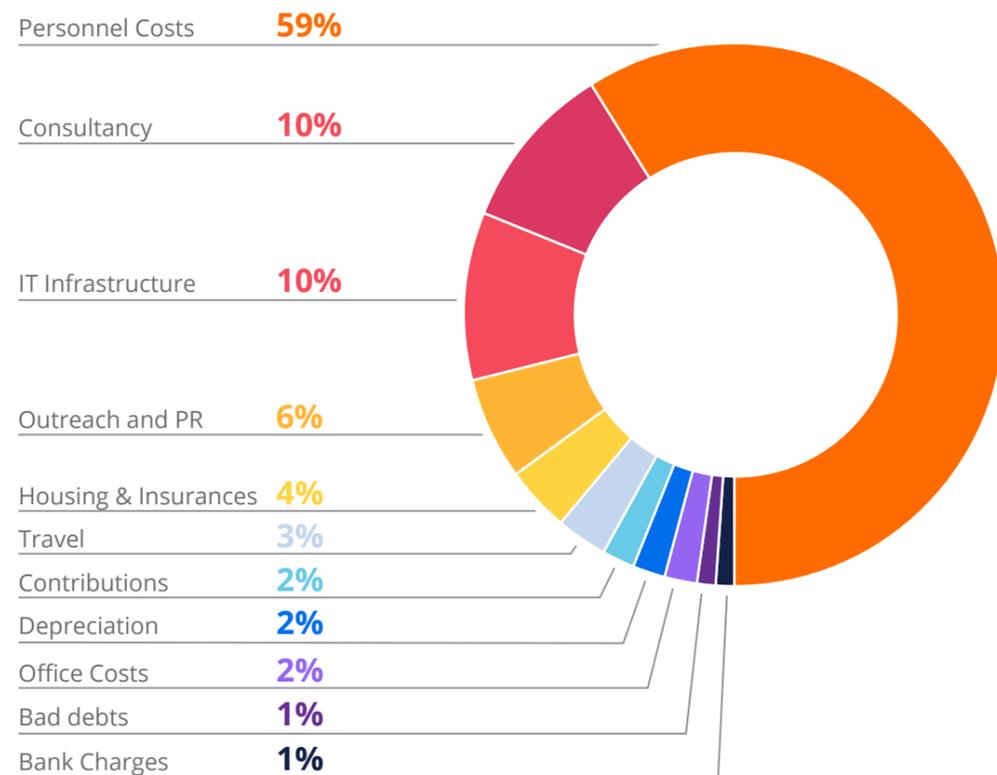
In 2023, we focused on reducing costs to ensure we can cope with the reduction in income due to the decrease of LIR accounts over the past few years. As a result, total expenditure



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.

We achieved our biggest savings by reducing Consultancy costs (1,230 kEUR) and prioritising in-house expertise. This was followed by Outreach & Public Relations (611 kEUR), where we reduced costs where possible and scaled back some of our outreach activities. However, an additional 200 kEUR was allocated for this activity in 2024 following feedback from members at the November 2023 General Meeting. We have also saved 560 kEUR in Information Technology by cutting software licences among other measures. Another significant savings item was Contributions (527 kEUR); savings here are attributable to a significant underutilisation of the RIR-shared NRO budget. We also made savings in the following areas: Office Expenses (174 kEUR), Travel (190 kEUR) and Housing & Insurance (63 kEUR).

In terms of over-budget items, staff costs were over budget by 552 kEUR due to an increase in staff compensation, severance payments and a higher-than-budgeted staff



end by our investment partner. The remaining 3.4M EUR was held in our UBS current account and was invested in 2024.

In 2023, the RIPE NCC maintained strong financial stability with reserves totaling 32M EUR against a balance sheet total of 42M EUR. Despite a decrease in cash reserves to 21.7M EUR, mainly due to 6.6M EUR of investments in financial fixed assets, and a government bond reaching end of term -0.9M EUR, our liquidity remained robust and our capital expenses ratio of 88% shows our reserves can cover 88% of expenses for a year without income.

The increase in financial fixed assets reflects our strategic shift towards external investment management, contributing to our commitment to manage our assets while minimising risk, preserving capital and obtaining the best possible return.

While there was a small unrealised foreign exchange loss of 67 kEUR, we saw an unrealised revaluation gain of 323 kEUR on investments. Additionally, we received 268 kEUR in interest income, 89 kEUR coming from our investment portfolios and 179 kEUR from our deposits. Overall, this resulted in a 524 kEUR positive financial result.

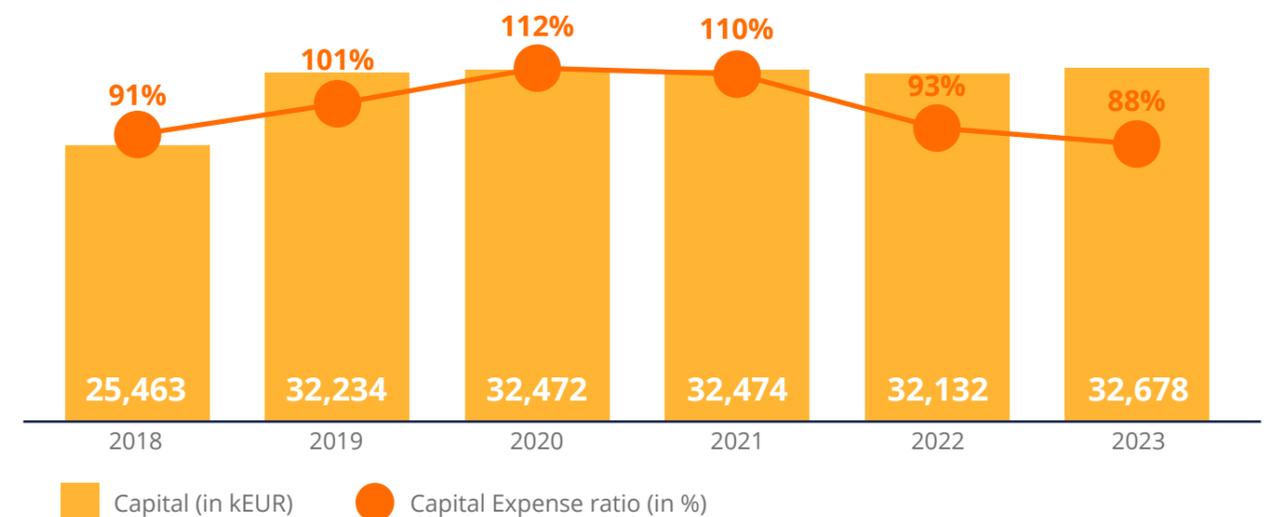
In December 2023, we published our 2024 Billing Procedure, and every year the RIPE NCC produces a detailed Financial Report and Activity Plan and Budget. We also follow the principles as described in our Tax Governance Paper and Treasury Statute.

bonus. Staff increases were linked to a significant inflation correction and an additional increase based on a benchmark index to ensure market-compliant remuneration. Bank charges and bad debts were 44 kEUR and 115 kEUR over budget. Bad Debt is over budget due to payment extensions granted to our Ukrainian members.

### Sound capital and liquidity management

The RIPE NCC continues to implement a conservative investment strategy to minimise risk for the RIPE NCC reserves. The Treasury Statute describes how we minimise risks for our investment portfolio, including the asset mix spread, and it is monitored and reviewed annually by the Executive Board.

In 2023, we continued and finalised the Treasury project with the Executive Board. In this project we enhanced our investment management by selecting an external firm after evaluating four options, and updated our treasury statute as part of this project (<https://www.ripe.net/about-us/legal/corporate-governance/treasury-statute/>). We transferred 10M EUR to our UBS Luxembourg account, of which 6.6M was invested before year



## Risk Management

Risk management is an integral part of our corporate strategy. The understanding of risk exposure is crucial to ensure sound strategic decision-making. The RIPE NCC has implemented an Enterprise Risk Management (ERM) framework to identify, monitor and manage risk exposure.

This approach enables us to make informed strategic decisions, prioritise our risk mitigation efforts according to risk exposure, and exercise adequate controls throughout the organisation. We aim to support a stable, resilient and healthy Regional Internet Registry.

### Establishment of an Internal Risk and Compliance Function in 2023

An internal Risk and Compliance function has been established at the RIPE NCC to unify and align the RIPE NCC's approach towards risk management and compliance, proactively manage risk and demonstrate continuous compliance with laws, regulations and industry compliance standards.

The Risk and Compliance function has been assigned the authority and responsibility to:

- Support the achievement of strategic objectives
- Enable informed decision-making
- Balance risk and rewards
- Anticipate future threats
- Ensure consistency of control oversight
- Foster better reporting across the organisation

The Risk and Compliance function within the RIPE NCC has been structured on a three-lines-of-defence model, with the first line of defence being the departments. The Risk and Compliance function is the second line of defence, followed by an outsourced internal audit function, which is the third line of defence.

A Governance Committee has also been established to oversee risk management activities and to facilitate risk reporting towards the Executive Board.

### Risk Management Policy

A risk management policy has been developed that reflects directions from the RIPE NCC management team, which sets the “tone at the top” with respect to the risk management approach for the RIPE NCC. Risk appetite statements have been included within the policy document and have been approved by the Executive Board in order to be used as a reference while deciding on risk treatment options.

RIPE NCC has a very low risk appetite for compliance and health and safety risks and a low risk appetite for financial and security risks. We operate with a medium risk appetite for strategic and technology risks. RIPE NCC members and the RIPE community are central to everything we do. The needs and expectations of our members and the sensitivity and importance of our operations and the services we provide are duly taken into account when developing our risk appetite, as we balance the fulfilment of our objectives against the risks inherent to the environment in which we provide services.

### Risk Management Framework

The ERM framework helps the RIPE NCC understand, prioritise and act on key risks. Further, it helps to drive a consistent risk-management culture, where the chance of risks “slipping through the cracks” is minimised. The objective of this Risk Management Framework is to provide structure and consistency around risk management activities as well as the assurance that all necessary areas are covered that are required to develop and execute a successful risk management program at the RIPE NCC.

The RIPE NCC risk universe has been defined by identifying and classifying the different types of risk that are or could be relevant to the RIPE NCC. This categorisation of risks provides a clearer picture of their impact on the RIPE NCC and a more holistic view of the significance of a risk and the identification of alternative strategies to address it. The risk

universe is taken as a reference during the risk identification process to identify the risks associated with these risk categories (if any) and is updated and reviewed after each risk assessment.

An enterprise risk assessment takes place at least annually resulting in a risk register per team. Previously identified risks are re-evaluated to take account of any changes in impacts and probabilities, and newly identified risks are entered into the risk register and evaluated.

Risks deviating from the risk appetite are managed through risk treatment plans. Progress against the risk treatment plan execution is reported to the Executive Board bi-annually and monitored by the internal Governance Committee on a regular basis. The ERM framework is reviewed at least once a year and any necessary changes are incorporated into the framework.

## **Risk Culture**

Our reputation is built on trust and we find it extremely important that our internal and external stakeholders comprehend our organisational purpose, direction and operating model. We operate according to relevant laws and regulations, the RIPE policies as set out by the RIPE community, the Executive Board approved procedures, as well as the internal RIPE NCC policies and procedures approved by the RIPE NCC management team. Our members review our activities through a yearly Activity Plan and Budget cycle. The Activity Plan and Budget is approved by the Executive Board.

At the RIPE NCC, a positive risk culture has been developed through the development and implementation of a risk management policy, a governance committee, an ERM framework, the definition of roles and responsibilities for risk management, transparent risk communication across departments, and risk-awareness training for RIPE NCC staff.

## Enterprise Risk Assessment 2023

As mentioned above, at least annually a risk assessment takes place to evaluate the impact and likelihood of identified risks across the whole organisation and the results are detailed in the corresponding risk registers.

### Risk rating approach

During 2023, a new risk rating matrix was developed as a part of the ERM framework to allow for a more objective and uniform approach to risk assessment. Five levels of impacts and likelihoods ranging from Very Low to Very High have been predefined for each risk type.

### Key risks identified during 2023

The key risks identified during the 2023 annual assessment are summarised below.

#### 1. FINANCIAL RISKS

##### Decrease of income

The decrease in income can be attributed to various factors. Firstly, we are witnessing a considerable number of members consolidating their multiple LIR accounts after the 24-month restriction on resource transfers applied by RIPE policy has ended, and a decreasing number of new LIR applications, resulting in a reduction in service fees. Additionally, we are facing challenges in invoicing LIR accounts from countries classified as “Ultra High-Risk” by our banks. Currently we have an uninviced position on our balance sheet for income from Ultra High-Risk Countries of 2.4M EUR; this position covers a small part of 2021, and the full years of 2022 and 2023. In the 2024 membership income budget, we have 21,500 contributing LIR accounts. Over 700 LIR accounts from the Ultra High-Risk Countries are included in this budget, representing 1.1M EUR.

To address these risks and ensure the financial stability of the RIPE NCC, we have several mitigation controls, the most important of which is the Charging Scheme. In 2022, we

postponed consulting our members on changes to the Charging Scheme due to the war in Ukraine. However, members voted for an increase from EUR 1,400 to 1,550. In 2023, this consultation took place and members were offered several options on how to be charged. One of the options offered was to not increase the current Charging Scheme, and the membership voted for it. Regardless, the proposal of carefully considered options for the Charging Scheme reflects our proactive approach to adapting to changing economic conditions and maintaining financial resilience. The changing economic conditions for the RIPE NCC practically means reduction in income due to the combination of fewer contributing LIR accounts and no increase in the LIR membership fee while we need to cope with increased costs due to inflation. Furthermore, our financial governance supported by our monthly forecasting and reports has enabled us to effectively monitor our costs, demonstrated by our cost-cutting results.

With these measures, we aim to mitigate the impact of income decrease and ensure the long-term sustainability of RIPE NCC’s operations amidst challenging market dynamics.

The financial situation of RIPE NCC is sound with a Clearing House reserve of 32M EUR. In recent years, our financial situation has remained stable. We have often made a positive surplus, which has been redistributed to our members. However, it is our expectation that significant positive surpluses are a thing of the past.

##### Inflation and volatile financial markets

Inflation, particularly in the Netherlands, and volatile financial markets continue to pose significant risks to the RIPE NCC’s financial stability and operational resilience. While the market appeared more stable this year, we remain mindful of the significant loss experienced in 2022, a majority portion of which was unrealised. This serves as a reminder of the unpredictable nature of financial markets and the potential impact on our investment portfolio.

Despite the apparent stability of the general market, we must remain cautious as inflationary pressures persist, leading to an increase in all prices and higher costs across various operational aspects. Additionally, we are witnessing a notable upward trend in salaries in the Netherlands, reflecting the broader economic environment characterised by increased costs.

To mitigate the adverse effects of inflation and market volatility, the RIPE NCC has implemented proactive measures. These include closely monitoring market developments, conducting regular risk assessments, and adjusting financial strategies accordingly. Furthermore, we have continued to focus on our financial forecasting and scenario planning to continue to anticipate and respond to potential challenges arising from inflation and market fluctuations.

In addition, the RIPE NCC has enhanced its investment management by selecting an external firm to externally manage a part of our investments. This strategic decision aims to diversify our investment portfolio and leverage the expertise of external professionals in navigating volatile market conditions.

Moving forward, we will continue to closely monitor economic indicators, assess potential risks, and adapt our strategies as necessary to ensure the financial resilience and sustainability of the RIPE NCC amidst evolving market conditions.

## 2. COMPLIANCE RISKS

### Compliance to laws and regulations

The RIPE NCC is obligated to comply with all applicable legislation including, but not limited to, EU sanctions and GDPR. Non-compliance can expose us to liability, which may be translated to financial damages and a negative impact on the RIPE NCC's reputation.

In 2023 we continued to engage with the Dutch authorities regarding the applicability

of EU sanctions on our services. In May 2023 we received the confirmation by the Dutch authorities that Internet number resources fall within the exemption concerning financial restrictions that was introduced in the sixth package of Russian sanctions. This confirmation is a positive sign in our overall risk exposure. Nevertheless, sanctions remain a complex topic for the RIPE NCC and we continue to investigate the possibility of a blanket exemption from all EU sanctions for Internet number resources.

Operationally, we have incorporated controls and established processes to improve our extensive and continuous due diligence process for all our members and suppliers, which includes automated sanctions screening using third-party tools. Furthermore, we have decided to postpone invoicing to countries which are defined as ultra high-risk countries by our banks in relation to applicable sanctions, from December 2021 up to today.

We are continuously improving our ways of working and our tooling for processing and storing the personal data we process as part of providing RIPE NCC services.

In 2023, our Whistleblower policy was updated in line with new legislation, the option for anonymous reporting of integrity violations was implemented, and an external integrity coordinator was appointed.

Additionally, we are formalising our internal control framework dedicated to complying with laws and regulations as well as industry standards.

## 3. OPERATIONAL RISKS

### Technology risks

We are committed to providing world-class services to our members, utilising modern technology. A complex technology ecosystem, outdated software and legacy systems can induce delays and process inefficiencies and could lead to security risks.

The rising requirements and expenses associated with data storage have strained our budget, leading to a shift in our infrastructure strategy. Our primary emphasis has been on reducing the size of our data centres. Following the 2023 annual risk assessment, we increased our focus on the resilience, scalability and security of our IT infrastructure.

We are continually formalising and standardising the way we work to keep pace with changing technologies, improving processes, and ensuring compliance with industry standards and frameworks. We are in the process of complying with the SOC2 Trust Services Principles (Security, Availability, Confidentiality, Processing Integrity) to ensure the security and integrity of our RPKI service.

## Security Risks

Ensuring the security of information in today's fast-moving technologies and vastly complex technical landscape presents a significant challenge. We are committed to delivering services to our members and stakeholders securely and continuing to preserve the confidentiality, integrity and availability of information and information technology (IT).

We are aligning our processes and ways of working to comply with the ISO 27001:2022 security standard. Through this initiative we are formalising our security policies and procedures and dedicating resources to keeping our technology ecosystem current, controlled and safeguarded against critical vulnerabilities.

In 2023, we launched a public bug bounty program to receive timely security reports on vulnerabilities in our external perimeter and further invested in the security of our public cloud infrastructure. Active monitoring is in place to detect and respond to potential threats.

## Human Resources Risks

The job market has constantly been changing over recent years and in certain areas it

has been more challenging to attract highly skilled employees. It has become more and more important to strengthen our overall employee value proposition to ensure we attract the talent we need to achieve our objectives.

The RIPE NCC has mitigated this risk by implementing a new salary framework in 2023 that ensures a competitive pay position in the general market. Next to that we offer great hybrid working conditions and a very good secondary benefits package. The personnel costs will likely continue to increase due to salary market developments, inflation developments and scarcity in the labour market for specific skills. Overall this represents a risk for recruitment which could impact the RIPE NCC's operations.

## 4. STRATEGIC RISKS

The RIPE NCC has developed a five-year strategy from 2022-2026. When developing this strategy, internal and external factors that may influence the definition and implementation of the strategy and objectives are taken into consideration. We implement our strategy using yearly SMART objectives and regularly assess progress.

Our strategic objectives are to:

1. Support an open, inclusive and engaged RIPE community
2. Operate a trusted, efficient, accurate and resilient Registry
3. Enable our members and community to operate one secure, stable and resilient global internet
4. Maintain a stable organisation with a robust governance structure
5. Attract engaged, competent and diverse staff

For 2023, we gave special attention to the following elements from our five-year strategy:

- Be resilient to political, legislative, and regulatory changes that could impact our operations
- Operate a resilient, externally auditable and secure Resource Certification Trust Anchor and promote RPKI usage

- Be a centre of data excellence and produce insights into Internet operations
- Maintain necessary levels of security and compliance with best practices and applicable regulations

Additional to the risks described in this report, political, legislative and regulatory changes, as well as other global concerns, can impact our operations as part of the Joint Internet Number Registry. For this reason we engage with various stakeholders in the technical community as well as national authorities, governments and international organisations. We are also closely cooperating with the other RIRs, as we are collectively responsible for the Joint Internet Number Registry. In 2023, we ran a PESTLE analysis identifying Political, Economic, Social, Technological, Legal and Environmental factors in the external environment that informed the objectives of the organisation. We continued to seek a permanent exemption for RIPE NCC services from sanctions and were able to restore service levels to some members that were covered by an exemption in EU sanctions.

We also face declining income and have budgetary constraints for 2024 and possibly beyond while at the same time the work pressure and responsibilities have increased, especially looking at geopolitical pressures, compliance and IT security requirements. Despite this, we are confident in the future and that we will be able to achieve our strategic objectives together with our community.

For the duration of our five-year strategy, we incorporate key elements in our yearly Activity Plans. In our Annual Reports, we then track the commitments made in those Activity Plans so our stakeholders can remain aware of how we are progressing with our overall strategy. See the 2023 Annual Report for an overview of where we have made progress and where we still have work to do.

# BALANCE SHEET AS OF 31 DECEMBER 2023 (in kEUR)

Before Allocation of Surplus/Deficit (in kEUR)

		31/12/2023	31/12/2022
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	[1]		
Hardware		1,707	1,942
Infrastructure		48	63
Office Equipment		19	28
		<u>1,774</u>	<u>2,033</u>
Financial Fixed Assets	[2]	13,628	7,631
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Accounts Receivable	[3]	238	164
Taxes and Social Security Contributions	[4]	489	705
Miscellaneous Receivables	[5]	4,114	2,892
		<u>4,841</u>	<u>3,761</u>
Cash at Bank and in Hand	[6]	21,689	26,545
<b>TOTAL ASSETS</b>		<b>41,932</b>	<b>39,970</b>
<b>CAPITAL AND LIABILITIES</b>			
<b>Capital</b>			
Clearing House	[7]	32,132	32,474
Surplus/Deficit After Taxation		546	(342)
		<u>32,678</u>	<u>32,132</u>
<b>Current Liabilities</b>			
Trade Creditors and Suppliers	[8]	729	1,036
Taxes and Social Security Contributions		934	1,120
Accruals and Deferred Income		7,591	5,682
		<u>9,254</u>	<u>7,838</u>
<b>TOTAL CAPITAL AND LIABILITIES</b>		<b>41,932</b>	<b>39,970</b>

# STATEMENT OF INCOME AND EXPENDITURES 2023 (in kEUR)

Before Allocation of Deficit/Surplus (in kEUR)

		Actuals 2023	Budget 2023	Actuals 2022
<b>Income</b>	[9]			
Annual Fees		36,926	37,575	34,075
Sign-up Fees		809	1,600	1,637
RIPE Meetings		250	300	177
Sponsorship Income		387	350	444
Other Income		32	175	98
Re-distribution of Member Fees		(1,100)	-	-
<b>TOTAL INCOME</b>		<b>37,304</b>	<b>40,000</b>	<b>36,431</b>
<b>Expenditures</b>				
Payroll and Personnel Expenditures	[10]	22,142	21,590	20,106
Other Operating Expenditures	[11]	14,385	17,580	13,794
Depreciations and Amortisations	[12]	732	830	710
<b>TOTAL EXPENDITURES</b>		<b>37,259</b>	<b>40,000</b>	<b>34,610</b>
<b>Financial Income and Expenditures</b>	[13]			
Result on Interest Income		268	50	49
Interest Expenditures		-	-	(85)
Result Exchange Differences		(67)	-	(110)
Unrealised Revaluation Financial Fixed Assets		323	50	(1,614)
<b>TOTAL FINANCIAL INCOME AND EXPENDITURES</b>		<b>524</b>	<b>100</b>	<b>(1,760)</b>
<b>SURPLUS/DEFICIT BEFORE TAXATION</b>		<b>569</b>	<b>100</b>	<b>61</b>
Corporate Income Taxes	[14]	23	-	403
<b>SURPLUS/DEFICIT AFTER TAXATION</b>		<b>546</b>	<b>100</b>	<b>(342)</b>

# CASH FLOW STATEMENT 2023 (in kEUR)

The cash flow has been drawn up using the indirect method

	2023	2022
Operating Result	45	1,821
Adjustments for Depreciations	732	710
	732	710
Changes in Working Capital:		
Receivables	(867)	(1,538)
Short Term Liabilities	1,783	(11,170)
	916	(12,708)
<b>Cashflow from Business Operations</b>	<b>1,693</b>	<b>(10,177)</b>
Interest Received	171	60
Interest Paid	(37)	(131)
Corporate Income Tax Paid	(469)	(197)
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>1,358</b>	<b>(10,445)</b>
<b>Cashflow from Investing Activities</b>		
Additions to Tangible Fixed Assets	(476)	(1,061)
Disposals of Tangible Fixed Assets	2	2
Additions to Financial Fixed Assets	(6,600)	-
End of Duration Government Bond	900	905
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>	<b>(6,174)</b>	<b>(154)</b>
<b>Cashflow from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
Currency Differences	(40)	10
<b>NET CASHFLOW</b>	<b>(4,856)</b>	<b>(10,589)</b>
<b>MOVEMENT CASH</b>	<b>(4,856)</b>	<b>(10,589)</b>

# ACCOUNTING POLICIES

## 1. General Notes

### 1.1 Activities

Réseaux IP Européens Network Coordination Centre (RIPE NCC) administers Internet number resources for its members. The RIPE NCC maintains several technical elements vital to the Internet infrastructure, including the public RIPE Database and K-root service. As secretariat to the RIPE community, the RIPE NCC carries out a number of support functions such as running RIPE Meetings and facilitating the RIPE Policy Development Process.

### 1.2 Registered office, legal form and registration number at the chamber of commerce

The RIPE NCC is a not-for-profit membership association under Dutch law, registered with the Netherlands Chamber of Commerce under number 40539632, located at Stationsplein 11, 1012 AB Amsterdam, the Netherlands.

### 1.3 Going concern

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the association.

### 1.4 Judgments and estimates

The RIPE NCC's management makes various judgments and estimates when applying the accounting policies and rules for preparing financial statements. The principal judgments and estimates, including underlying assumptions, are the provision of bad debts. The provision of bad debts is an assumption based on the experience from past years that approximately 1% of existing members will not pay their membership fee. This amount may be increased or decreased due to external circumstances. Assets and liabilities are only offset in the financial statements if and to the extent that:

- An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously, and;
- The firm intention is to settle the assets and liabilities on a net basis or simultaneously.

Furthermore, we have identified uncertainty regarding the collectability of membership income from ultra high-risk countries. Therefore, based on the RJ 270 guideline, we did not record any revenue relating to these members.

### 1.5 Accounting policies for the cash flow statement

The Cash Flow Statement has been prepared using the indirect method. The cash items disclosed in the cash flow

statement comprise cash at banks and in hand except for deposits with a maturity longer than 12 months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the Cash Flow Statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the Cash Flow Statement. The value of the related asset and lease liability are disclosed in the notes to the Balance Sheet items. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

## 2 General accounting policies

### 2.1 General

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards (RJ640 non-profit organisations), as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). Assets and liabilities are generally valued at historical cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the Balance Sheet, Statement of Income and Expenditure and the Cash Flow Statement, references are made to the notes.

### 2.2 Comparison with previous years

The valuation principles and method of determining the result are the same as those used in the previous year. We made some reclassifications in the comparison figures for comparability reasons. The reclassifications do not have any effect in the results or equity.

### 2.3 Foreign currency

#### 2.3.1 Functional currency

The financial statements are presented in euros, which is the functional and presentation currency of the RIPE NCC.

#### 2.3.2 Transactions, receivables and liabilities

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date. Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the Balance Sheet date. The translation differences resulting from settlement and conversion are credited or charged to the Statement of Income and Expenditure, unless hedge-accounting is applied. Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date. Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

### 2.4 Leasing

#### 2.4.1 Operational leasing

The association may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit nor incurred by the association. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the Statement of Income and Expenditure for the duration of the contract.

## 3. Accounting Policies Applied to the Valuation of Assets and Liabilities

### 3.1 Tangible fixed assets

Tangible fixed assets are depreciated for the period of economic use. If the depreciation method, useful economic life and/or residual value are subject to changes over time, they are treated as a change in accounting estimates. A tangible fixed asset is derecognised upon sale or when no further economic benefits are expected from its continued use or sale. The gain or loss arising from the disposal is booked to the Statement of Income and Expenditure. Tangible fixed assets in use by the organisation are carried at the cost of acquisition, net of accumulated depreciation and, where applicable, accumulated impairment losses. Tangible fixed assets carried at cost do not include capitalised interest charges. Hardware, infrastructure and office equipment are written off after five years and depreciated on a straight-line basis. The threshold for capitalising fixed assets is EUR 500. Tangible fixed assets are depreciated on a straight-line basis over their estimated useful economic lives, taking the residual value into account.

### 3.2 Financial fixed assets

Financial fixed assets consist of government bonds and Exchange-Traded Funds (ETFs.) The fair values of these quoted securities are based on price quotations at the

reporting date. Changes in the fair value are directly recognised in the Statement of Income and Expenditure.

### 3.3 Current receivables

Current receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a current receivable is uncollectible, it is written off against the provision account for trade receivables.

### 3.4 Cash at banks and in hand

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than 12 months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

### 3.5 Current liabilities

On initial recognition, current liabilities are recognised at fair value. After initial recognition, current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

## 4. Principles for the Statement of Income and Expenditure

### 4.1 General

The surplus/deficit is the difference between the realisable value of the services provided and the costs and other charges during the year. The results on transactions are recognised in the year which they are realised. The surplus/deficit is determined taking into account the recognition of unrealised changes in fair value of the securities as included in the fixed assets.

### 4.2 Revenue recognition

The net income of the RIPE NCC consists of membership income, RIPE Meeting income and other income after deducting VAT on sales and potentially under a deduction of membership redistribution.

The membership income is based on the Charging Scheme model that is published on our website. The Charging Scheme model is based on the principle that members pay an annual contribution per Local Internet Registry (LIR) account. Members also pay additional fees for independent and legacy Internet resources. New members or additional LIR account registrations also pay an additional one-time sign-up fee of EUR 1,000 alongside their annual contribution. In 2023, the annual contribution

per LIR account was EUR 1,550, and we charge EUR 50 per independent Internet number resource assignment. Members can hold multiple LIR accounts.

The membership income relating to the annual contribution and the additional fees for independent and legacy Internet resources are recognised over time. The sign-up fees, which are part of the membership income, and all other revenues are recognised at a point in time.

RIPE NCC members approve the Charging Scheme for the next financial year annually via a vote in the first General Meeting of the year. During the second General Meeting of the year, the members vote for a possible redistribution of the surplus (positive or negative) of the current financial year.

### 4.3 Expenditures

#### 4.3.1 General

Expenditures are determined with due observance of the accounting policies mentioned in this report and are allocated to the financial year to which they relate. Obligations (foreseeable and otherwise) and potential losses arising before the end of the financial year are recognised if they are known before the financial statements are prepared, provided that all other conditions for forming provisions are met. Project funding expenditures are recognised in

the year in which the agreements with the funding recipient were signed and announced.

#### **4.3.2 Employee costs**

Wages, salaries and social security charges are recognised in the Statement of Income and Expenditure according to the terms of employment to the extent that they are due to either employees or the tax authorities.

#### **4.3.3 Pensions**

Pension contributions payable to the pension scheme administrator are recognised as an expenditure in the Statement of Income and Expenditure. Contributions payable or prepaid contributions at year-end are recognised under accruals and prepayments respectively.

### **4.4 Financial Income and Expenditure**

#### **4.4.1. Interest income and interest expenditures**

Interest income and expenditures are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenditures, the recognised transaction expenditures for loans received are taken into consideration.

#### **4.4.2. Currency translation differences**

Currency translation differences arising upon the settlement

or conversion of monetary items are recognised in the income statement in the period that they are realised.

### **4.5 Corporate Income Tax**

Tax on the result is calculated based on the result before tax in the Statement of Income and Expenditure, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs.

## **5. Financial instruments and risk management**

### **5.1 Market risk**

#### **5.1.1. Currency risk**

The RIPE NCC mainly operates in Europe, Central Asia and the Middle East. From an income perspective, currency risks are low because invoices are sent to members in EUR only. However, outstanding payable positions are held in several foreign currencies and bank accounts are also held in USD and AED. Governments bonds and securities are held in three different currencies. Based on the RIPE NCC's Treasury Statute, which is reviewed annually by the Executive Board, it was decided that none of these currencies needs to be hedged.

#### **5.1.2. Price risk**

The RIPE NCC incurs risk regarding the valuation of Securities and Government Bonds disclosed under financial assets within fixed assets. Market value risk is managed by stratifying the portfolio and imposing limits as described in the RIPE NCC's Treasury Statute.

#### **5.1.3 Interest rate and cash flow risk**

Interest rate risk is incurred on interest-bearing receivables (in particular those included in financial assets, securities and cash). No financial derivatives for hedging of the interest rate risk are contracted with regard to the receivables.

### **5.2 Credit risk**

The RIPE NCC does not have any significant concentrations of credit risk.

### **5.3 Liquidity risk**

The RIPE NCC uses several banks in order to avail itself of a range of overdraft facilities. Where necessary, further securities will be furnished to the bank for available overdraft facilities.

# BREAKDOWNS OF ITEMS IN THE BALANCE SHEET

## Tangible Fixed Assets [1]

	<u>31/12/2023</u>	<u>31/12/2022</u>
Hardware	1,707	1,942
Infrastructure	48	63
Office Equipment	19	28
	<b>1,774</b>	<b>2,033</b>

	<u>Hardware</u>	<u>Infra-structure</u>	<u>Office equipment</u>	<u>Total</u>
Carrying amount as of 1 January 2023	1,942	63	28	2,033
Addition	476	-	-	476
Disposals/Retirements	(167)	-	-	(167)
Depreciation Disposals	164	-	-	164
Depreciation	(708)	(15)	(9)	(732)
<b>CARRYING AMOUNT AS OF 31 DECEMBER 2023</b>	<b>1,707</b>	<b>48</b>	<b>19</b>	<b>1,774</b>

Cost	8,283	1,427	509	10,218
Depreciation	(6,576)	(1,379)	(490)	(8,444)
<b>CARRYING AMOUNT AS OF 31 DECEMBER 2023</b>	<b>1,707</b>	<b>48</b>	<b>19</b>	<b>1,774</b>

In 2023, we invested 476 kEUR in new tangible fixed assets, mainly in hardware such as switches, routers, network equipment and computers. This represents a decrease of 55% compared with 2022. The most significant investments include 148 kEUR in

a hardware security module, 103 kEUR in computers and 51 kEUR in a purchase of a router for an authoritative domain name system, a crucial part of our network and a service used by our members. The tangible fixed assets have decreased because the depreciations exceeded our additions during the year.

## Financial Fixed Assets [2]

	<u>31/12/2023</u>	<u>31/12/2022</u>	
<b>FINANCIAL FIXED ASSETS</b>	<b>13,628</b>	<b>7,631</b>	
	<u>Government Bonds</u>	<u>Securities</u>	
	<u>Total</u>		
Carrying amount as of 1 January 2023	4,267	3,364	7,631
Addition	-	6,600	6,600
Disposals	(900)	-	(900)
Currency Translation Effect	(26)	-	(26)
Unrealised Revaluation/Gain	59	264	323
<b>CARRYING AMOUNT AS OF 31 DECEMBER 2023</b>	<b>3,400</b>	<b>10,228</b>	<b>13,628</b>

The RIPE NCC's investments are managed in accordance with RIPE NCC's Treasury Statute as published on our website.

Financial fixed assets increased significantly, from 7.6M EUR to 13.6M EUR. This increase is mainly due to an investment of 6.6M EUR arranged by our new external investment management company just before the end of the year.

In 2023, we continued to investigate the possibility of external management of our investments, recognising the value of expert advice. After evaluating four parties, we selected and onboarded our external investment management company in 2023 and finalised the integration, including the opening of a UBS bank account.

During the year, we decided to invest an initial amount of 10M EUR. Just before the end of the year, 6.6M EUR of this amount had been invested, with the remaining 3.4M EUR held in the UBS bank balance. In addition, our Dutch government bond reached maturity, resulting in a transfer of 900 kEUR to our bank accounts.

Compared with 2022, 2023 was a successful year in terms of investments, with an unrealised revaluation gain of 323 kEUR. There was also a small unrealised foreign exchange loss of 26 kEUR on our Australian and Canadian government bonds. The increase in financial fixed assets reflects a strategic shift towards external investment management and the positive results observed on the basis of the current economic market.

## Current Receivables

	<u>31/12/2023</u>	<u>Remaining Term &gt; 1 year</u>	<u>31/12/2022</u>	<u>Remaining Term &gt; 1 year</u>
Account Receivable	238	-	164	-
Taxes and Social Security Contributions	489	-	705	-
Miscellaneous Receivables	4,114	115	2,892	50
	<b>4,841</b>	<b>115</b>	<b>3,761</b>	<b>50</b>

The fair value of the receivables approximates the carrying amount due to their short-term character.

## Account Receivables [3]

	<u>31/12/2023</u>	<u>31/12/2022</u>
Debtors	446	244
Provision for Doubtful Debts	(208)	(80)
	<b>238</b>	<b>164</b>

With regard to accounts receivable, it is important to note that outstanding receivables, in relation to total income, are always low. This is mainly due to our billing strategy, where all existing members are billed at the beginning of the new year.

The balance sheet mainly includes new LIRs invoiced in recent months and a few older debtors who have not yet made any payments. In December, the amounts invoiced included membership and registration fees for the coming year. However, under Dutch law, unpaid invoices relating to the following year are not shown, ensuring a clear representation of outstanding annual service fees invoiced in 2023 or earlier.

In light of the impact of the war between Ukraine and Russia, we have extended the payment deadline for our Ukrainian members to 31 May 2024. Given that a significant proportion of the total amount outstanding concerns Ukrainian members, and in view of the uncertainty surrounding the recovery of receivables, we considered it necessary to set aside a provision for doubtful debts of 208 kEUR.

## Taxes and Social Security Contributions [4]

	<u>31/12/2023</u>	<u>31/12/2022</u>
VAT	373	705
Corporate Income Tax	116	-
	<b>489</b>	<b>705</b>

Last year the receivable for Taxes and Social Security Contributions only included VAT amounting to 705 kEUR, whereas this year it consists of a VAT receivable of 373 kEUR and a corporate income tax receivable of 116 kEUR.

The VAT receivable includes Dutch VAT returns for November and December, totalling 327 kEUR, and foreign VAT to be recovered from the Italian tax authorities, relating specifically to the organisation of RIPE 88 in Rome, amounting to 46 kEUR.

The Dutch VAT receivable decreased by 234 kEUR, mainly due to the lower VAT to be recovered in November and December 2023 compared with the same period in 2022. This is explained by significant investments in hardware made at the end of 2022.

This difference is explained by the fact that we only claimed foreign VAT for one RIPE Meeting this year, as RIPE 87 took place in Rotterdam and was subject to Dutch VAT.

Furthermore, the corporate income tax claim relates to the payment of preliminary income tax for 2023. We accepted the preliminary income tax return for 2023, which was higher than the tax actually calculated for 2023. Last year we did not pay a preliminary tax return, but had a tax charge due to a tax surplus and no redistribution, resulting in a corporate income tax payable rather than a receivable as this year.

## Miscellaneous Receivables [5]

	<u>31/12/2023</u>	<u>31/12/2022</u>
Interest Receivable	121	24
Prepayments	1,589	1,725
Other Receivables	2,404	1,143
	<b>4,114</b>	<b>2,892</b>

The interest receivable increased from 24 kEUR at the end of 2022 to 121 kEUR as of 31 December 2023. This year, interest receivable includes not only interest on our investments that has not yet been received, but also interest on our cash accounts that has not yet been received.

In the previous year, interest on all cash accounts was negative, leading to interest payable being recorded under current liabilities. However, in the current year, the interest scenario has reversed, becoming positive. As a result, we no longer have any interest payable per 31 December 2023, but we do have an interest receivable. Prepayments consist of a number of items relating to the 2024 budget that were booked in 2023, as well as prepayments made for multiple events, trainings and prepaid annual contractual obligations.

Other receivables consist mainly of membership fees for Iran and Syria. Dutch banks classify these countries as ultra high-risk due to sanctions. As a result, we have decided to continue not to invoice our members in these countries for membership services provided in 2023, 2022 and a small remaining part of 2021. We are postponing their payment obligation until we find a solution that allows us to collect this money without taking unnecessary risks. The increase is mainly attributable to the amount not invoiced for 2023. Please take note that we have recorded a receivable for the portion yet to

be invoiced to Iran and Syria. At the same time, we have also recorded a liability for the same amount on the balance sheet for the portion that is yet to be recognised as income.

### Cash at Bank and in Hand [6]

	<u>31/12/2023</u>	<u>31/12/2022</u>
ABN AMRO Bank N.V.	5,752	4,995
Coöperatieve Rabobank U.A.	10,204	10,201
ING Bank N.V.	2,316	11,330
UBS Europe SE	3,401	-
First Abu Dhabi Bank PJSC	16	17
Cash in Hand	0	2
	<b>21,689</b>	<b>26,545</b>

The cash at banks and in hand includes a bank guarantee of 204 kEUR, which relates to the lease of the Amsterdam office. All other cash at banks and in hand are at the RIPE NCC's disposal. The decrease in cash accounts is mainly due to a significant investment of 6.6M EUR in securities just before year end.

# CAPITAL AND LIABILITIES

## Capital [7]

	31/12/2023	31/12/2022
<b>CAPITAL</b>	<b>32,678</b>	<b>32,132</b>

In 2023, the Capital Expense ratio decreased from 93% to 88%, which exceeded our expectations as we have increased our budget compared to 2022. The Capital Expense ratio, along with a five-year financial forecast, serves as a key indicator for RIPE NCC to oversee liquidity and maintain a robust capital position.

	Clearing House	Surplus/ Deficit after Taxation	Total
Carrying amount as of 1 January 2023	32,474	(342)	32,132
Addition of the Surplus 2022	(342)	342	-
Surplus after Taxation 2023	-	546	546
<b>CARRYING AMOUNT AS OF 31 DECEMBER 2023</b>	<b>32,132</b>	<b>546</b>	<b>32,678</b>

## Current Liabilities [8]

	31/12/2023	31/12/2022
Trade Creditors and Suppliers	729	1,036
Taxes and Social Security Contributions	934	1,120
Other Liabilities, Accruals and Deferred Income	7,591	5,682
	<b>9,254</b>	<b>7,838</b>

All current liabilities fall due within one year. The fair value of current liabilities approximates the book value due to their short-term nature.

## Trade Creditors

	31/12/2023	31/12/2022
Creditors	729	1,036
	<b>729</b>	<b>1,036</b>

The main reason for the year-on-year decrease is the absence of significant investment in tangible assets in December 2023, in contrast to the high investments made in December 2022.

## Taxes and Social Security Contributions

	31/12/2023	31/12/2022
Wage Tax Payable	934	791
Corporate Income Tax	-	329
	<b>934</b>	<b>1,120</b>

The wage tax payable has increased in line with the growth in full-time equivalents (FTEs) and staff costs.

This year we have no corporate income tax payable but we do have a corporate income tax receivable. For the 2023 financial year, we have paid a preliminary tax return, which is higher than our currently calculated tax charge, resulting in a receivable for this year.

## Other Liabilities, Accruals and Deferred Income

	<u>31/12/2023</u>	<u>31/12/2022</u>
Deferred Income	2,561	1,197
VAT Payable to non-EU members	-	179
Accruals	789	983
Payable Employee Expenses	2,809	2,790
Interest Payable	-	37
Redistribution of Members Fees	1,432	496
	<b>7,591</b>	<b>5,682</b>

The deferred income mainly relates to the postponed payment obligations from members in ultra high-risk countries for 2021, 2022 and 2023. Please take note that we have recorded a liability for the portion yet to be recognised as income for Iran and Syria. At the same time, we have also recorded a receivable for the same amount on the balance sheet for the portion that is yet to be invoiced to Iran and Syria.

The accruals mainly relate to ICANN Contribution, NRO expenses, the RIPE NCC Community Projects fund and some accrued expenses such as consultancy fees for the month of December 2023.

The payable employee expenses include the performance bonus accrual, holiday allowance, outstanding vacation days for employees, reservation for the secondary benefits scheme.

The redistribution of member fees includes the 1.1M EUR for 2023 and the remaining redistribution from previous years. The 2023 redistribution and 40 kEUR of the

outstanding redistribution from previous years are included in the 2024 invoice. The remaining part (292 kEUR) mainly relates to postponed payment obligations, as we have not invoiced members from Iran and Syria.

# ARRANGEMENTS AND COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

## Office Lease

	<u>Total</u>
<b>Obligations to pay:</b>	
Within one year	724
Between one and five years	1,355
After five years	-
	<b>2,079</b>

## Other Commitment Not Shown in the Balance Sheet

	<u>Total</u>
<b>Obligations to pay:</b>	
Within one year	2,394
Between one and five years	584
After five years	-
	<b>2,978</b>

The office lease commitments relate to our offices in Amsterdam and Dubai. For Amsterdam a bank guarantee of 204 kEUR is issued.

## Other Lease Agreements

	<u>Total</u>
<b>Obligations to pay:</b>	
Within one year	-
Between one and five years	-
After five years	-
	<b>-</b>

# BREAKDOWN OF ITEMS IN THE STATEMENT OF INCOME AND EXPENDITURE

## Income [9]

### Annual Fees

	2023	Budget 2023	2022
Fees Existing Members	34,929	34,875	31,633
Independent Resource Fees	1,095	1,050	1,101
Fees New Members	858	1,550	1,448
Re-opening Fees	44	100	26
Other	-	-	(133)
	<b>36,926</b>	<b>37,575</b>	<b>34,075</b>

In 2023, annual service fees amounted to 36,926 kEUR, compared to 34,075 kEUR in 2022, but slightly below the budgeted 37,575 kEUR.

The membership fee has been raised from EUR 1,400 in 2022 to EUR 1,550 in 2023, after GM approval, which boosted the overall income compared with the previous year. The substantial difference in service fees for new members, compared with the budget and the previous year, is the result of the lower-than-expected influx of new LIRs.

It is important to note that these figures exclude income from Iran and Syria, both in actual figures and in the budget for 2023. Invoicing to these countries has been deferred for 2021, 2022 and 2023.

### Sign-Up Fees

	2023	Budget 2023	2022
Sign-Up Fees	809	1,600	1,637
	<b>809</b>	<b>1,600</b>	<b>1,637</b>

The sign-up fees for 2023 amounted to 809 kEUR, reflecting a notable decrease from the actuals of 2022 at 1,637 kEUR and below the budgeted amount of 1,600 kEUR for 2023. This variance is primarily driven by a substantial reduction in the number of new LIRs, resulting in a significant difference in sign-up fees compared to both the budget and the previous year. The lower-than-expected influx of new members has impacted the overall sign-up fee income. We are monitoring the situation closely, and the charging scheme is our main tool for dealing with the decline in income.

### RIPE Meetings

	2023	Budget 2023	2022
RIPE Meetings	250	300	177
	<b>250</b>	<b>300</b>	<b>177</b>

RIPE Meeting income for 2023 reached 250 kEUR, which is an increase on the actual figure for 2022 (177 kEUR), but still below the budgeted amount of 300 kEUR for 2023. The increase in income can be attributed to the successful organisation of two RIPE meetings during the year - RIPE 86 in Rotterdam and RIPE 87 in Rome.

Income mainly consists of ticket prices for the RIPE Meetings, which have been slightly raised, and RIPE Dinners, excluding sponsorship funds shown separately under sponsorship income. It's important to note that ticket prices represent only a small part of RIPE Meeting expenses.

## Sponsorship Income

	<u>2023</u>	<u>Budget 2023</u>	<u>2022</u>
Sponsorship Income	387	350	444
	<b>387</b>	<b>350</b>	<b>444</b>

Sponsorship income for 2023 amounted to 387 kEUR (176 kEUR sponsorship for RIPE Meetings, 211 kEUR for other sponsorships), which is a decrease on the actual figures for 2022 (444 kEUR), but higher than the budgeted amount of 350 kEUR for 2023.

Although sponsorship income represents a relatively small contribution to RIPE NCC's total income (37.3M EUR), we are very pleased with this result. This underlines the precious support we receive from our sponsors.

## Other Income

	<u>2023</u>	<u>Budget 2023</u>	<u>2022</u>
Other Income	32	175	98
	<b>32</b>	<b>175</b>	<b>98</b>

Other income comprises miscellaneous items, including income from the sale of tangible fixed assets and the release of overpayments to the profit and loss account. The decrease in 2023 is primarily attributed to changes in the RIPE NCC Certified Professionals program, as we didn't sell voucher bundles this year.

## Redistribution of Member Fees

	<u>2023</u>	<u>Budget 2023</u>	<u>2022</u>
Redistribution of Member Fees	(1,100)	-	-
	<b>(1,100)</b>	<b>-</b>	<b>-</b>

At the RIPE NCC General Meeting (GM) in November 2023, members voted to redistribute the 2023 surplus to members in 2024.

## Income per Region

	<u>31/12/2023</u>	<u>31/12/2022</u>
Western Europe	23,423	22,109
ENOG Region	6,119	6,037
Middle East	2,613	2,270
Eastern Europe	2,770	2,612
South East Europe	1,922	1,760
Other	1,557	1,643
	<b>38,404</b>	<b>36,431</b>

Please note that the income per region does not include the redistribution of member fees.

## Expenditures

### Payroll and Personnel Expenditures [10]

	2023	Budget 2023	2022
Wages and Salaries	17,117	16,909	15,438
Social Security Charges	2,138	1,921	1,905
Pension Contributions	1,934	1,763	1,683
Miscellaneous Employee Expenditures	953	997	1,080
	<b>22,142</b>	<b>21,590</b>	<b>20,106</b>

Payroll and personnel expenditure for 2023 amounted to 22,142 kEUR, higher than the actual figure for 2022 (20,106 kEUR) and higher than the budgeted amount of 21,590 kEUR for 2023. The increase compared to previous year is due to two factors.

Firstly, there has been an increase in the average full-time equivalent (FTE) in 2023, reaching 180.7 compared to 172.0 in 2022. Secondly, a significant increase in salaries for almost all members of staff has contributed to overall expenditure. This increase is the result of an external salary benchmarking project aimed at bringing salaries in line with the current market. Due to the tight labour market in the Netherlands and high inflation, we have seen an upward trend in employee salaries. It is important to note that this adjustment has been made in response to external market conditions and ongoing efforts to maintain competitive remuneration in line with industry standards.

The 2023 actual numbers are also higher than budgeted while actual FTE remained under budget. This due to an external salary benchmark increase, a performance bonus and severance payments. All three items were higher than budgeted for.

## Average Number of FTEs

In 2023 180.7 average FTE were employed compared to 172.0 in 2022. Four of these FTEs were employed outside of the Netherlands.

	2023	Budget 2023	2022
The Registry	70.0	70.0	66.1
Information Services	40.6	43.5	40.0
Community and Engagement	38.8	42.1	36.7
Organisational Sustainability	31.3	35.0	29.2
<b>TOTAL NUMBER OF FTE</b>	<b>180.7</b>	<b>190.6</b>	<b>172.0</b>

## Average Number of Employee of Record (EoR)

In 2023, the RIPE NCC began using a construction called Employee of Record (EoR). This facilitates any business need for the RIPE NCC to employ an FTE outside the Netherlands. In this solution, the employee has an employment contract with an external service provider, but the work is performed for the RIPE NCC. At the end of 2023, we had 2.8 EoR, the annual average being 1.4 for a total cost of 164 kEUR. These costs are recorded under Consultancy.

	2023	Budget 2023	2022
Community and Engagement	1.4	-	-
<b>TOTAL NUMBER OF EoR</b>	<b>1.4</b>	<b>-</b>	<b>-</b>

## Remuneration of the Executive Board

The RIPE NCC Executive Board does not receive remuneration or a fixed expense reimbursement. Board members are reimbursed for travel expenses incurred while attending board meetings and other Internet coordination meetings, as well as for educational expenses related to their function. These costs increased from 86 kEUR in 2022 to 152 kEUR in 2023.

### Executive Board Travel Expenses

To provide transparency on travel costs associated with the Executive Board, we have provided an overview of costs per event and attendance per event for 2023 and 2022. Please note that travel may be combined, and that travel costs for Executive Board meetings vary greatly per Board member depending on their place of residence. Also, some 2022 travel costs were claimed in 2023 and are therefore included in the total 2023 travel costs.

	2023			2022		
	Total Cost	Number of Trips	Average Cost per Trip	Total Cost	Number of Trips	Average Cost per Trip
RIPE NCC Events (incl. RIPE Meetings)	36.8	20	1.8	29.3	23	1.3
Board Meetings	44.9	28	1.6	12.2	21	0.6
Other RIR Events	28.3	6	4.7	27.8	4	6.9
Internet Governance Events and Technical Meetings	28.4	6	4.7	12.6	3	4.2
Miscellaneous Expenses	13.3			4.1		
<b>TOTAL COSTS</b>	<b>151.7</b>			<b>86.0</b>		

## Remuneration of RIPE NCC Management

	2023	2022
Base Pay	1,535	1,296
Pension	194	168
Performance Bonus	131	101
Other	57	100
	<b>1,917</b>	<b>1,665</b>

In 2023, the RIPE NCC's Management team consisted of the Managing Director, Chief Registry Officer, Chief Technology Officer, Chief Community Officer, Chief Legal Officer, Chief Financial Officer, Chief Human Resources Officer, Chief Information Security Officer and the Senior Executive Assistant to the Managing Director. Compared to 2022, one new member joined the team and one has left the team and organisation. The main principles of the RIPE NCC remuneration policy are based on a balanced approach between market competitive standards, the ratio between fixed and variable pay, and the economic and social contribution of the RIPE NCC.

## Other Operating Expenditures [11]

	2023	Budget 2023	2022
Bad Debts	385	270	265
Bank Charges	321	277	217
Consultancy	3,888	5,118	4,357
Contributions	962	1,489	890
Housing & Insurances	1,340	1,403	1,035
IT Infrastructure	3,700	4,260	3,763
Outreach and PR	2,175	2,786	2,036
Office costs	617	790	613
Travel	997	1,187	618
	<b>14,385</b>	<b>17,580</b>	<b>13,794</b>

Other operating expenditure for 2023 amounted to kEUR 14,385, which represents an increase on actual expenditure in 2022 (kEUR 13,794) and remains below the budgeted amount (17,580 kEUR ). The significant reduction in expenditure compared with the budget is the result of proactive cost-cutting measures implemented during the year.

In response to the clear signals from members and the charging scheme vote results and the number of LIR accounts decreasing throughout the year, highlighting the need for cost efficiency, we decided to reduce total spending.

The biggest savings were in consultancy, with around 1.2M EUR saved from our budget. This was achieved by cutting consultant costs where possible and prioritising in-house expertise. Specifically, with regard to the technical aspects of the Registry, we have reduced the number of consultants we work with, which necessitated a change in the

way the work was carried out. These savings also include an unused budget of 400 kEUR for corporate restructuring.

In terms of IT infrastructure, we were under budget by 560 kEUR, making significant savings through reductions in ticketing and sanctions screening software licences, as well as cloud computing costs. These savings were achieved after a thorough critical review and by ensuring that we could maintain the same level of service. The decision to cut costs on sanctions screening software licences was based on optimising efficiency rather than reducing our commitment to compliance. Contributions were below budget, mainly due to lower than expected NRO shared costs. Travel costs were reduced by 190 kEUR compared to the 2023 budget.

However, bad debts and bank charges exceeded the budget due to a continued payment extension for Ukrainian members, with a corresponding increase in the provision for doubtful debts due to increased uncertainty regarding collectability. Higher bank charges were incurred as there was no redistribution over 2022 on the 2023 invoices. In addition, we have seen more credit card transactions increasing these charges.

## Depreciations and amortisations [12]

	2023	Budget 2023	2022
Hardware	707		686
Infrastructure	15		11
Office equipment	10		13
	<b>732</b>	<b>830</b>	<b>710</b>

The majority of our depreciation expenses are attributed to hardware, including laptops used by staff, and network equipment such as servers, routers and switches. These assets are essential for maintaining our internal network environment and providing essential services to our members.

### Financial Income and Expenditures [13]

	2023	Budget 2023	2022
Result on Interest Income	268	50	49
Interest Expenditures	-	-	(85)
Result Exchange Differences	(67)	-	(110)
Unrealised Revaluation Financial Fixed Assets	323	50	(1,614)
	<b>524</b>	<b>100</b>	<b>(1,760)</b>

Financial income and expenditure represented a gain of 524 kEUR for 2023. A significant improvement on the loss of 1,760 kEUR in 2022 and exceeding the budgeted gain of 100 kEUR for 2023.

There was a substantial increase in interest income, from 49 kEUR in 2022 to 268 kEUR in 2023. This increase is mainly attributed to the interest rates on bank accounts and deposits, have been positive for the full 2023. On the other hand, negative interest rates in 2022 resulted in interest expense of 85 kEUR. The absence of this expense in 2023 contributes to the overall gain.

In addition, there is an unrealised gain of 323 kEUR on investments in 2023, a significant improvement on the unrealised loss of 1,614 kEUR in the previous year. This positive investment performance makes a substantial contribution to our overall financial position and the 2023 surplus.

However, it is important to note that we also incurred a loss of 67 kEUR on exchange rate differences in 2023. This loss is due to the fact that we have bank accounts and investments in foreign currencies and make payments in foreign currencies.

### Corporate Income Taxes [14]

	2023	2022
Surplus Before Taxes	569	61
Deferred Corporate Income Tax	-	-
Corporate Income Tax Current Financial Year	23	403
Corporate Income Tax Previous Financial Years	-	-
<b>TAXES ON SURPLUS</b>	<b>23</b>	<b>403</b>

Since 1 January 2015, the RIPE NCC has been subject to corporate income tax. Any surplus or deficit will be submitted for taxation after redistribution. The RIPE NCC has a tax ruling with the Dutch tax authorities that excludes the Clearing House reserve and any capital gains in the Clearing House reserve for corporate income taxation. No deferred tax assets are recognised for temporary differences between the valuation for tax and financial reporting purposes and we don't have any carry-forward losses. The 2023 taxable profit is 124 kEUR (2022: 1,728 kEUR). A corporate income tax receivable is recognised in the balance sheet because we have already paid a preliminary amount of corporate income tax higher than the tax charge calculated in the financial statements. The effective corporate income tax rate, which is equal to the corporate income tax charge divided by the surplus before taxes, is 4,04% (2022: 650%).

### Subsequent Events

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.

## 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:

	<u>2023</u>	<u>2022</u>
Audit Fees	68	66
Audit-related Fees	33	-
Tax Fees	-	-
Other Non-assurance fees	14	91
	<b>115</b>	<b>157</b>

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

# 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.

# INDEPENDENT AUDITOR'S REPORT

To: the members and directors of Réseaux IP Européens Network Coordination Centre

## Report on the audit of the financial statements 2023 included in the financial report

### Our opinion

We have audited the financial statements 2023 of Réseaux IP Européens Network Coordination Centre, based in Amsterdam, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Réseaux IP Européens Network Coordination Centre as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2023
- The profit and loss account for 2023
- The notes comprising a summary of the accounting policies and other explanatory information

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Réseaux IP Européens Network Coordination Centre (the company) in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Report on other information included in the financial report

The financial report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Management is responsible for the preparation of the other information and the Executives Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board.

## Description of responsibilities regarding the financial statements

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

# INDEPENDENT AUDITOR'S REPORT *CONTINUED*

To: the members and directors of Réseaux IP Européens Network Coordination Centre

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

## **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## **Communication**

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 11 March 2024

Ernst & Young Accountants LLP

signed by B.J.P. Langedijk

## SIGNED BY THE RIPE NCC EXECUTIVE BOARD

**ONDŘEJ  
FILIP**

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**MARIA  
HÄLL**

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**RAYMOND  
JETTEN**

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**HARALD A.  
SUMMA**

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**JOB  
SNIJDERS**

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**PIOTR  
STRZYŻEWSKI**

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**REMCO  
VAN MOOK**

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