



RIPE NCC
RIPE NETWORK COORDINATION CENTER

Financial Update Q3 2024

Simon Jan Haytink, Chief Financial Officer

Hello!



I'm Simon-Jan

Chief Financial Officer

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Our Financial Strategy



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



Key Messages

Key messages



- Income (UHRC) and cost (Culture Change) under budget
- Continued decline in LIR numbers
- Stable member development, even with a small increase
- Forecasted operational **deficit** of EUR 1.5M to be deducted from our reserves
- Forecasted Financial Result 750 kEUR to be added to our reserves
- Treasury project in full operation and will help offset the effect of inflation on our reserves
- Work with the Charging Scheme Taskforce 2024 has started and will continue

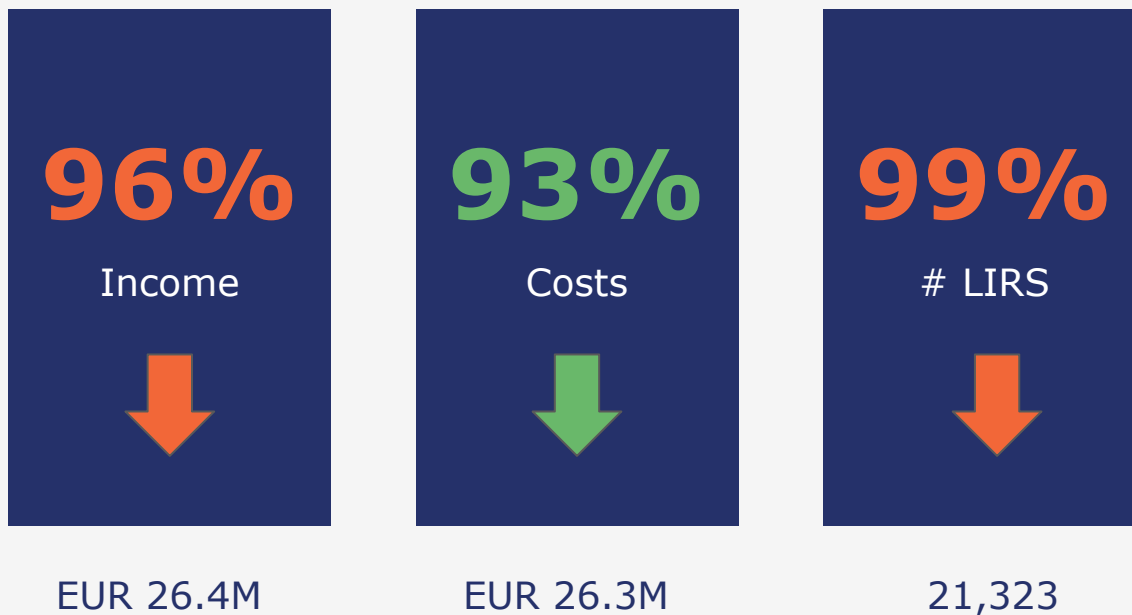


Financial Update

Financial performance



- Compared to 2024 budget
 - (2024 September YTD budget = 100%)



The financial story so far (2024 September YTD)



- Income: EUR 26.4M (4% under budget)
 - Net decrease of 247 LIRs
 - Net increase of 68 members
- Expenditure: EUR 26.3M (7% under budget)
 - 184.5 FTEs employed and 3.8 EoR as of September with an average of 187.5 YTD
- Surplus including financial result: EUR 0.8M (budget is 150 kEUR)
- 1 main concern - Membership fees at risk
 - There is uncertainty if we can collect this income
 - UHRC
 - Sanctions
 - Conflicts in service region

Balance sheet (in kEUR)



Assets	Sept 2024	2023	Sept 2023
Tangible Fixed Assets	1,389	1,774	1,917
Financial Fixed Assets	18,692	13,628	6,597
Total Current Receivables	6,627	4,841	4,120
Cash at bank and in hand	24,438	21,689	36,579
Total Assets	51,146	41,932	49,213
Capital and Liabilities			
Capital	33,461	32,678	33,603
Current Liabilities	17,685	9,254	15,610
Total Capital and Liabilities	51,146	41,932	49,213

Balance sheet (in kEUR)



Capital and Liabilities	Sept 2024	2023	Sept 2023
Clearing House	32,678	32,132	32,132
Surplus/Deficit	783	546	1,471
Capital	33,461	32,678	33,603
Fees to be Redistributed	305	1,432	332
Other Current Liabilities	17,380	7,822	15,278
Current Liabilities	17,685	9,254	15,610
Total	51,146	41,932	49,213



Income

Income Details (2024 September YTD)

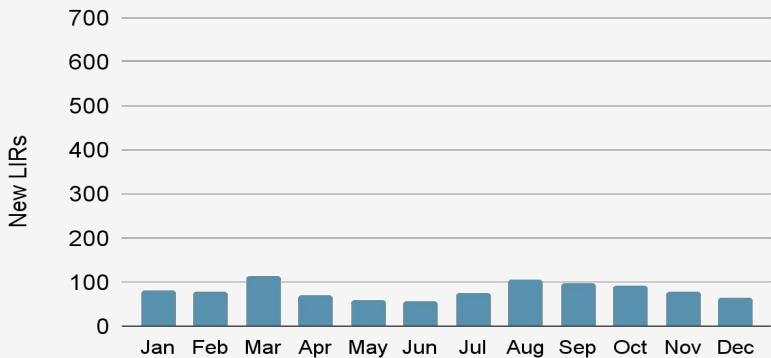


- Income: EUR 26.4M - 6% under budget
- Annual fees: EUR 25.4M - 4% under (27.6M in 2023)
- Sign-up fees: EUR 0.7M - 45% under (0.6M in 2023)
- RIPE Meeting income: 114 kEUR - 24% under
- Other income: 228 kEUR - 39% under
 - This consists mainly of sponsorships

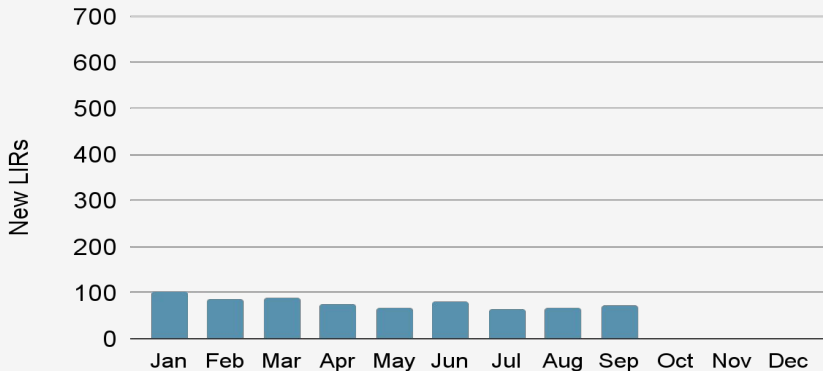
New LIR Accounts and Closures



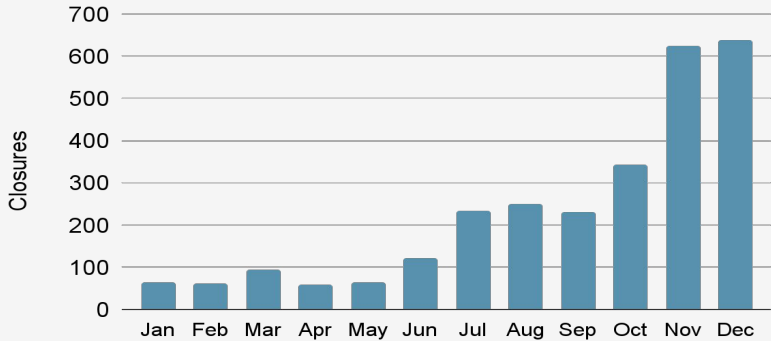
2023



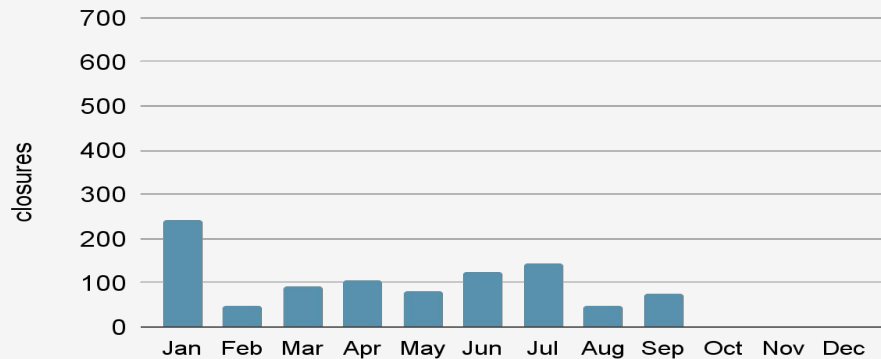
2024



2023

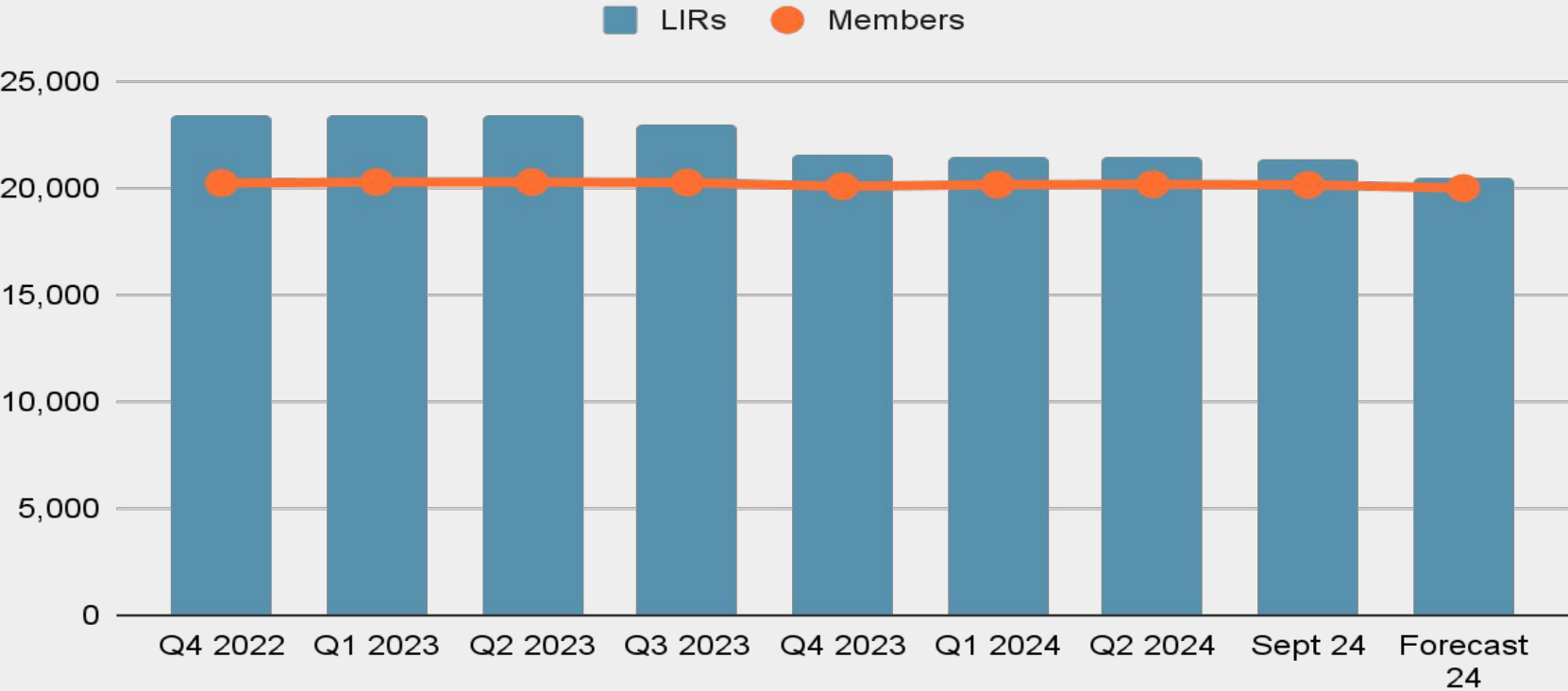


2024





LIRs and Members



Payment Behaviour



	2021	2022	2023	2024	Ukraine
Payment on time (within 30 day period)	64%	58%	60%	63%	44%
Payment after 30 day period	35%	41.4%	39.15%	35.97%	41%
LIR account closures due to non-payment	0.7%	0.5%	0.7%	0.73%	N/A
Outstanding at 28 October 2024	-	0.1%	0.15%	0.3%	15%

Individual Payment Extensions



	2022	2023	2024
Outstanding Invoices - Palestine	-	-	1
Payment Extensions - Palestine	-	-	1
Eligible for Closure - Palestine	-	-	-
Outstanding Invoices - Ukraine	22	33	62
Payment Extensions - Ukraine	12	18	42
Eligible for Closure - Ukraine	10	15	20

Membership Fees at Risk



- Ultra High Risk Countries (as defined by three major Dutch banks)
 - Iran and Syria
 - Invoices not issued
 - Payment obligation remains (but has been postponed)
 - Ultra High Risk Countries positive development with banks, we are getting closer to a solution
 - But we are not there yet
- Ukraine
 - Invoices issued
 - Due date extended to 31 December 2024, upon request
- Sanctions
 - Invoices postponed until confirmed free of sanctions

Membership Fees at Risk (Quantified)



	2021	2022	2023	2024	LIRs Not Paid	Total LIRs	Total EUR
'Ultra High Risk'	145 kEUR	1,020 kEUR	1,249 kEUR	1,166 kEUR	727	727	3,580 kEUR
Sanctions related	-	11 kEUR	76 kEUR	172 kEUR	114	114	259 kEUR
Ukraine	0 kEUR	29 kEUR	72 kEUR	114 kEUR	61	403	215 kEUR
Total	145 kEUR	1,060 kEUR	1,397 kEUR	1,452 kEUR	902	1,244	4,054 kEUR

Membership Fees at Risk (2025 Invoices)



- Invoices will be issued for all members in 2025
 - Except for members in 'Ultra High Risk Countries'
 - Except for members who are sanctioned or who are possibly sanctioned
 - Will not invoice until safe to receive funds
- We continue to do what we can to be able to invoice and collect the membership fees from all members



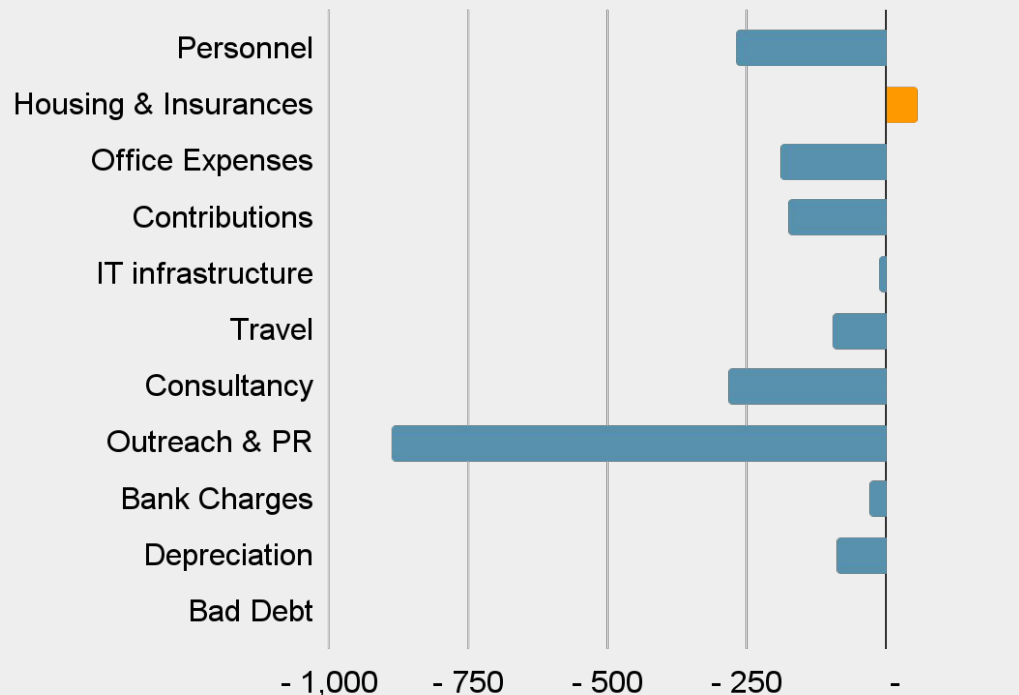
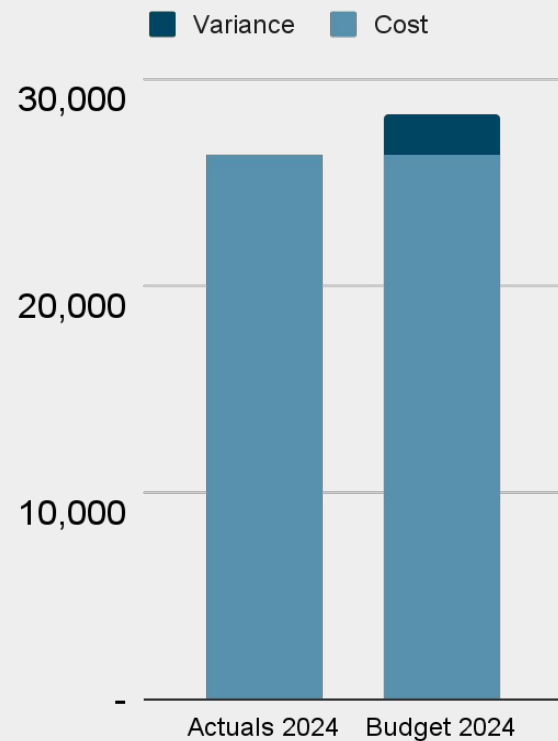
Expenditures

2024 Expenditure Overview (September YTD)



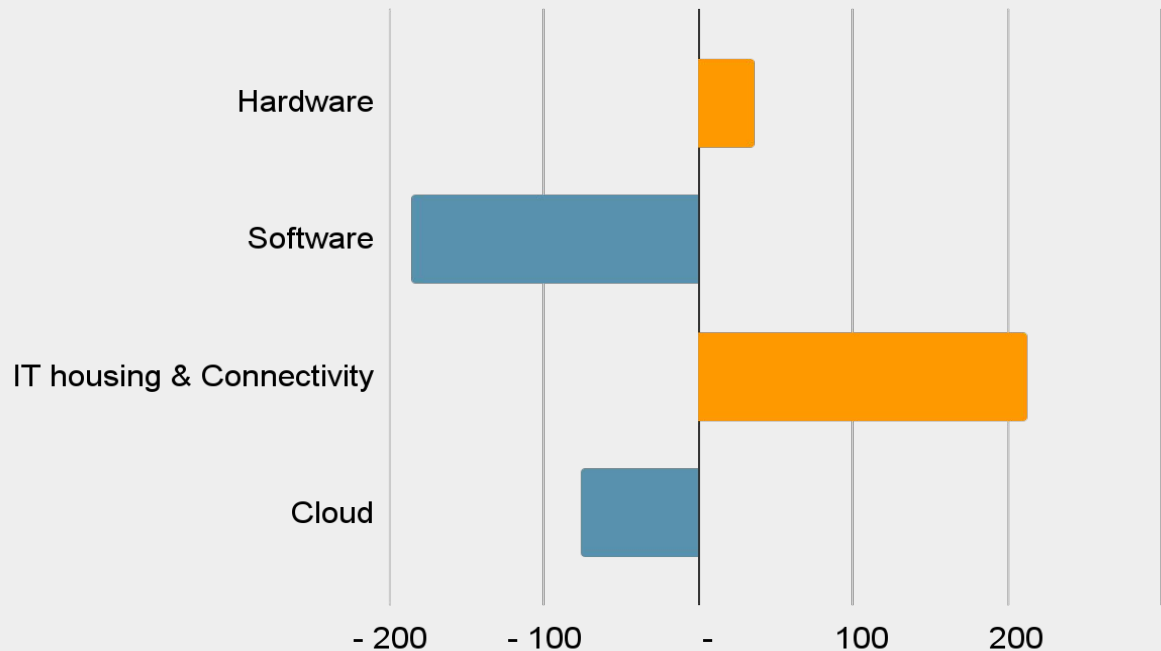
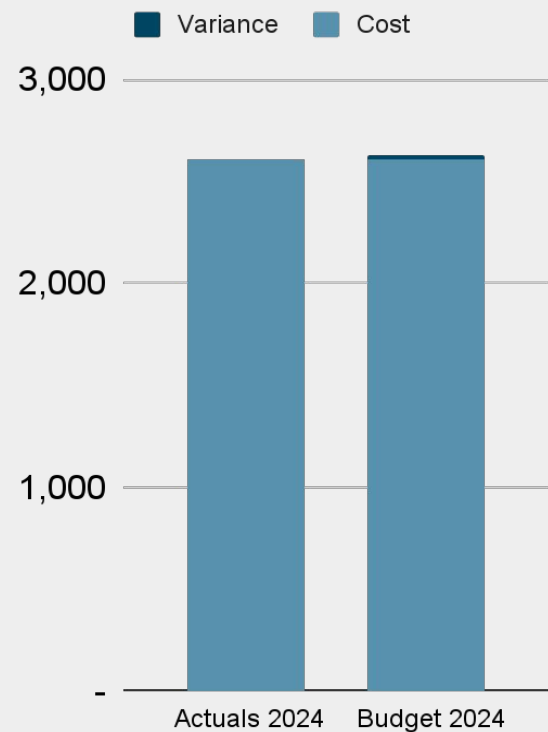
- Total expenditure: EUR 26.3M
 - 6% under budget
- Payroll and personnel expenses: EUR 16.9M
 - Under budget with 2% (271 kEUR)
 - 183.7 FTEs (184.5 Sep) against budget of 187.5 FTEs
 - 3.8 EoR (3.8 EoR Sep) against a budget of 5 EoRs
 - 187.5 Total against a budget of 192.5 total
- Other Operating Expenses (OPEX): EUR 8.6M
 - 16% under budget
- Depreciations and bad debts: 737 kEUR
 - 11% under budget

Budget Variance (2024 September YTD)



Total Variance: 1.9M under

Budget Variance Information Technology (2024 September YTD)



Total Variance: 13 kEUR under

Related Parties (2024 September YTD)



Financial Report 2023	
CZ.NIC z.s.p.o	12 kEUR
Akamai Tech	32 kEUR
Peering DB	2 kEUR
ICANN	5 kEUR
Total	51 kEUR

2024 September Ytd	
CZ.NIC z.s.p.o	11 kEUR
Peering DB	0 kEUR
Internet Society	0 kEUR
Total	11 kEUR



Treasury



- 679 kEUR positive financial result
 - Negative 65 kEUR in September 2023
 - Positive result on interest income 338 kEUR
 - 106 kEUR in September 2023
 - Unrealised positive revaluation Financial Fixed Assets: 368 kEUR
 - Negative 108 kEUR in September 2023
 - Negative result exchange difference is 27 kEUR
 - Negative 63 kEUR in September 2023

Treasury (2024 Sep YTD)



- Investment portfolio of EUR 18.7 million (6.6M in Sep 2023)
- Cash with banks EUR 24.4 million (36.6M in Sep 2023)
- **Investment portfolio result managed by Dasym**
 - Portfolio 16,142 kEUR - return ytd 3.62% (442 kEUR)
 - Return as per 28-10-2024 3.65% (456 kEUR)
 - Indicative return for full year 4.47% (545 kEUR)
- Result of sale ETFs
 - 2024 - **112k EUR loss** - from 2017 - **524k EUR loss**
 - Result of sale transferred to Dasym managed portfolio
- Excluded Government Bonds
 - These will reach end of term and payout 100% of bond + annual interest

Goal of Clearing House Reserves



Financial reserves are crucial for Regional Internet Registries since they ensure **operational stability**, allowing us to continue providing services during unexpected events or economic downturns.

This stability is crucial for maintaining services that **support global Internet infrastructure**.

Reserves also **act as a buffer** for risk management, help maintain fee stability for members, and enable long-term planning and investments without relying on current income.

Overall, reserves means that we can **adapt to challenges** while maintaining a stable and reliable service for the Internet community.



Surplus/Deficit

2024 September Profit and Loss Figures



In million EUR	2024 Sep	2024 B Sep	2024 B	2023
Income	26.4	28.1	38.0	38.4
Expenses	26.3	28.3	38.2	37.3
Operational result	0.1	(0.2)	(0.2)	1.1
Redistribution	-	-	-	(1.1)
Financial Result	0.7	0.3	0.4	0.5
Surplus	0.8	0.1	0.2	0.5
Average redistribution per LIR (EUR)	-	-	-	54
Number of LIRs	21,323	21,500	21,500	21,570
Average cost per LIR (EUR)	1,234	1,315	1,777	1,727

2024 Forecast

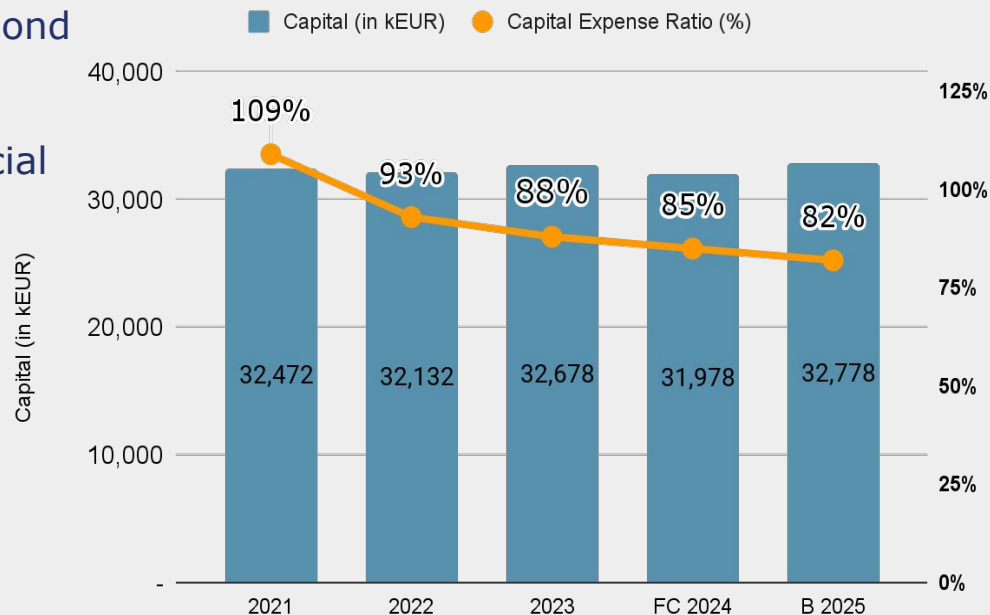


In million EUR	2024	2024 FORECAST AP&B	B2024	2024 Sept	2023
Income	35.7	35.6	38.0	26.4	38.4
Expenditures	37.1	37.4	38.2	26.3	37.3
Operational result	(1.5)	(1.8)	(0.2)	0.1	1.1
Redistribution	-	-	-	-	(1.1)
Financial Result	0.8	0.6	0.4	0.7	0.5
Surplus	(0.7)	(1.2)	0.2	0.8	0.5
Average redistribution per LIR (EUR)	-	-	-	-	54
Number of LIRs	20,500	20,500	21,500	21,323	21,570
Average cost per LIR (EUR)	1,857	1,825	1,778	1,234	1,727

Capital and Liquidity



- Balanced and healthy
- Clearing House buffer of 32.8 to respond to uncertainties
- We are solvent and in a robust financial position
- Ready for the future
- Membership fee at risk remains a concerns
- Treasury will allow us to increase the value of our reserves, and possibly increase the capital expense ratio





Redistribution of RIPE NCC Surplus 2024



“The General Meeting approves the redistribution of the excess contributions/deficit paid in the financial year 2024 in the following way:

- In case there is an excess contribution, this will be redistributed to the members in 2025 according to the RIPE NCC clearing house procedure.
- In case of a deficit, this will be covered by the RIPE NCC reserves”

Note: if the membership does not approve this resolution, the excess contribution paid will be added to the reserves and the deficit contribution paid will be redistributed to the membership in 2025

Result of the resolution based on current 2024 forecast



In million EUR	Yes = Approve	No = Reject
Income	35.7	35.7
Expenses	37.1	37.1
Operational Surplus	(1.5)	(1.5)
Redistribution	-	1.5
Financial Result	0.8	0.8
Surplus/deficit	(0.7)	0.8
Average redistribution per LIR	0 EUR addition on invoice	75 EUR addition on invoice
Addition to Reserves	(0.7)	0.8
Reserves after addition	32.0	33.5



Budget Forecast 2026 - 2027

Income and Costs

2026 - 2027 Forecast Assumptions



- Charging Scheme remains unchanged (2025)
 - Member numbers will remain stable at 20,000
- Activities continue as per Activity Plan and Budget 2025
 - Staff levels remain stable
 - Any increase in staff will result in a reduction in other operating expenses
 - 3% General salary increases
 - Continued inflation
 - At 1,5% per year
 - (2% is target of European Central Bank)
 - On non-salary expenses only

2025 - 2027 Profit and Loss Budget Forecast



In million EUR	2024	B2025	B2026	B2027
Income	35.7	41.1	41.1	41.1
Expenditures	37.1	40.0	40.9	41.9
Operational result	(1.5)	1.1	0.2	(0.8)
Financial Result	0.7	0.8	1.0	1.1
Result	(0.7)	1.9	1.2	0.3
Number of LIRs	20,500	20,000	20,000	20,000
Average cost per LIR in EUR	1,857	2,000	2,048	2,098
% Increase	-	8%	2%	2%

Key messages



- Income (UHRC) and cost (Culture Change) under budget
- Continued decline in LIR numbers
- Stable member development, even with a small increase
- Forecasted operational **deficit** of 1.5 MEUR to be deducted from our reserves
- Forecasted Financial Result 750 kEUR to be added to our reserves
- Treasury project in full operation and will help in offsetting effect on inflation on reserves and possibly even more
- Work with Charging Scheme Taskforce has started and will continue



Questions & Comments



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