RIPE NCC
RIPE NETWORK COORDINATION CENTRE

Financial Report 2022

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RAYMOND JETTEN
TREASURER

EXECUTIVE BOARD REPORT

Introduction to the RIPE NCC Financial Report

2022 was a challenging year in many ways due to the war in Ukraine, European sanctions, rising inflation, and the Dutch banks' classification of Iran and Syria as ultra high-risk countries. Despite this, we continued to provide high-quality services, meet with our members across our service region, and play our role in ensuring that people have access to a stable and resilient Internet.

During the 2022 Financial Year, we were pleased to see our membership grow from 20,015 to 20,231. By end of year, the membership held 23,383 LIR accounts, while we started the year with 23,209 (members can hold more than one LIR account). We closed a total of 1,558 LIR accounts, primarily due to consolidation. As expected, the decrease in our sign-up fees from 2 kEUR to 1 kEUR reduced our revenues, which, together with the inability to collect income from ultra high-risk countries (approx. 1M EUR), contributed to further decrease in income. On the other hand, we were able to offer our members directly affected by the war a payment extension to help them cope with the situation.

The volatility and uncertainty of the market resulted in a negative unrealised financial result of 1,760 kEUR, or a loss of 5.4% based on our clearing house reserve (32,474 kEUR), which is not the ideal scenario, but could have been worse. In the meantime, we are still working on reassessing our Treasury Statute with the objective of ensuring a professionally-managed portfolio.

In addition to this, our Capital Expense ratio decreased significantly, from 110% to 93%. This is linked to fewer expenses in 2021 due to COVID-19, which kept this ratio artificially high for 2021. The total cash at bank, in hand and financial fixed assets fell from 47,405 kEUR to 34,176 kEUR, which is explained by the high 2021 redistribution to members that was carried out in 2022. This, however, did not affect our liquidity.

In 2022, we were under budget by 990 kEUR in operational expenses. The exception was personnel costs, where we were over budget by 763 kEUR. As the labour market is getting tighter and tighter, we invested to retain and attract talent. We also had cloud costs and an increased focus on IT security. We were also able to conduct in-person events and other engagements in our service region for the first time in two years (2M EUR).

Under these difficult circumstances, we still managed to achieve a positive operating result of 1,821 kEUR (2021: 583 kEUR) and an Earnings Before Interest, Taxes, Depreciation, Amortizations and Bad Debt (EBITDA) of 2,796 kEUR (2021: 1,806 kEUR). Overall, we can report a positive surplus before taxes of 61 kEUR, which is close to the budgeted surplus of 250 kEUR. This difference is explained by a significant unrealised financial result on our investment portfolio, and by income from sanctioned entities and ultra high-risk countries, which did not allow us to report an income of approximately 1,000 kEUR. In addition, the decision to lower the yearly redistribution by decreasing the sign-up fee for 2022 (from 2 kEUR to 1 kEUR), which was voted for by the membership at the General Meeting (GM), resulted in a decrease in income of 1,637 kEUR. All this contributed to a final negative result after taxes of 342 kEUR, which meant that there was no excess fees to be redistributed to members over 2022.

Economic circumstances in 2022 in our service region have become more challenging for us and our community than in previous years. Although we hope for the best, it could possibly continue and even deteriorate. For this reason, we will continue to closely monitor the financial situation of the organisation and the RIPE NCC Executive Board is committed to making the necessary decisions to ensure that it remains financially stable in the years to come. To this end, we proposed to increase the annual fee per LIR by 150 euros in 2023 to ensure financial stability, which was approved at the May 2022 GM. In 2023, we will continue our efforts to streamline costs where necessary and to further improve the efficiency of our financial resources.

Our future plans can be found in the 2023 Activity Plan and Budget and the RIPE NCC Strategy 2022- 2026.

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 2022, our team was composed of 172 FTEs located in Amsterdam and Dubai as well as 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 Management. In 2022, the RIPE NCC Executive Board consisted of six men and one woman. The RIPE NCC Executive Board does not receive remuneration or a fixed expense reimbursement.

RIPE NCC Management

The RIPE NCC's management team oversees the general operation of the organisation. In 2022, the RIPE NCC's management team consisted of five men and four women and their remuneration amounted to 1,665 kEUR. The breakdown of this remuneration is available on page 28.

The RIPE NCC remains in a stable financial position for 2023 despite some challenges:

Membership trends and financial sustainability

In 2022, our membership income was 35.7M EUR, which is on budget (34.9M EUR). There was no membership fee redistribution over 2022. More information is provided below.

The income from annual fees decreased from 36.4M EUR in 2021 to 34.1M EUR in 2022, which is in line with 2022 budget and was expected due to the uncertainty of collecting revenue from all members, primarily due to sanctions. Despite our inability to invoice and collect money from ultra high-risk countries, our income has been sufficient and sustainable as we generated 831 kEUR more income than budgeted.

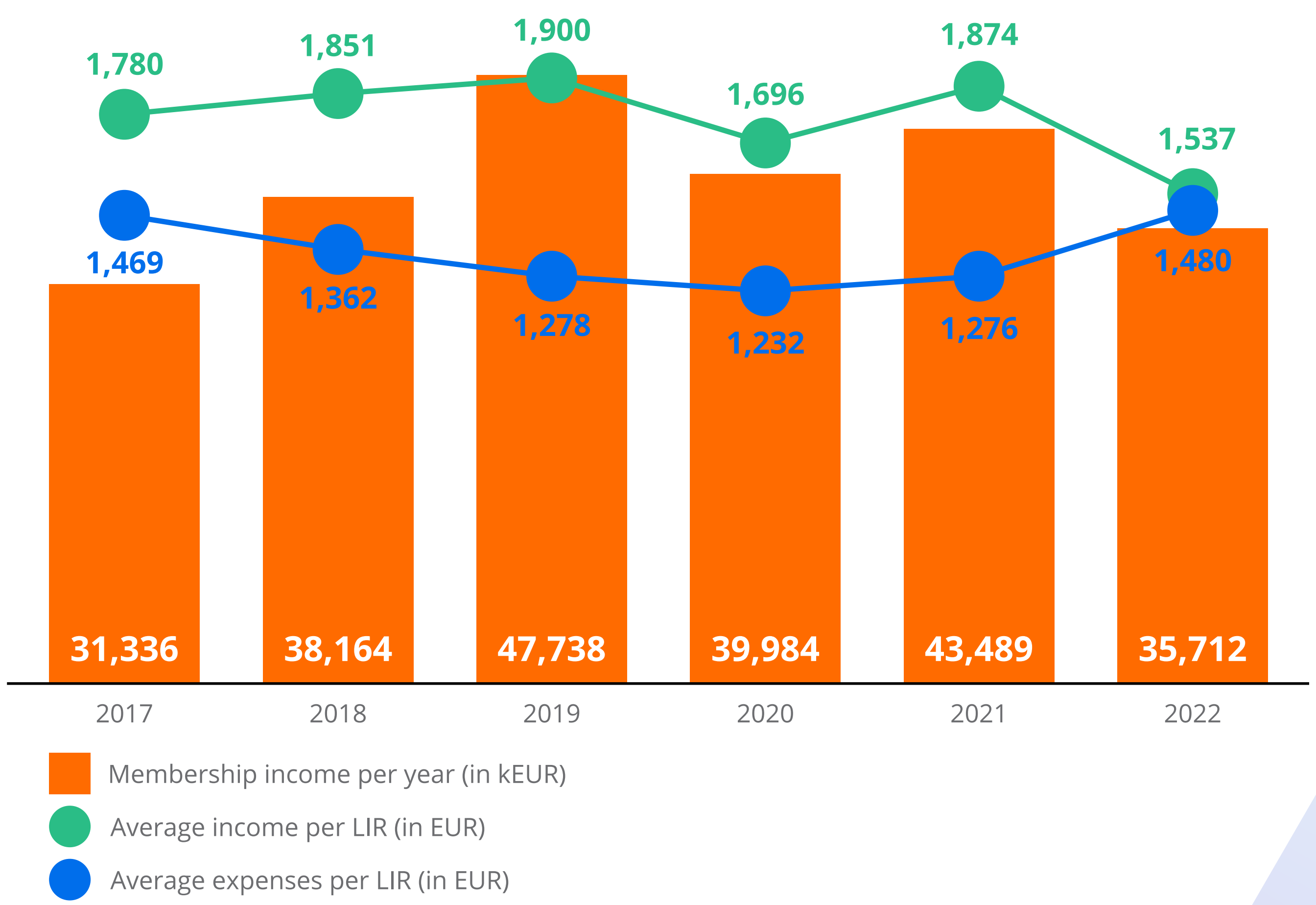
At the same time, income from sign-up fees was significantly higher than expected, at 1,637 kEUR (1,732 new LIRs) compared to 1,200 kEUR budgeted (1,200 new LIRs).

The number of LIRs increased by 174, from 23,209 to 23,383, while the budget was conservative to incorporate uncertainty (22,500 LIRs). With 23,383 active LIRs and 686 LIRs for which income collection was uncertain, we reported income for 22,697 LIRs in 2022. In total, we welcomed 1,732 new LIRs and closed 1,558 LIRs.

From this data, we can conclude that the prospect of receiving a block of IPv4 /24 addresses from the waiting list remains a strong incentive to join the RIPE NCC due to high market prices. However, we expect the consolidation trend to be significant in 2023 and have budgeted for this trend in the 2023 Activity Plan and Budget.

No excess membership fees redistribution over 2022

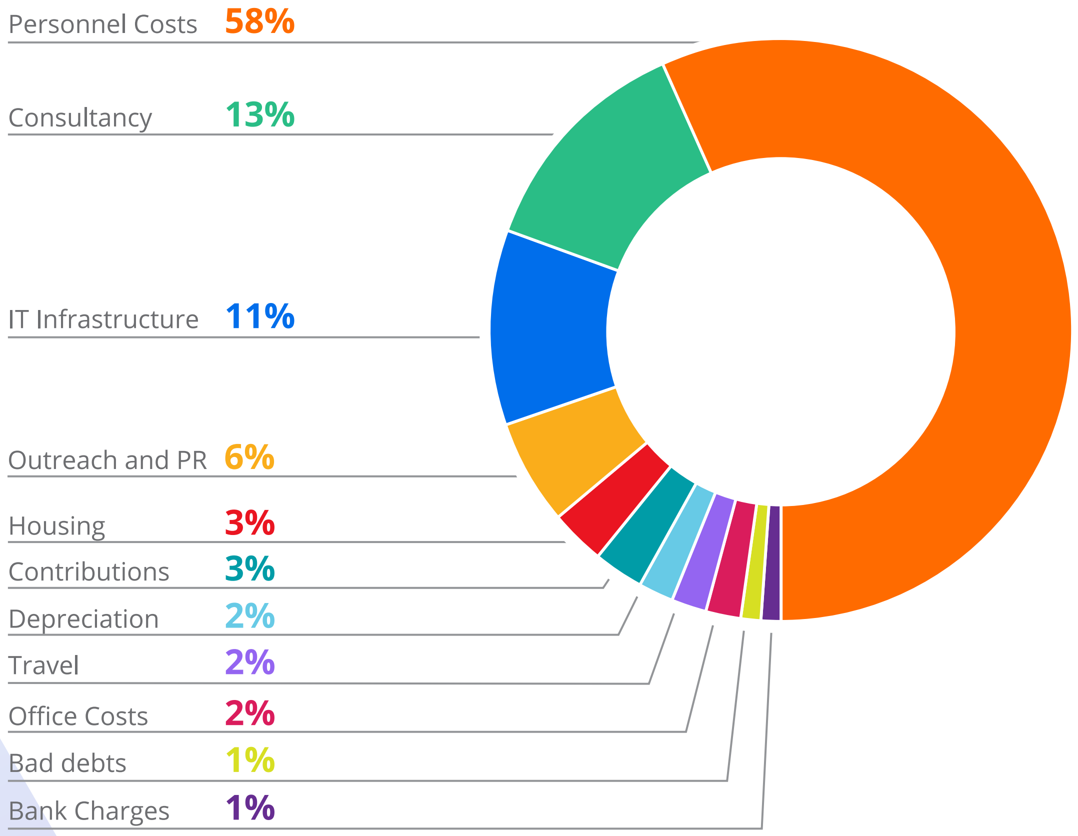
In recent years, the RIPE NCC has always provided its members with a redistribution. With this redistribution, we refund excess revenue from one financial year to our members in the form of a discount on the following year's membership invoices. This year, a redistribution was not possible due to several factors. First, a decision was made and approved by the GM to reduce the sign-up fee from 2 kEUR to 1 kEUR, which lowered our sign-up fees income by 1.6M EUR. In addition, we were not able to collect revenue from ultra high-risk countries, which reduced our revenue by 1M EUR. Last but not least, unfavourable market conditions impacted our investment portfolio, resulting in a negative unrealised financial result for 2022 of 1.7M EUR. However, although this result is negative, it is also unrealised and we still hope that it will recover in the coming years.



Costs under budget

The total expenditure was 34.6M EUR, which is 990 kEUR (3%) under the budget of 35.6M EUR. This can be partly explained by PR and Outreach activities being restricted due to COVID-19 in Q1. The cost per LIR also increased after having stagnated due to COVID-19. It went from 1,276 EUR to 1,480 EUR which is slightly higher than the 2022 membership fee (1,400 EUR) and close to the 2023 membership fee (1,550 EUR). However, overall, our operational expenses increased with the lifting of COVID-19 restrictions which allowed our staff to return to the office and allowed us to resume organising in-person events with our members and community. The tightening job market has also caused us to try to be more efficient in non-personnel expenses in order to be able to cope with this competitive environment.

The effects of high inflation in 2022 have been moderated as contractual obligations (including employment contracts) are reviewed annually. However, we expect a significant increase in costs in 2023 and have budgeted for it.



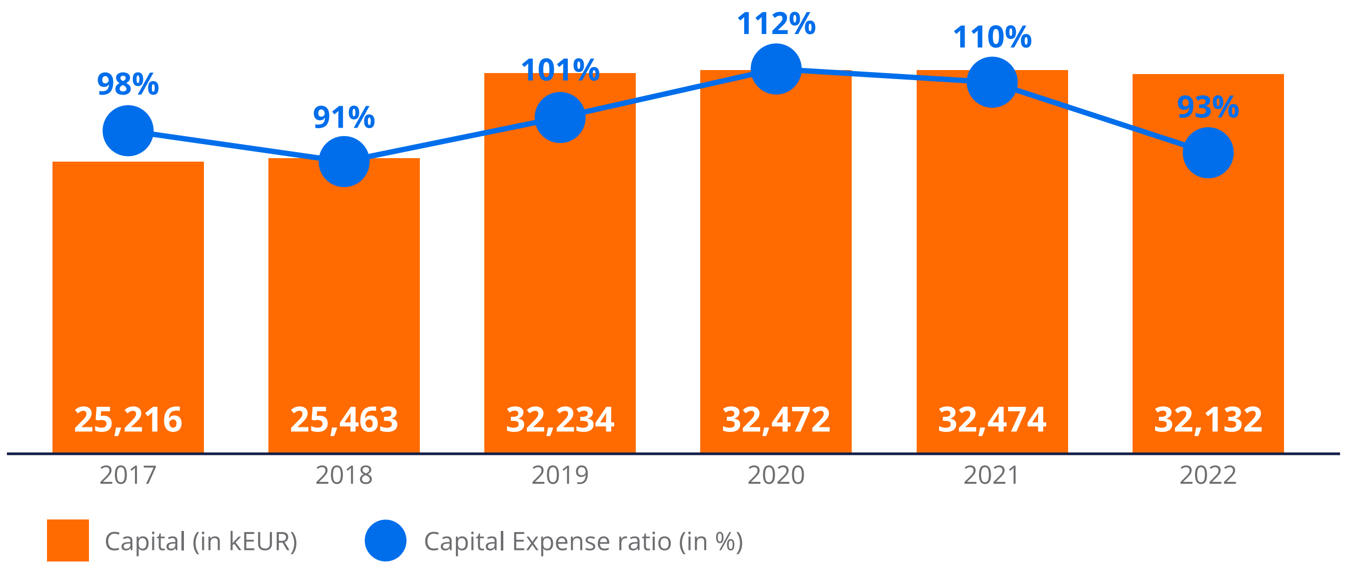
Sound capital and liquidity management

The RIPE NCC continues to implement a conservative investment strategy to minimise risk for the RIPE NCC reserves, although this has not proved easy in current market conditions. 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 2022, we continued the Treasury project with the Executive Board. Due to more urgent matters, the work has been delayed. But this remains high on the agenda for 2023.

In 2022, the Capital Expense ratio decreased from 110% to 93% due to our capital remaining at a similar level to 2021 but expenditure increased significantly because COVID-19 restrictions were only in place in the first quarter of 2022. The negative after-tax surplus reduced our Clearing House reserve (-342 kEUR), but nevertheless our reserve remains significant at 32M EUR. This is a comfortable amount that will allow us to handle uncertainties over the coming years. The RIPE NCC is solvent, and we will continue to look at our capacity to meet our longer-term financial obligations in a stable and predictable manner.

We also have to report a decrease in our cash position at year end 2022 compared to 2021. This decrease is significant, but in line with expectations, as over the financial year 2021 we had to redistribute 13M EUR to the membership at year end. This 13M EUR has been returned to our members in the form of a discount on the 2022 membership fee invoice. Over the financial year 2022 there is no positive surplus and therefore also no amount to be redistributed.

In December 2022, we published our 2023 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.



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 a company-wide risk management framework to identify, monitor and manage risk exposure.

This approach enables us to make informed risk-return decisions, to exercise adequate control throughout the organisation and to manage the risks within our remit. We aim to support a stable, resilient and healthy Regional Internet Registry.

Risk management framework

The company-wide risk management framework spans eight risk types: Organisational, Financial, Legal, Operational, Human Resources, IT, Registry and Reputational. Risk mitigation is carried out through single-point accountability at risk type and risk item levels.

An organisation wide risk assessment takes place annually for each risk type, resulting in a risk matrix (register) per risk type. The impact and likelihood of previously identified risks under each risk category is re-evaluated. Newly identified risks are introduced into the risk register and evaluated.

Next to the annual risk assessment, risk is monitored on a quarterly basis using Key Performance Indicators per risk type. Additionally, the completion of key projects, contributing to risk reduction, is monitored on a quarterly basis to ensure timely implementation of relevant controls.

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 the policies and guidelines as set out by the RIPE community and our members endorse our activities through a yearly Activity Plan and Budget cycle.

Risk profile

As part of our long-term strategy, we are committed to maintaining a low-risk profile. We actively manage our financial position factoring in relevant developments in the Internet domain that impact us, and we continuously consider the needs and requirements of our members and community. Our risk mitigation plan is linked to our funding needs, so that we can continue to fulfil our obligations in a stable and predictable manner. From a financial and organisational perspective, the RIPE NCC is well positioned to navigate the risks and opportunities ahead.

Enterprise Risk Assessment 2022

As mentioned above, each year a risk assessment takes place to evaluate the impact and likelihood of each risk type and the detailed risks of the corresponding risk matrices (registers).

Risk rating approach

During 2022, a new risk rating matrix was developed to allow for a more objective and uniform approach to risk assessment. Five quantified levels of impact (Very Low → Very High) and likelihood (Remote → Very Likely) have been predefined for each risk type. Each impact level was tailored to the RIPE NCC digital and physical ecosystem, following a worst-case scenario approach.

Key risks identified during 2022

The key risks identified during the 2022 annual assessment are summarised below.

FINANCIAL RISKS

Decrease of income

The RIPE NCC has a sound financial position. In past years we saw our financial position remaining stable, also due to the increased demand and usage of the internet. In the past 10 years we always realised a positive surplus which was redistributed to our members. However, in 2022 we realised a negative surplus (-342 kEUR).

The main reason for the 2022 financial results are the negative financial result of 1.7M EUR, the lowering of our sign-up fees from 2 kEUR to 1 kEUR and the membership fee at risk of 1M EUR. The membership at risk defines the membership from ultra high-risk countries and sanctioned entities.

Furthermore, we foresee that members with multiple Local Internet Registry (LIR) accounts will continue to consolidate their respective LIRs into one. This trend will result in a reduced number of LIR accounts and, consequently, a reduction of income.

Various mitigating controls have been implemented to ensure the financial stability of the RIPE NCC. The May 2022 GM voted to increase the annual service fee from EUR 1.400 to EUR 1.550 to partially address the high inflation rate and the uncertain economic situation in our service region (see next paragraph). We have further enhanced our financial governance model to facilitate improved cost monitoring through financial forecasting and monthly financial reporting.

Inflation and volatile financial markets

High inflation in our service region might be more persistent than expected and could lead to higher interest rates than markets and economic models now predict. This has a negative impact on our purchasing power with our current assets.

Uncertainty or changes in financial markets have negatively affected the value of RIPE NCC's investment portfolio. In the past year we did record a significant unrealised financial loss on our investment portfolio due to market volatility.

As a countermeasure, we plan to further improve our current Treasury Statute with the end goal of having a professionally managed investment portfolio. This statute does include policies and guidelines relating to the most optimal asset mix portfolio. We also aim to maintain a strong liquidity position by forecasting to ensure sufficient liquidity headroom in normal market circumstance and be able to cope in stressed market circumstances.

LEGAL RISKS

Compliance to laws and regulations

The RIPE NCC is committed to full compliance with all relevant laws and regulations. The RIPE NCC may face challenges in relation to non compliance with laws and regulations, including, but not limited to EU sanctions, and the Dutch Prevention of Money-Laundering and Terrorist Financing Act.

Potential non compliance incidents can lead to financial fines and a negative impact on RIPE NCC's reputation and relationship with regulators, members, key suppliers and other stakeholders.

We have further improved our extensive and continuous due diligence process for all our members and suppliers, which includes automated sanctions screening. Furthermore we have decided to postpone invoicing to countries which are defined as ultra high-risk countries by Dutch banks in relation to sanctions.

As a strategic mitigation, we are establishing an internal centralised function for Risk Management and Compliance. Additionally, we are formalising our internal control framework dedicated to complying with laws and regulations as well as industry standards.

OTHER LEGAL RISKS

Third party actions such as creation of illegal or inflammatory content on the RIPE NCC's managed infrastructure or violation of RIPE Database terms and conditions may lead to a court case and reputational damage. Moderation of RIPE mailing lists and review processes of RIPE Labs articles have been introduced as a mitigating measure. Additionally, the explicit agreement with our terms and conditions, when one is utilising the RIPE Database, is clearly stated on our website.

As mentioned above, RIPE NCC is committed to full compliance with all relevant laws and regulations. Potential non compliance incidents with Privacy regulations can lead to regulatory fines and a negative impact on RIPE NCC's reputation and relationship with regulators, members, key suppliers and other stakeholders.

We are continuously improving our ways of working and our tooling for processing and storing personally identifiable information.

INFORMATION TECHNOLOGY RISKS

We are committed to providing world class services to our members, utilising modern technology. A complex technology ecosystem and the velocity with which we are able to update our software may pose an information technology and security risk. Outdated software increases the risk for security vulnerabilities and security incidents.

We are continuously formalising and standardising our ways of working in the area of technology. Additionally, we have implemented a bug bounty program to receive security reports in a timely manner about vulnerabilities in our external perimeter and have implemented tooling for active identification of internal and external vulnerabilities. At the same time, active monitoring is taking place to detect and respond to potential threats.

HUMAN RESOURCES RISKS

The job market has tightened in recent years and it is becoming increasingly difficult to attract and retain highly skilled employees. The result is a very competitive environment where it is difficult to match the high salaries offered by large tech companies. This represents a risk to recruitment and therefore could impact RIPE NCC's operations.

To counter this problem, the RIPE NCC invests in its staff to provide the best possible working conditions and competitive secondary benefits. These personnel costs will likely continue to increase as the demand for skilled labour grows and inflation rises. The RIPE NCC has also recently implemented an internal code of conduct for all staff and strengthened its whistleblower policy to ensure that all staff can work in a safe environment.

Establishment of an internal Risk & Compliance function in 2023

With the establishment of an internally resourced Risk & Compliance function, the goal is to unify and align RIPE NCC's approach to risk management and compliance so that RIPE NCC is able to proactively manage risk and demonstrate continuous compliance with laws, regulations and industry compliance standards.

The purpose of the Risk & Compliance function will be to support the achievement of operational and strategic objectives and enable informed decision making by anticipating future threats. At the same time, the Risk & Compliance function will ensure consistency of control oversight and foster better reporting across the organisation.

Building further on the current risk management structure, the role and mandate of the Risk & Compliance function at RIPE NCC is defined as following:

- Set the Risk & Compliance strategy.
- Provide complementary expertise and support to the management of risk and compliance, including:
  - The development, implementation, and continuous improvement of risk management practices.
  - The achievement of risk management and compliance objectives, such as: compliance with laws, regulations, and industry compliance standards.
  - Information and technology security and quality assurance through policy lifecycle management, internal control implementation and central compliance monitoring.
- Provide analysis and reports on the adequacy and effectiveness of risk management, including internal control monitoring.

A Risk Committee will be established to oversee the monitoring of the organisation's risk profile, advise on risk strategy and mitigation, and ensure that the risk management framework is effectively implemented.

BALANCE SHEET AS OF 31 DECEMBER 2022 (in kEUR)

Before Allocation of Surplus/Deficit (in kEUR)

		31/12/2022		31/12/2021	
FIXED ASSETS					
Tangible Fixed Assets	[1]				
Hardware		1,942		1,630	
Infrastructure		63		12	
Office Equipment		28		41	
			2,033		1,683
Financial Fixed Assets	[2]		7,631		10,271
CURRENT ASSETS					
Receivables					
Accounts Receivable	[3]	164		41	
Taxes and Social Security Contributions	[4]	705		288	
Miscellaneous Receivables	[5]	2,892		1,905	
			3,761		2,234
Cash at Bank and in Hand	[6]		26,545		37,134
TOTAL ASSETS			**39,970**		**51,322**
CAPITAL AND LIABILITIES					
Capital	[7]				
Clearing House		32,474		32,472	
Surplus/Deficit after taxation		(342)		2	
			32,132		32,474
Current Liabilities	[8]				
Trade Creditors and Suppliers		1,036		561	
Taxes and Social Security Contributions		1,120		871	
Accruals and Deferred Income		5,682		17,416	
			7,838		18,848
TOTAL CAPITAL AND LIABILITIES			**39,970**		**51,322**

STATEMENT OF INCOME AND EXPENDITURES 2022 (in kEUR)

Before Allocation of Deficit/Surplus (in kEUR)

		Actuals 2022	Budget 2022	Actuals 2021
Income	[9]			
Annual Fees		34,075	33,700	36,389
Sign-up Fees		1,637	1,200	7,100
RIPE Meetings		177	250	-
Sponsorship Income		444	250	4
Other Income		98	200	(8)
Re-distribution of Member Fees		-	-	(13,290)
TOTAL INCOME		**36,431**	**35,600**	**30,195**
Expenditures				
Payroll and Personnel Expenditures	[10]	20,106	19,342	17,785
Other Operating Expenditures	[11]	13,794	15,258	10,756
Depreciations and Amortisations	[12]	710	1,000	1,071
TOTAL EXPENDITURES		**34,610**	**35,600**	**29,612**
Financial Income and Expenditures	[13]			
Result on Interest Income		49	150	69
Interest Expenditures		(85)		(124)
Result Exchange Differences		(110)	-	57
Unrealised Revaluation Financial Fixed Assets		(1,614)	100	(459)
TOTAL FINANCIAL INCOME AND EXPENDITURES		**(1,760)**	**250**	**(457)**
SURPLUS / DEFICIT BEFORE TAXATION		**61**	**250**	**126**
Income Taxes	[14]	**403**	**-**	**124**
SURPLUS / DEFICIT AFTER TAXATION		**(342)**	**250**	**2**

CASH FLOW STATEMENT 2022 (in kEUR)

The cash flow has been drawn up using the indirect method.

		2022		2021
Operating Result		**1,821**		**583**
Adjustments for				
Depreciations and Impairments	710		1,071	
Movement in Provisions	80		(8)	
		790		**1,063**
Changes in Working Capital:				
Receivables	(1,618)		(288)	
Short Term Liabilities	(11,170)		1,992	
		(12,788)		**1,704**
Cash Flow from Business Operations		**(10,177)**		**3,350**
Interest Received		60		92
Interest Paid		(131)		(89)
Corporate Income Tax Paid		(197)		-
CASHFLOW FROM OPERATING ACTIVITIES		**(10,177)**		**3,353**
Cash flow from Investing Activities				
Additions to Tangible Fixed Assets		(1,061)		(437)
Disposals of Tangible Fixed Assets		2		6
CASHFLOW FROM INVESTING ACTIVITIES		**(1,059)**		**(431)**
Cash Flow from Financing Activities				
End of Duration Government Bond		905		1,672
Sold Securities		-		-
CASHFLOW FROM FINANCING ACTIVITIES		**905**		**1,672**
Currency Difference		10		(16)
NET CASHFLOW		**(10,589)**		**4,578**
MOVEMENT CASH		**(10,589)**		**4,578**

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 the 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 Accounts receivable

Trade 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 trade receivable is uncollectible, it is written off against the allowance 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

4.2.1. General

Net income relates to the proceeds from membership fees, sponsorships and the delivery of services after deducting taxes on sales.

4.2.2 Sales of services

If the result of a transaction relating to one of these can be reliably estimated and the income is likely to be received, the income relating to that service is recognised in proportion to the service delivered. RIPE NCC members determine annually whether to adjust fees that members have to pay for the year by adopting a redistribution scheme for the current year regarding excess contribution paid.

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]

	31/12/2022	31/12/2021
Hardware	1,942	1,630
Infrastructure	63	12
Office Equipment	28	41
	2,033	**1,683**

	Hardware	Infrastructure	Office equipment	Total
Carrying amount as of 1 January 2022	**1,630**	**12**	**41**	**1,683**
Addition	1,000	61	-	1,061
Disposals/Retirements	(133)	(4)	-	(137)
Depreciation Disposals	131	4	-	135
Depreciation	(686)	(10)	(13)	(710)
CARRYING AMOUNT AS OF 31 DECEMBER 2022	**1,942**	**63**	**28**	**2,033**
Cost	7,972	1,427	508	9,907
Depreciation	(6,031)	(1,364)	(480)	(7,875)
CARRYING AMOUNT AS OF 31 DECEMBER 2022	**1,942**	**63**	**28**	**2,033**

Our tangible fixed assets increased in 2022 due to investments in hardware and infrastructure. A large part of the investment in hardware relates to the replacement of our old Metrocluster. This replacement Metrocluster provides significant savings compared to the cost of a completely new Metrocluster. The rest of the investment is related to laptops, a handful of servers and a small renovation in our office.

Financial Fixed Assets [2]

	31/12/2022	31/12/2021
FINANCIAL FIXED ASSETS	**7,631**	**10,271**

	Government Bonds	Securities	Total
Carrying Amount as of 1 January 2022	5,556	4,715	10,271
Addition	-	-	-
Disposals	(905)	-	(905)
Currency Translation Effect	(42)	-	(42)
Unrealised Revaluation/Gain	(342)	(1,351)	(1,693)
CARRYING AMOUNT AS OF 31 DECEMBER 2022	**4,267**	**3,364**	**7,631**

The RIPE NCC's investments are managed in accordance with RIPE NCC's Treasury Statute as published on our website. On 31 December 2022, the RIPE NCC held seven different government bonds and securities in three different currencies: EUR, CAD and AUD. In 2022, one government bond reached maturity. No new investments were made in 2022 as our treasury strategy is currently under review to reflect the recent changes in economic markets caused by high inflation. Due to uncertainty in the economic market, our total financial assets generated a negative unrealised return of 1,7M EUR. This unrealised loss was mainly caused by our securities.

All government bonds and securities are held for trading. The total portfolio does not include any majority stakes.

Current Receivables

	31/12/2022	Remaining Term > 1 year	31/12/2021	Remaining Term > 1 year
Account Receivable	164	0	41	-
Taxes and Social Security Contributions	705	0	288	-
Miscellaneous Receivables	2,892	50	1,905	89
	3,761	**50**	**2,234**	**89**

The fair value of the receivables approximates the carrying amount due to their short-term character and that provisions for bad debt are recognised where necessary.

Accounts Receivables [3]

	31/12/2022	31/12/2021
Debtors	244	41
Provision for Doubtful Debts	(80)	-
	164	**41**

There is no significant amount for debtors compared to the total income due to early invoicing of existing members in the year. Organisations under Dutch law need to adjust unpaid invoices that relate to the next year. These debts are not shown in the accounts receivables as new members are invoiced within the course of the year and must pay a sign-up fee and pro-rata service fee.

The increase in debtors and provision for bad debts is due to outstanding amounts from members located in Russia and Ukraine, which can be attributed to the war. To mitigate this, we have extended the payment deadline for Russian members to 31 December 2022 and for Ukrainian members to 30 June 2023. As at 31 December 2022, we still had an outstanding debtor balance of 27 kEUR from members located in Russia and of 135 KEUR from members located in Ukraine. Based on this total outstanding balance, we considered that an allowance for doubtful debts of 80 kEUR was necessary.

Taxes and Security Contributions [4]

	31/12/2022	31/12/2021
VAT	705	288
	705	**288**

In 2022, the VAT receivables consist of the Dutch VAT returns of 561 kEUR (2021: 288 kEUR) and a foreign VAT position receivable from the German and Serbian tax authorities of 144 kEUR (2021: 0).

The Dutch VAT receivable consists of a VAT return for November 2022, a VAT return for December 2022 as well as a supplementary return from previous years.

The increase in Dutch VAT is mainly due to the VAT return in November 2021, which was significantly lower than in all other months.

The foreign VAT is due to the organisation of RIPE Meetings which were held in person in 2022 after the lifting of most of the COVID-19 restrictions.

Miscellaneous Receivables [5]

	31/12/2022	31/12/2021
Interest Receivable	24	35
Prepayments	1,725	1,600
Other Receivables	1,143	270
	2,892	**1,905**

The interest receivable consists of the interest on our financial fixed assets. We recorded a lower interest receivable compared to 2021 due to one of seven government bonds reached maturity in 2022.

Prepayments consist of several items related to the 2023 budget that were booked in 2022 as well as prepayments made for multiple events, trainings and prepaid annual contractual obligations.

Other receivables include membership fees for Iran and Syria, which were defined as ultra high-risk countries by Dutch banks in relation to sanctions. As a result, we have decided not to invoice our members in these countries for membership services provided over 2022 and a small remaining part of 2021. We are thereby deferring their payment obligation until we find a solution that allows us to collect this money without risk. In addition, other receivables consist of payments from our online payment provider.

Cash at Bank and in Hand [6]

	31/12/2022	31/12/2021
ABN AMRO Bank N.V.	4,995	16,031
Rabobank	10,201	10,216
ING Bank N.V.	11,330	10,870
First Abu Dhabi Bank	17	16
Cash in Hand	2	1
	26,545	**37,134**

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. Compared to last year, we spent 97% of our budget and there is a significant decrease in our liabilities due to the payment of the redistribution surplus from 2021 in 2022.

CAPITAL AND LIABILITIES

Capital [7]

	31/12/2022	31/12/2021
CAPITAL	**32,132**	**32,474**

	Clearing house	Surplus/ deficit after taxation	Total
Carrying Amount as of 1 January 2022	32,472	2	32,474
Addition of the Surplus 2021	2	(2)	-
Surplus/(Deficit) After Taxation 2022	-	(342)	(342)
CARRYING AMOUNT AS OF 31 DECEMBER 2022	**32,474**	**(342)**	**32,132**

In 2022, the Capital Expense ratio decreased from 110% to 93% which was in line with our expectations. Due to COVID-19 restrictions our expenses were significantly lower in 2021 which resulted in a higher Capital Expense ratio in 2021.

The Capital Expense ratio as well as a five-year financial forecast are used as key indicators by the RIPE NCC to manage liquidity and ensure sound capital.

Current Liabilities [8]

	31/12/2022	31/12/2021
Trade Creditors and Suppliers	1,036	561
Taxes and Social Security Contributions	1,120	871
Other Liabilities, Accruals and Deferred Income	5,682	17,416
	7,838	**18,848**

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

	31/12/2022	31/12/2021
Creditors	1,036	561
	1,036	**561**

The increase in the amount due to trade creditors is explained by a different billing and payment schedule.

Taxes and Social Security Contributions

	31/12/2022	31/12/2021
Wage Tax Payable	791	747
Corporate Income Tax	329	124
	1,120	**871**

Wage tax payable increased in line with the increase in FTEs and staff costs.

The Corporate Income Tax payable increased in line with the increase in taxable surplus. The difference between our company surplus and taxable surplus is primarily due to the non-deductible negative result of our investment portfolio because of our tax ruling with the Dutch Tax authorities.

Accruals and Deferred Income

	31/12/2022	31/12/2021
Deferred Income	1,197	49
VAT Payable to non-EU members	179	179
Accruals	983	1,105
Payable Employee Expenses	2,790	2,484
Interest Payable	37	83
Redistribution of Members Fees	496	13,516
	5,682	**17,416**

The deferred income consist of the following:

- Invoices for the service fees for 2022 from existing members for which payment was not yet received in 2022.
- Invoices for the service fees which relate to 2023 but where payment was received in 2022.
- Postponement of issuing members invoices located in ultra high-risk countries for 2021 and 2022.

The accruals mainly relate to ICANN Contribution, NRO expenses, the RIPE NCC Community Project funds, the Certified Professionals platform provider guarantee and some accrued expenses such as consultancy fees for the month of December 2022.

The payable employee expenses include the performance bonus accrual, holiday allowance, outstanding vacation days for employees, reservation for staff settlement agreements and the secondary benefits scheme. The increase is mainly related to the reservation for staff settlement agreements and the accrual of the 2022 performance bonus which is higher due to an increase in FTEs and the average salary.

The redistribution of member fees consists of a remaining part of the redistribution of previous years. A part of this redistribution is included on the 2023 service fee invoice. Another part is related to the postponed payment obligation because we could not invoice members from Iran and Syria. Furthermore we could not include a redistribution for 2022 because no surplus is recorded in our year-end figures.

ARRANGEMENTS AND COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

Office Lease

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

	Total
Obligations to pay:	
Within one year	900
Between one and five years	2,094
After five years	-
	2,994

Other Lease Agreements

	Total
Obligations to pay:	
Within one year	-
Between one and five years	-
After five years	-
	-

Other Commitments Not Shown in the Balance Sheet

	Total
Obligations to pay:	
Within one year	2,619
Between one and five years	896
After five years	-
	3,515

Other commitments consist of general business-related contractual obligations. The main items are software (1.2M EUR), insurance (221 kEUR), contracted advisory parties (216 kEUR) and contributions (211 kEUR).

The main items between one and five years are software (422 kEUR) and contributions (300 kEUR).

BREAKDOWNS OF ITEMS IN THE STATEMENT OF INCOME AND EXPENDITURE

Income [9]

Annual Fees

	2022	Budget 2022	2021
Fees Existing Members	31,633	31,500	32,723
Independent Resource Fees	1,101	1,050	1,103
Fees New Members	1,448	1,050	2,345
Re-opening Fees	26	100	86
Other	(133)	-	133
	34,075	**33,700**	**36,389**

We started the year with 23,209 LIRs and ended it with 23,383 LIRs, which is an increase of 174 LIRs compared to 2021. This figure is higher than the number stated in the 2022 Activity Plan and Budget. However, in the 22,500 LIRs budgeted, we incorporated the expected uncertainty related to the membership fee at risk.

The category "Other" was introduced in 2021 as a new category including income for which payment has been deferred. This year it became apparent that the uncertainty around collectability did not allow us to record this income in our Profit and Loss statement in accordance to Dutch GAAP (RJ 270), so we had to revert to the income recorded in the previous year.

Sign-Up Fees

	2022	Budget 2022	2021
Sign-Up Fees	1,637	1,200	7,100
	1,637	**1,200**	**7,100**

In previous years, we experienced a large influx of new LIRs and therefore more sign-up fees. This year, revenues are more in line with expectations and budget. In addition, the sign-up fee was reduced from EUR 2,000 to EUR 1,000 as of 1 January 2022, which had a negative impact of 1.6M EUR on income.

We welcomed 1,732 new LIR accounts, while we recorded 1,637 kEUR of sign-up fee income. The difference of 95 kEUR, or 95 sign-up fees, is due to timing differences between the recognition of the income (once received) and the activation of the new LIR accounts (date of contract signature) and our inability to collect funds from ultra high-risk countries.

RIPE Meetings

	2022	Budget 2022	2021
RIPE Meetings	177	250	-
	177	**250**	**-**

Due to COVID-19, all RIPE Meetings in 2021 were held online and free of charge. In 2022, we deemed it safe again to organise RIPE Meetings in person, which generated income through ticket sales.

Sponsorship Income

	2022	Budget 2022	2021
Sponsorship Income	444	250	4
	444	**250**	**4**

The increase in sponsorship revenue is due to the shift from online to in-person, as in-person sponsorship packages generate more value for sponsors than their online counterparts.

Other Income

	2022	Budget 2022	2021
Other Income	98	200	(8)
	98	**200**	**(8)**

Other income is made up of miscellaneous items. For instance, the total income of the RIPE NCC Certified Professional services, but also the income from sale of tangible fixed assets and the release of overpayments to the profit and loss account. The increase in 2022 is mainly due to the RIPE NCC Certified Professionals programme because we started selling voucher bundles.

Re-distribution of Member Fees

	2022	Budget 2022	2021
Re-distribution of Member Fees	-	-	(13,290)
	-	**-**	**(13,290)**

At the RIPE NCC General Meeting in October 2022, members voted to redistribute the 2022 surplus to members in 2023. However, there is no (positive) surplus recorded in our year-end figures, so there will be no 2022 redistribution.

Although the RIPE NCC was within its operating budget, unfavourable market circumstances resulted in a reported unrealised financial loss in our investment portfolio. Additionally, our inability to collect money from ultra high-risk countries also meant that our reported income was lower than expected, and therefore there was no 2022 surplus to redistribute.

Income per Region

	31/12/2022	31/12/2021
Western Europe	22,109	25,057
ENOG Region	5,256	6,897
Middle East	3,051	4,161
Eastern Europe	2,612	2,958
South East Europe	1,760	1,996
Other	1,643	2,420
	36,431	**43,489**

Expenditures

Payroll and Personnel Expenditures [10]

	2022	Budget 2022	2021
Wages and Salaries	15,438	14,852	13,653
Social Security Charges	1,905	1,937	1,681
Pension Contributions	1,683	1,633	1,526
Miscellaneous Employee Expenditures	1,080	920	925
	20,106	**19,342**	**17,785**

The overall amount spent on payroll and personnel expenditures in 2022 increased compared to 2021 and is higher than budgeted. Although the total number of FTEs employed was under budget with 14.8 FTE on the year average. As the labour market became increasingly tight, we invested to retain and attract talent. We expect this to continue in 2023.

The average total cost per FTE increased from 110 kEUR per FTE, to 117 kEUR per FTE on a budget of 104 kEUR. This reflects the investment in personnel, as mentioned, consisting of one-off compensations related to inflation, working-from-home allowances and bonus for 2022. Regular performance and market related increases, as well as incidentals related to severance, are also part of the actuals for 2022.

Unfortunately, a budgeting error related to staff health insurance, reported under wages and salaries, could not be corrected in time for the 2022 budget.

Average Number of FTEs

172 FTE were employed on average in 2022 compared to 161,9 in 2021. Four of these FTEs were employed outside of the Netherlands.

	2022	Budget 2022	2021
The Registry	66.1	68.7	58.2
Information Services	40.0	43.0	38.9
Community and Engagement	36.7	41.0	38.3
Organisational Sustainability	29.2	34.1	26.5
Total number of FTE	**172.0**	**186.8**	**161.9**

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 7 kEUR in 2021 to 86 kEUR in 2022 which is due to the lifting of the COVID-19 restrictions in 2022.

RIPE NCC Management

	2022	2021
Base Pay	1,296	1,065
Pension	168	146
Performance Bonus	101	84
Other	100	60
	1,665	**1,355**

In 2022, the RIPE NCC's Executive Management team consisted of the Managing Director, Chief Operations Officer, Chief Information Officer, Chief Community Officer, Chief Legal Officer, Finance Director, Human Resources Director, Chief Information Security Officer and the Executive Assistant of the Managing Director. Compared to 2021, two new members joined the team. 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]

	2022	Budget 2022	2021
Bad Debts	265	250	152
Bank Charges	217	290	326
Consultancy	4,357	4,532	3,332
Contributions	890	946	918
Housing	1,035	1,244	1,081
IT Infrastructure	3,763	3,687	3,295
Outreach and PR	2,036	2,756	1,158
Office Costs	613	736	481
Travel	618	817	12
	13,794	**15,258**	**10,756**

Other Operating Expenditures

In 2022 we remained under budget on other operating expenses with 1,463 kEUR. The expenses of Q1 2022 were still limited by COVID-19 restrictions, explaining why we are significantly under budget.

We were happy to resume in-person meetings with our members and community, starting in the second quarter of 2022. This explains the increase over the previous year. However, we were still under budget because we assumed that this would apply to the entire year rather than just three quarters.

Overall we have been under budget in the majority of cost categories: Housing & Insurances, Office Expenses, Contributions, Travel, Consultancy, Outreach & PR and Bank Charges.

Exceptions have been Information Technology and Bad Debts. Information technology costs were 75 kEUR over budget due to cloud expenses and an increased focus on IT security. Bad Debts reflect the uncertainty created by the war in Ukraine.

Depreciations and Amortisations [12]

	2022	Budget 2022	2021
Hardware	686		722
Infrastructure	11		270
Office Equipment	13		80
	710	**1,000**	**1,071**

Financial Income and Expenditures [13]

	2022	Budget 2022	2021
Result on Interest Income	49	150	69
Interest Expenditures	(85)	-	(124)
Result Exchange Differences	(110)	-	57
Unrealised Revaluation Financial Fixed Assets	(1,614)	100	(459)
	(1,760)	**250**	**(457)**

In 2022, our total finance income is negative due to the revaluation of the government bonds and securities, which are held in the RIPE NCC's portfolio.

Our interest expenditures decreased due to the increase in interest rates which are now positive since the fourth quarter of 2022. Our interest income continued to decrease due to government bonds reaching maturity and no new investments made this year.

Corporate Income Taxes [14]

	2022	2021
Surplus Before Taxes	61	126
Deferred Corporate Income Tax	-	-
Corporate Income Tax Current Financial Year	403	124
Corporate Income Tax Previous Financial Years	-	-
TAXES ON SURPLUS	**403**	**124**

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 fiscal result of 2022 is 1,728 kEUR (2021: 594). A corporate income tax payable is recognised in the Balance Sheet and the Statement of Income and Expenditure. The effective corporate income tax rate, which is equal to the corporate income tax charge divided by the commercial surplus before taxes, is 650% (2021: 98%).

Subsequent Events

No significant events occurred after the Balance Sheet date.

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 26 kEUR. The incoming transactions consist of a total of LIR account fees, applicable redistribution (according to Redistribution of Excess Contribution 2021) and any applicable VAT.

The total outgoing transactions with suppliers related to our board members amounts to 22 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.
  - 8 kEUR: CDN for RPKI RRDP
- Peering DB
  - 2 kEUR: Sponsoring of Silver PeeringDB

Transactions include VAT if applicable.

Auditors Fees

The audit fees listed relate to procedures applied to the Association by Ernst & Young Accountants LLP and its related party HvG Law LLP. The audit fees relate to the audit of the financial statements.

	2022	2021
Audit Fees	66	50
Audit-related Fees	-	30
Tax Fees	-	7
Other Non-assurance Fees	91	-
	157	**87**

Signed by Raymond Jetten
RIPE NCC Executive Board Treasurer
10 March 2023
RIPE NCC
Amsterdam, the Netherlands

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Réseaux IP Européens Network Coordination Centre, based in Amsterdam.

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 2022, and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2022
- The profit and loss account for 2022
- 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 in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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 annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The executive board's report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- 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

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 Part 9 of Book 2 of the Dutch Civil Code and 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.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements and the other information, including the executive board's report in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of

INDEPENDENT AUDITOR'S REPORT *CONTINUED*

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

the financial statements that are free from material misstatement, whether due to fraud or error.

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 e.g.,:

- 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 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, 10 March 2023

Ernst & Young Accountants LLP
signed by B.J.P. Langedijk

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