

Annual report 2022



June 2023

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Editorial



A year of transformations.

The Domain Name System (DNS), the protocol that forms the basis of Afnic's business and which is celebrating its 40th anniversary in 2023¹, has, along with other key building blocks of the Internet's functioning as we know it today, allowed for the constant and mass development of the Internet's uses while maintaining incredible resilience.

**Godefroy Beauvallet, Chair
of the Afnic Board of
Trustees**

The management and allocation of domain names, and more generally the business of Internet registry in all its forms, whether technical, legal or societal and even geopolitical, is built on clear statements on which we all

agree:

For the Internet to function correctly, the DNS needs transparent and universal rules that open up a dialogue between the different players involved in the process of providing and accessing the resource, a clear distribution of the respective roles of these players and the evolution of its rules to adapt to the changing expectations (whether in quantity or quality) of all stakeholders.

¹ <https://datatracker.ietf.org/doc/html/rfc882>

Some might think that on this basis, the players in the DNS would have some sort of duty of conservatism, a role as guardians of the temple.

That's partly true, but only partly.

It's true that a registry is expected to be a reference, and, for the sake of legitimacy, a reference needs to be lasting. But that does not mean it doesn't evolve.

As the Internet grows and plays a more important role in our lives and that of governments, the demands of performance and responsibility become equally legitimate additions to the requirements of the system's permanence and resilience (summed up perfectly by the famous cybersecurity triptych of Availability – Integrity – Confidentiality). And this responsibility is understood in the wider sense, encompassing the search for social utility and environmental responsibility.

Which is why the players in charge of this digital common good that is the DNS, whom our Association seeks to represent in all their diversity in France, have an obligation to innovate, to advance, to take into account new expectations and to overcome new challenges.

That is what I believe this activity report brings to light, and it is a source of pride for Afnic to be part of this –only seemingly– paradoxical twofold movement of stability and transformation.

The constant efforts to secure the .fr TLD are an important part of this, as are the efforts of our association, at both a national and international level, to maintain a domain name system that remains universal and which safeguards, at its own level, the Internet against the threats of fragmentation which increase every day. Whether it is the use of the cyber threat or raising the profile of suspicious alternative protocols within international bodies,

attacks against the common good embodied by the Internet are multiplying. We need to respond.

The total overhaul of our registration system, from infrastructure to code, is another component of this response. By gaining in performance and flexibility, Afnic is prepared for market, technical and legal changes.

To illustrate these far-reaching transformations, let's take the example of .fr registry policies, which have been discussed with our members and more broadly with the French Internet user community with a view to better equipping the .fr TLD against abuse of all sorts.

The work to reduce the carbon footprint of the DNS, meanwhile, has continued, as have the solidarity actions led by our Foundation and the training and support for VSEs/SMEs in their digital transformation.

Afnic is innovating and transforming with the aim of consolidating and ensuring the viability of what it has best to offer – the fulfilment of its association-based mission: “building a secure and stable Internet open to innovation”.

We hope these pages make for an enlightening read

Godefroy Beauvallet

Chair of the Afnic Board of Trustees

1. 2022 highlights

January

Afnic and the Swedish Internet Foundation launch a new version of Zonemaster, an international reference tool for verifying the configuration and security of domain names.

February – March

Afnic joins the Campus Cyber, first as a partner and then as a member of the college of associations. The Campus Cyber, located in the Paris CBD of La Défense, is now recognised as the main venue where French and foreign players in the field of cybersecurity come together.

April

Réussir en .fr (“Succeed with .fr”), Afnic’s programme dedicated to digital transformation with the .fr domain, undergoes a revamp and unveils a website completely redesigned to respond to the needs of VSEs/SMEs and young people.

Afnic’s catalogue of training programmes is enhanced with a new training session on securing emails using the DNS.

Afnic becomes an official member of the Development and Standardisation sectors of the International Telecommunication Union (ITU).

May

The State and Afnic sign a new agreement on the management of the .fr domain. The development of the .fr domain, security and innovation to bolster confidence in digital

technology, Corporate Social Responsibility (CSR) and coordination of discussions within Internet governance bodies are at the heart of the new commitments made by Afnic, which strengthens and ensures the lasting nature of its actions in favour of the general interest by allocating 11% of annual revenues from the .fr domain to these causes from now on.

“Connecte ta boîte, ils l’ont fait” (Connect your Business: they’ve done it!), the podcast stemming from the TV show produced in partnership with government initiative France Num, returns for a second season with five new episodes.

June

Godefroy Beauvallet is re-elected chair of the board of trustees of Afnic and two new representatives, elected by the registrar and user members, join the association’s highest governance body.

Afnic’s new carbon balance sheet shows a 10% reduction in greenhouse gas (GHG) emissions in one year and a 37% reduction over the past three years.

Afnic and its partners makes a pledge at the World Telecommunication Development Conference of the International Telecommunication Union (ITU) within the framework of the Partner2Connect Digital Coalition covering ten African ccTLDs².

July – August

Afnic launches a public consultation on strengthening the fight against online abuse.

² <https://www.icann.org/resources/press-material/release-2022-06-07-en>

This edition of Afnic's Scientific Council Open Day (JCSA), dedicated to the digital sector's energy consumption, is attended by more than 110 participants.

September

A new public consultation on facilitating access to domain name registration data for public authorities was launched.

October

All registration and management services for .fr and French overseas domain names migrated to a new technical infrastructure entirely designed and developed by Afnic. This migration is the culmination of a major project aimed at securing France's digital sovereignty.

Afnic takes part in the French delegation to the Plenipotentiary Conference of the International Telecommunication Union (ITU) held in Bucharest, Romania, from 26 September to 14 October 2022.

A new study of the digital practices of restaurant operators is published in partnership with France Num.

November

The Afnic Foundation announces the 81 awardees for 2022. This new batch of promoted projects will receive financial support totalling €1,268,000.

December

Afnic co-hosts the French Internet Governance Forum (IGF France), the plenary topics for this 2022 edition being the future of digital governance and the new digital agenda for the environment.

Having established itself as French people's preferred TLD, the .fr domain crosses the threshold of four million domain names.

2. The Association

2022 was a full and rewarding year for the association and its members, in terms of both cooperation and governance.

The Ordinary General Meeting of the association was held in hybrid mode on 10 June 2022. Members of the Users', Registrars' and International Correspondents' colleges as well as the trustees and employees of Afnic were pleased to meet again on this convivial occasion.

After the presentation of the annual report and accounts, members reaffirmed their trust in the Board of Trustees by voting unanimously in favour of the resolutions placed before them.

For three representatives on the Board of Trustees 2022 was a year of elections and renewals.

After a highly digital election campaign and a video conference meeting to enable members of the colleges to exchange with their candidates, the members of each college were able to appoint their representatives by means of a first and second round of online voting and then in the general meeting:

- **Souleymane Oumtanaga, representing the Institut National Félix Houphouët-Boigny (INPHB) of Côte d'Ivoire**, re-elected for a three-year term of office as representative of the college of international correspondents,
- **Paul Perpère**, representing the Institut National de la Propriété Industrielle (INPI), elected for four-year term of office as representative of the Users' college,
- **Sébastien Almiron**, representing the registrar NETIM, elected for a four-year term of office as representative of the Registrars' college.



Legend: Paul Perpère, Sébastien Almiron and Souleymane Oumtanaga

The **Board of Trustees** met five times in 2022, once remotely and four times physically, including for its annual strategic seminar.

In the June meeting, **Godefroy Beauvallet** was re-elected **Chair** by the Board of Trustees for a new term of office of three years.

The strategic seminar of the Board of Trustees, following the renewal of the agreement with the State for the management of the .fr TLD, worked on Afnic's new three-year strategy, including, but not limited to, the incorporation into the strategy of the commitments made to the State. The work of this seminar allowed Afnic's new vision and its strategic lines of action for 2023–2025 to be validated.

Afnic's strategic vision for 2025	
A secure and stable Internet; open to innovation; in which the French Internet community plays a leading role.	
Consolidate the leading position in domain names and the DNS in France and in Europe	
Maintain .fr as the most dynamic TLD in its market with development of its activity aimed at VSEs/SMEs as the priority targets;	
Be a recognised and useful player in digital solidarity and in a sustainable digital sector	
Use Internet naming and its values of openness and cooperation to develop user autonomy, innovation, risk management and digital sustainability.	
Respect for people	
Professionalism	
Integrity	
Perseverance	
Teamwork	

The **Users' and Registrars' Consultative Committees** met twice during the year, in hybrid format.

During these two very full and intensive meetings, members were able to give their opinions on how the commitments made by Afnic in its agreement with the State on the management of the .fr TLD should be implemented. The commitments discussions, as far as this year is concerned, mainly focused on the fight against online abuse.

Some of these commitments affect .fr registry policies and as such were submitted to public consultation, specifically:

- Detecting registration data³
- Facilitating access to registration data for authorised authorities⁴

During the year, volunteer members from among users and registrars also worked with Afnic teams in a working group on digital identity. The result of this work was presented to the consultative committees.

Members of the **International College** were at last able to meet face-to-face in a two-day meeting at Afnic's offices, which provided an opportunity to take stock of the projects that had continued to advance throughout the year thanks to members' dedication.

A good example of this is the ONDA (African Domain Name Observatory) project launched several years ago by members of the international college with the support of Afnic, which

³ <https://www.afnic.fr/en/observatory-and-resources/public-consultations/public-consultation-fight-against-abuse-detecting-registration-data/>

⁴ <https://www.afnic.fr/en/observatory-and-resources/public-consultations/public-consultation-facilitating-access-to-registration-data-for-authorized-authorities/>

now publishes the data collected by its members on the website:

<https://www.onda.africa>. Following the signing of a Protocol of Agreement between Afnic and AFTLD (Africa Top Level Domains Organization), this project is expected to spread beyond its current members to other African countries.

Other projects are ongoing under the coordination of members in the spirit of cooperation and mutual support among registries: PAR (Project for the Automation of Registries), PER (Platform for Exchanges among Registries), I2N (National Digital Identity), etc.

3. The .fr domain

Although the number of create operations slowed as expected following two years marked by the COVID-19 pandemic, it remained strong in 2022 with 753,412 .fr domain names registered. The renewal rate was down by 13 percentage points on the all-time record of 2021, coming in at a very satisfactory 83.5%, corresponding to its average level over the period 2017–2022.

In all, the increase in the stock of .fr domain names resulting from these factors was 113,757, allowing it to reach 3,996,245 names at 31 December 2022, representing growth of 2.9%, which is once again higher than the average growth in EU ccTLDs (2%).

The growth in the .fr TLD was also higher than that of the French market as a whole, taking all TLDs together, which was 1.3% in 2022.

The market share of .fr in France continued to grow, reaching a new all-time high of 39.4% at the end of 2022 (as against 38.8% in 2021). This performance was thanks to the positive dynamic of .fr create operations, which in turn underlines the continuing efforts of French VSEs/SMEs to embrace the digital transformation, particularly by consistently creating websites. On the other hand, the substantial increase in delete operations of .fr domain names in 2022 could be an indication of a wider disappearance of websites created during the lockdowns, as though some of the businesses that have returned to 'normal' activity no longer saw the interest in maintaining and developing their Internet presence. Other reasons for this increase in deletions could be the economic context and a catch-up effect in terms of business failures. Lastly, the strengthening of the fight against online abuse through domain names also plays a part in increasing the number of deletions.

Afnic continues its actions in favour of the online presence of VSEs/SMEs and young people.

The digital transformation of French businesses is at the heart of Afnic's ambitions. In 2022, its support programme for online presence **Réussir-en.fr** [Succeed with .fr] was completely overhauled, both on its website and as regards its graphic identity, in order to respond to accessibility standards. The purpose of this overhaul is to improve access to all content and services while at the same time simplifying users' navigation. The testimonies of entrepreneurs who have succeeded thanks to the Internet, "**Je passe au digital**"⁵ ["I'm going digital"] partner offers and coaching and workshops run free of charge are now given a prominent place on the platform with a view to encouraging visitors to take action. This year once again more than **20,000 VSEs/SMEs** took part in a physical or online workshop on how to create a website, a newsletter, improve SEO or choose the right .fr domain name.

To continue this accompaniment of the right digital choices, Afnic relies on the **Tous en ligne Maintenant** ["All online now"] (**tousenlignemaintenant.fr**) and **Foliweb** (**lesfoliweb.fr**) schemes. As regards Foliweb, for the third consecutive year, the Foliweb Awards rewarded the online strategy of six micro-enterprises, enabling them to develop their activity and ensure its continuity.

In parallel, Afnic continues to collaborate with France Num and Studio Next on a second season of the programme **Connecte ta Boite** [Connect your Business] and the production of new podcast episodes in addition to the television programme. This season also marks

⁵ <https://www.afnic.fr/en/observatory-and-resources/news/je-passe-au-numerique-the-afnic-initiative-for-vses-smes/>

the production of video tutorials which enrich the programme and contribute specific information to small enterprises wishing to surmount the digital hurdle.

Two new studies resulting from the reactions to the autodiagnostic tool **“Réussir avec le Web”** [“Succeed with .fr”] were published⁶. **While the benefits of an online presence no longer need proving**, the results show the importance for French businesses, with the spotlight turned on restaurants, of securing their digital practices so as to be able to invest in them confidently and sustainably.

For its **distribution network**, Afnic has created a new space dedicated to the promotion of the .fr domain containing a complete communication kit, customisable as required, to continue to accompany its registrars in developing their sales.

Lastly, the content for raising awareness of **good digital practices for young persons aged from 12 to 25** was added to and enhanced with the creation of fun contents on partners’ websites. The workshops run in schools and colleges allowed Afnic to converse with more than **4,500 young persons**.

A new registry system for the .fr domain

The culmination of a major project, the switch-over of all .fr and French overseas TLDs managed by Afnic to its new registry system took place on 1 October 2022.

The result of a complete rewrite of its SRS (Shared Registry System) which performs the functions of registration, publication and directory of domain names, this new system

⁶ <https://www.afnic.fr/observatoire-ressources/actualites/etude-sectorielle-reussir-avec-le-web-le-numerique-lallie-des-restaurateurs/>

features modern programming languages, architectures and database systems entirely in line with the state of the art and scrupulously compliant with IETF (Internet Engineering Task Force) standards. It thus constitutes an essential building block of French digital sovereignty, managed end to end.

The migration of nearly four million domain names was carried out in less than twenty-four hours in order to respect the life cycle of domain names, and mainly the automatic renewal, calculating the new expiry date of each domain affected.

Development of registry policies to facilitate the fight against online abuse

The .fr domain has been perceived from the outset by its users as a trusted zone.

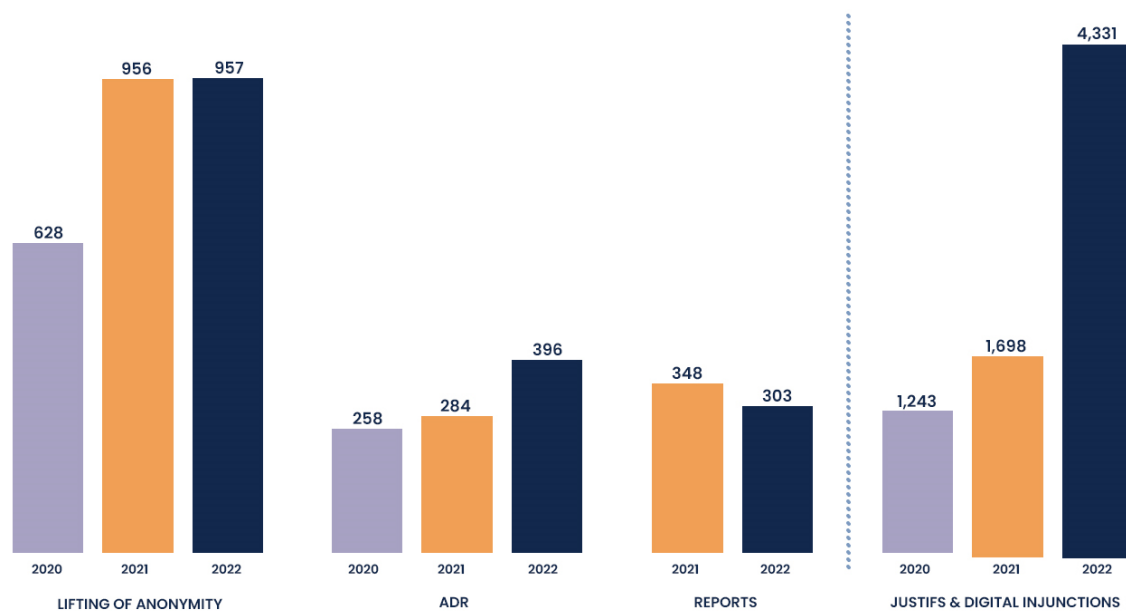
Our approach to dealing with abuse has a threefold objective:

- to retain the trust of .fr users in the national TLD;
- to quickly and effectively put an end to the abusive practices of certain holders, while respecting the rights of each individual and maintaining the necessary neutrality of the registry, both indispensable elements of this trust;
- and to develop our practices, in particular by means of innovation, so that strengthening the fight against abuse is consistent with maintaining the simplicity and competitiveness of the .fr domain, in a context of heightened competition.

Afnic offers all users of the .fr domain a comprehensive approach to the fight against abuse, with preventive and supervisory measures and judicial and extra-judicial procedures.

The following figure illustrates the increasing use made of these various procedures.

MONITORING OF NUMBER OF PROCEDURES LINKED TO CASES OF ABUSE (2020-2022)



4. Non-.fr activity

As regards its back-end registry operator services, the customer portfolio remains stable, allowing Afnic to maintain its leading position in the French market, a position further consolidated by the technical and pricing evolution offered by the new registration system deployed in 2021 to all its clients.

Thanks to the promotional efforts of certain registrars, the .paris TLD resumed its growth (+2.86%, up from 20,273 names to 20,853.). The .museum TLD continued its consolidation, with an 8% increase in stock, reaching 1,000 domain names at 31 December 2022.

In 2022, the **Cercle des .marque**⁷ [“The BrandTLD Club”] once again brought together some sixty or so brands and their representatives (registrars, IP consultant, etc.) to exchange views on custom TLDs. Throughout the year, Afnic’s teams share feedback and ideas and interpret news and trends of dot brands in blog articles, quarterly newsletters and an annual event in the presence of its members.

As well as blog articles and interviews published on www.welcome.museum, a guide to online presence was specially created for museums. It contains ten top tips to help them make the most of the opportunities offered by the Internet. Tip number one is to create a website with the .museum TLD as a differentiating feature.

⁷ <https://www.afnic.fr/produits-services/solutions-de-registre/le-cercle-des-marque/>

A training organisation continuing to develop

In 2022, Afnic confirmed its commitment to the transfer of expertise by strengthening its training and support systems financed by Bpifrance under its “Tous en ligne Maintenant” [“All online now”] programme (tousenlignemaintenant.fr).

The number of training programmes in the catalogue increased, as did the numbers of sessions and persons trained. This activity was strengthened by the support actions financed by Bpifrance, for which Afnic employees themselves also provided support.

Afnic’s training catalogue, certified by Qualiopi®, now comprises five training programme.

Two of them are accessible without any particular technical prerequisites:

- “The basics of the DNS and the domain name industry”
- “Domain names from A to Z in partnership with INPI (National Institute of Industrial Property).”

The other three training programmes are “expert” level:

- “DKIM, DMARC, SPF: Secure your email thanks to the DNS”
- “Secure your DNS infrastructure with DNSSEC”
- “From success to deployment of the IPv6 protocol”.

In 2022 we held 10 training sessions, as against three in 2021, and trained 40 professionals. Lastly, with a view to keeping up this determination to grow, several Afnic employees followed *ad hoc* “train the trainers” sessions in 2022.

5. Balance sheet of R&D activity in 2022

Proximity, engagement with projects and visibility

A team that's always close at hand

Afnic's "Labs" team works closely with the association's technical and business line teams to propose customised solutions for internal departments, particularly on exploiting registry data, and for external parties, mainly through collaborative R&D projects relying wholly or partly on DNS technologies.

An ever more complex environment

In connection with its strategy, Afnic's R&D department in particular and all its experts in general continue to invest commit steadfastly to the development of the DNS in an ecosystem that is in a state of continual change, technologically, in its technical governance and in its usages.

More than ever we need to respond to the current needs that the DNS can cover and anticipate the next digital technological and societal challenges, notably:

- reinforcement of the security and resilience of Internet infrastructures;
- the fight against cyber and other threats and abuses of the DNS;
- the Internet of Things (IoT) and the new "edge" network architectures;
- improved understanding and reduction of carbon impact of the DNS.

The DNS and its impact on the environmental footprint

This essential infrastructure, present in practically all Internet exchanges and continuously required by all Internet resources, has not as far as we know been studied from the point of

view of environmental footprint. Such examination is difficult due to the complexity of the system and the difficulty of making a precise analytical study of the footprint of any one particular service. 2022 was marked by the promotion, on the occasion of Afnic's Scientific Council Open Day⁸, of the work done by Afnic's R&D engineers. This presentation sought to highlight the impact of DNS traffic on the network according to different scenarios and technological environments.

This initial work, which is open to collaboration and enrichment by all DNS and digital players (operators, experts, DNS hosters) is still in the process of evolving and being enriched. The aim is to assess the environmental impact of the DNS service on the Internet infrastructures.

An R&D department engaged in collaborative projects

Complementary to its contribution to the standardisation of Internet protocols and the DNS, Afnic is currently engaged in three major collaborative projects relating to the IoT, security, independence and digital efficiency and savings.

Focus on collaborative projects

In 2022, we crossed a new threshold by taking part in three major collaborative projects.

⁸<https://www.afnic.fr/observatoire-ressources/actualites/revivez-en-video-ledition-2022-de-la-journee-du-conseil-scientifique-de-lafnic-jcsa22/>

The DiNS project, in its half-way phase⁹, has allowed us to contribute to the design and development of a functional and open identification and naming architecture to leverage the connectivity of objects on disparate IoT networks. The results of this first phase allow us to move on to more adventurous experimenting with our partners.

PIVOT, the Franco-German bilateral project on cybersecurity for which Afnic is the French coordinator, has seen its first results find expression in several works already published by all the members of the consortium.

The last of the three collaborative projects, on the initiative of and coordinated by Gandi in the context of the plan to relaunch the French 5G and bringing together 16 partners, aims to propose an “edge” digital infrastructure for tests in five different environments. We are proud to be involved with specific work on these architectures, defining a specialised DNS environment, responding at the levels of security, independence and optimisation of “edge” digital infrastructure services. Among all the cases adduced by members, several represent opportunities for making our contributions felt in the context of optimisation and minimisation of the use of resources: better resource management and optimisation such as the smart grid management partner case, management and control of water production by a local authority, or management to minimise the electricity consumption of a network of data centres.

⁹<https://www.afnic.fr/en/observatory-and-resources/expert-papers/mid-term-progress-report-on-the-dins-project-and-afnics-work/>

6. The Afnic Foundation in 2022

In 2022, the digital equipping of French households continued to progress, and more than half of all French people now consider themselves to have become more competent in matters digital. However, this average masks great disparities between socio-occupational categories and persistent digital divides: 48% of French people experience at least one form of difficulty preventing them from making full use of digital tools and the Internet, an increase of 13 percentage points relative to 2020.

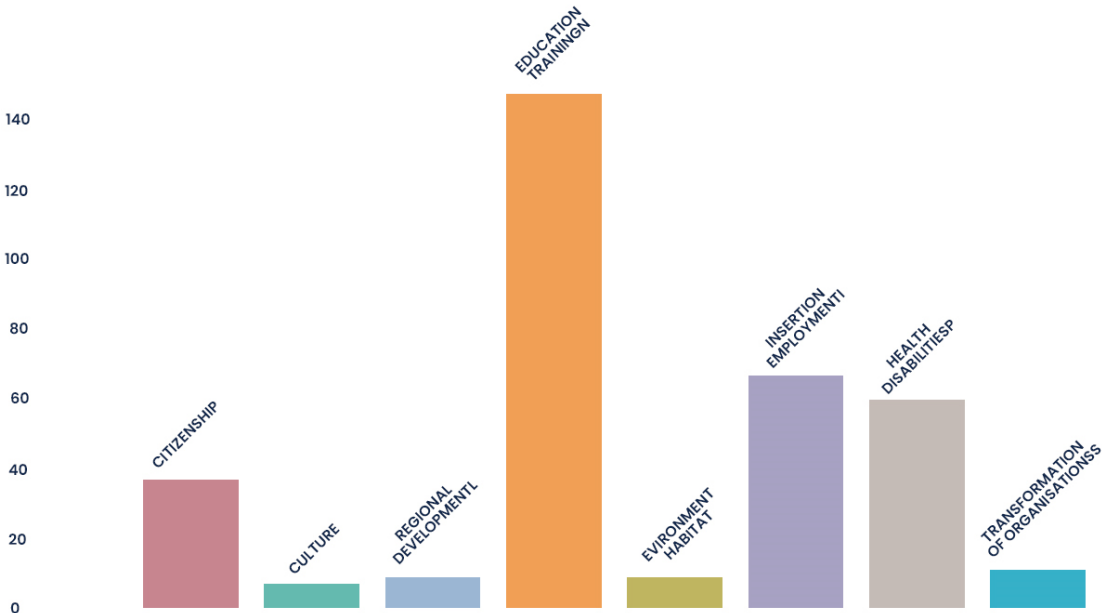
This statistic reinforces the solidarity-based calling of the Afnic Foundation to support the least favoured sections of society, held back in their daily lives by these difficulties.

€401,700 were paid to 49 structures whose projects aim to train, educate and favour digital mediation.

Beyond this action, in disbursing €867,100 to 32 associations in the social and solidarity economy, the Afnic Foundation engaged with those who seize the power of digital technology to rethink their actions and imagine solutions to the challenges of our society.

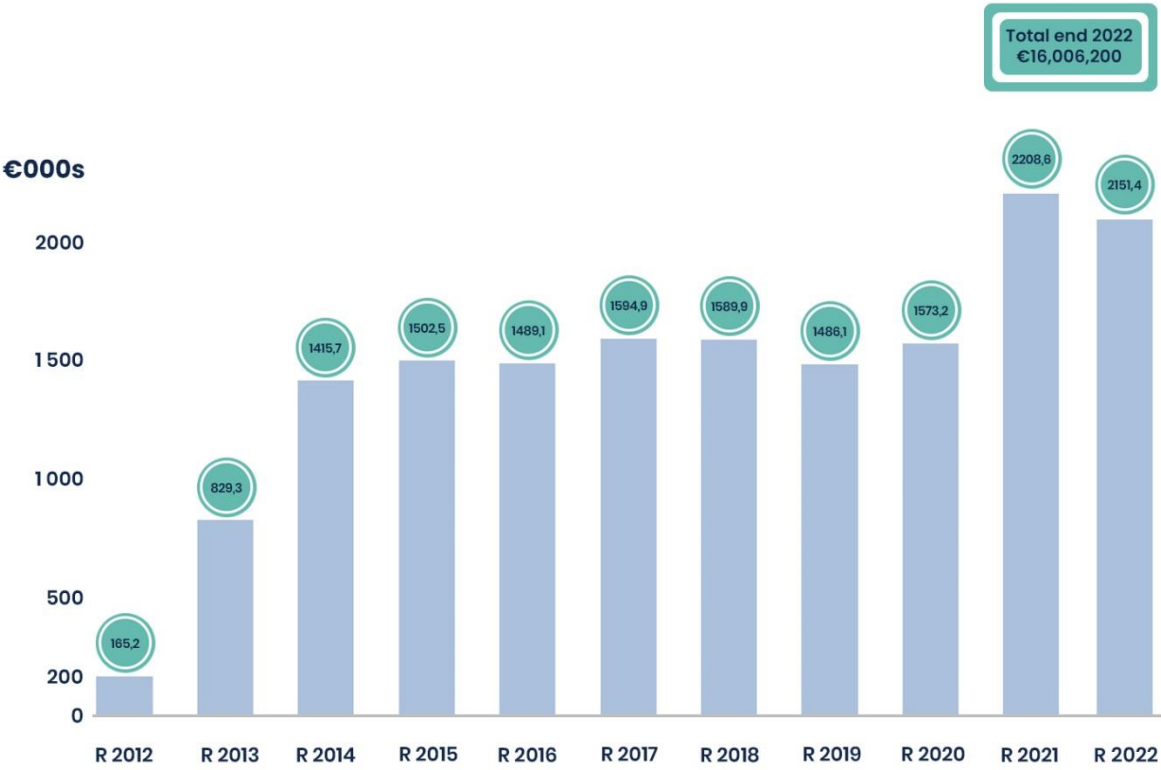
Lastly, in 2022 the Afnic Foundation maintained its actions aimed at supporting the “upscaling” of the most pertinent local projects by supporting the networks that structure their actions and regional or national expansion. Thus four network heads benefited from a budget of €544,750 with which to carry out projects to cover their territory in three years on such diverse themes as education through media and image, inter-generational cohabitation and aid to victims of violence.

BREAKDOWN OF THEMES 2018 TO 2022



2022 was also a year of reflection, in which the Foundation took the time to consider its positioning and its methods of intervention in relation with the foreseeable evolution of usages and needs and seeking complementarity with institutional players operating in the digital sphere. The Afnic Foundation thus intends to continue supporting solidarity players, offering a forum to share expertise and knowledge and take time to dialogue, with constant support in a benevolent atmosphere.

TRENDS IN THE SUMS ALLOCATED BY AFNIC
TO THE AFNIC FOUNDATION SINCE 2012



7. Financial report

1. Key figures

For 2022, Afnic posted growth of 5.8% in its total revenues, which amounted to €20,873,922.

The net accounting result is €1,006,172, up by 36.6% on the previous year.

Total revenues for 2022 break down as follows:

- **Revenue from .fr amounting to €19,335,331, up by 6.2% on 2021**
- **Revenue from back-end activities, consultancy and training amounting to €1,241,870, up by 1.3% on 2021**
- **Revenue from French overseas territories amounting to €296,721, up by 1.4% on 2021.**

After restatements for payments due to Paris City Hall for .paris, and to Muse Doma for .museum, Afnic's revenues amounted to €20,538,948, up by 5.9% relative to the previous year.

Operating expenses amounted to €16,514,236, up by 6.5% relative to 2021.

2. Activity of 2022 compared with budget objectives and with 2021

- Total revenues of €20,873,922 consisted of €20,411,681 of net revenue, an ANR (National Research Agency) grant¹⁰ of €70,926 and a €391,315 grant ⁽¹⁾ from Bpifrance.
- Revenue from .fr was up by 6.2% relative to 2021, in connection with the annual growth in its stock of 2.9%, with 3,996,245 domain names registered at 31 December 2022. This growth in revenues was largely due to renew operations (+6.6%) and to income from R&D projects and small enterprises' increased awareness of digital technology ("Tous en Ligne Maintenant").
- Relative to the budget objectives, revenues from the .fr domain were ahead by 0.2%, in line with the assumed 0.3% increase in the annual growth of stock of names.
- Revenues from French overseas TLDs were stable compared with 2021 (+1.4%) and with the budget (+0.6%). The stock of domain names increased by 1.4% relative to the previous year, at 55,900 at 31 December 2022.

¹⁰ The grants relating to R&D projects are equal to €404,617 and are taken into revenues in proportion to the time actually spent by the teams on the projects. The Bpifrance grant relating to the "Tous en Ligne maintenant" project, in an amount of €750,000 is paid in the form of advances and taken into revenues in proportion to the number of support actions actually carried out and validated by Bpifrance.

- As regards back-end registry operations, 2022 saw 2.8% growth in the stock of domain names and a 3% fall in revenues, due to the price repositioning of Corsica and BZH contracts and the fall in revenues of the .paris TLD¹¹.

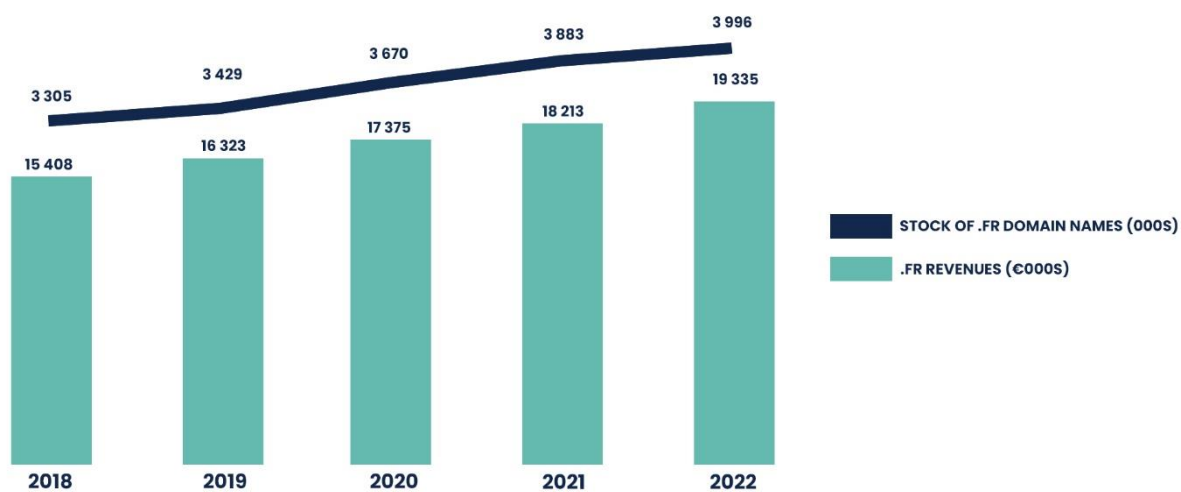
Revenues from back-end activities are 2.1% below budget forecasts due to the shortfall in the stock of .paris names.

The Consultancy and Training activity is up strongly compared with 2021, with revenues up by €51,917 and relative to the budget by +€17,667.

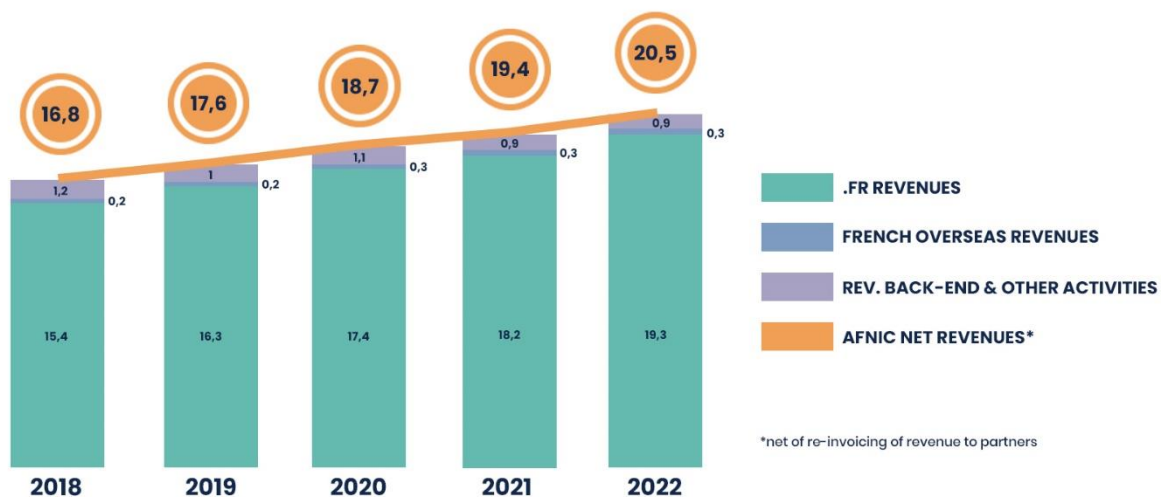
The following figures provide an overview of revenues over the past few years:

¹¹ Most of the recovery in the growth of the .paris TLD having taken place at the end of the previous year, the favourable effect on revenues will not be seen until 2023 (unearned income effect)

TRENDS IN AFNIC'S REVENUES AND THE STOCK OF .FR DOMAIN NAMES



TRENDS IN AFNIC'S REVENUES BY ACTIVITY (€ MILLIONS)



*net of re-invoicing of revenue to partners

3. Operating expenses

Operating expenses amounted to €16,514,236, up by 6.5% relative to 2021.

Operating expenses include €334,974 of charges transferred to Paris City Hall and do not include the amount paid to **the Afnic Foundation**.

The highlights of 2022 were:

1. **Personnel expenses:** up by 9.9%, for an average workforce up by +5.1%. This increase is explained by the cost of recruitments in 2021 (full year) and 2022, increases in salaries and internal promotions and the payment of value sharing bonus.

Compared with the budget, this represents a saving of 3% due to the fall in average workforce.

At 31 December 2022, the workforce stood at 89 employees, including one fixed-term contract and one apprenticeship.

2. **External IT charges:** expenditure was down by 12.2%, due mainly to a sharp reduction in use of outsourcing (final phase of the Avenir project). In parallel with this, suppliers' price increases combined with the increase in purchases of computer equipment slightly lower overall savings.

These expenses are less than the initial budget of €250,191 (-7.9%) due to the postponement of certain projects and to depreciation being less than forecast (delays in delivery of equipment due to shortages and supply chain problems).

Operating profit for 2022, including the endowment to the Afnic Foundation, was **€2,272,359**, €189,277 (9.1%) more than in 2021 and €917,363 (67.7%) ahead of the budget.

4. Other expense items

1. **Afnic employees will receive a share in the profits based on the result for 2022.**

The amount of the profit sharing and the associated employer's social contribution is €645,936.

The profit sharing is applied in accordance with the legal criteria (Art. L3322-2 of the French Labour Code).

Trends in the level of profit sharing (profit sharing and employer's social contribution

Trends in the level of profit sharing (profit sharing and employer's social contribution

over the past five years:

€000s	2018	2019	2020	2021	2022
Profit sharing and employer's social contribution	459	449	434	691	646

The amount for the Afnic Foundation for Digital Solidarity was €2,151,409.

Since the creation of the Afnic Foundation, the .fr business has allowed it to be endowed with €16,006,259.

2. Corporation tax and tax credits

Research & Innovation Tax Credit

In 2022, Afnic generated a research tax credit of €56,367 and an innovation tax credit of €79,230, giving a total of €135,597.

Sponsorship Tax Credit

The funds paid to Fondation de France on behalf of the Afnic Foundation allow Afnic to benefit from a sponsorship tax credit amounting to €57,096 in 2022.

Family Tax Credit

Afnic pursues its family policy by reserving places in a company crèche with a view to offering the employees concerned, men or women, a better work-life balance.

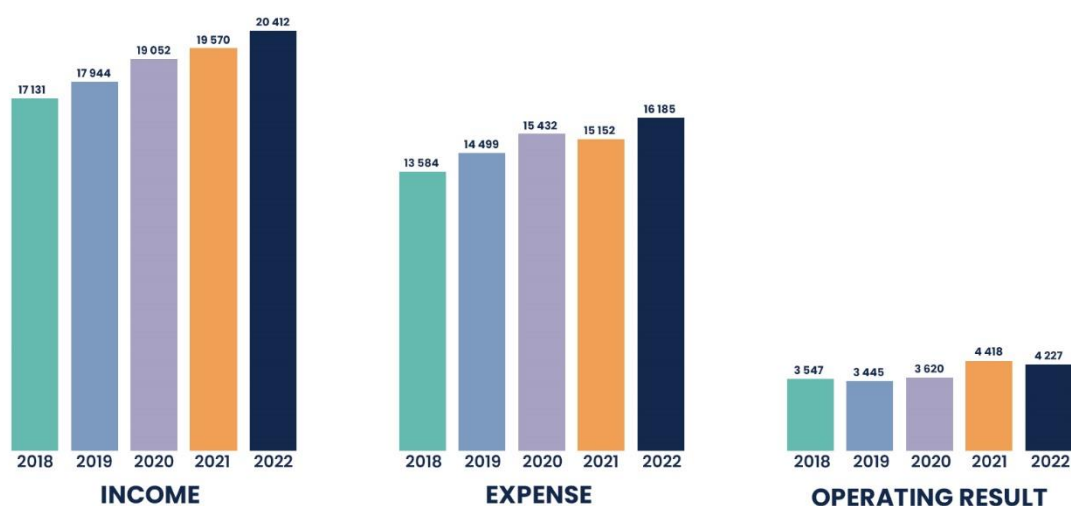
This arrangement allows it to benefit from the associated family tax credit, which for 2022 amounted to €36,315.

These tax credits are applied to the amount of corporation tax of the Association, which came to €747,096 (3.6% of Afnic's revenues).

5. Operating profit before tax and allocation to the Afnic Foundation slightly down, (by – 4.3%) compared to 2021

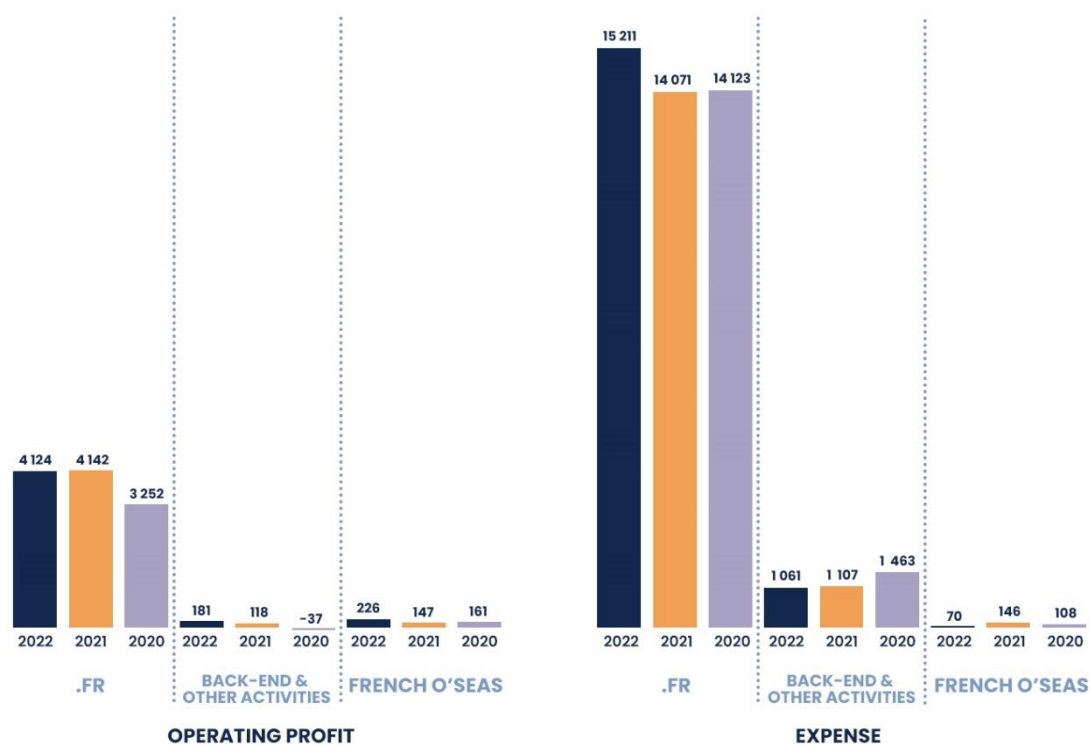
The accounting operating profit before tax and the Afnic Foundation amounted to €4,226,966 (20.2% of Afnic's total revenues), testimony to Afnic's operational performance.

OPERATING PROFIT BEFORE TAX AND ALLOCATION TO THE FOUNDATION (€000s)



6. Presentation of the accounts by activity

OPERATING PROFIT BEFORE TAX AND ALLOCATION TO THE FOUNDATION (€000S)



The allocation of charges by activity follows the analytical accounting procedure of June 2012, as amended in 2014 in accordance with the recommendations of Mazars.

The presentation, showing three years on a sliding basis, highlights the performance of the back-end activity, the operating result of which is positive for the second year in a row, €181,021. This performance was made possible by an increase in revenues combined with a decline in the allocation of time spent (switch-over of .fr and priority .fr commitments in 2022) and by the general decline in transversal costs.

Non-.fr activity (French overseas TLDs, back-end activities, Consulting & Training) produced an operating result of €407,270, largely exceeding that of 2021 (+ €142,547) and well ahead of budget (+€303,875).

Despite a stable revenue figure, the operating result of the French overseas TLDs was up by +54% on 2021 due to charges returning to their normal level (after the one-off effect of the new logos in 2021).

Below is a clarification of the “time spent” key and changes in it since 2013, the first full year of its implementation. This key serves to allocate personnel costs and most of the overheads among the TLDs.

	.FR	O’SEAS	BACK-END & OTHER ACTIVITIES
2013	87.8%	1.0%	11.2%
2014	78.1%	0.7%	21.2%
2015	85.0%	1.0%	14.0%
2016	88.4%	0.7%	10.9%
2017	91.0%	0.7%	8.3%
2018	91.3%	0.6%	8.0%
2019	90.8%	0.6%	8.6%
2020	91.2%	0.6%	8.1%
2021	93.5%	0.6%	5.9%
2022	94.3%	0.4%	5.3%

7. The financial commitments of the agreement between the State and Afnic were largely fulfilled

In an order dated 5 April 2017 and published in the Official Journal of the French Republic, the Secretary of State for Industry, the Digital Economy and Innovation designated Afnic as Registry Operator for the .fr domain for a new term of office of five years from 25 June 2017. This mandate came to an end on 30 June 2022.

On 20 September 2021, the French State reaffirmed its trust in Afnic by designating it as the Registry for the .fr Internet domain for another five years, with effect from 1 July 2022.

The agreement between the State and Afnic lists the commitments of Afnic, the majority of which can be verified by means of the approved accounts.

		Previous Agreement		Current Agreement
	Objective/level of commitment	Actual H1 2022 in %	Actual 2012 – 2022 in %	Actual H2 2022 in %
Investments for the promotion of the .fr domain	10% of revenues	13.6%	8.8%	N/A
Investments in Research and Development actions	10% of revenues	9.7%	8.6%	9.4%
Investment for the security and stability of the .fr TLD	> 8% of revenues	11.2%	9.1%	N/A
Personnel training policy	>= 3% of the payroll	2.2%	3.1%	2.7%
Investments in general interest missions	>= 11% of revenues	N/A	N/A	15.2%
Investments in commercial operations	>= 2% of revenues	N/A	N/A	2.1%

Financial commitments – 2022

Since 1 July, Afnic's financial commitments have related to minimum amounts to invest in R&D actions, general interest, training personnel and commercial operations.

The ratios of R&D and training are nearly on target. The general interest ratio is well in excess due to a still very substantial endowment to the foundation in 2022 (capped at €1.3 million in 2023).

8. Breakdown of investments in 2022

- The IT investments made in 2021 are well in excess of those of the previous year, and related essentially to purchases of equipment for renewing infrastructures and strengthening the security and reliability of our SRS. Furthermore, the price increase among certain of our suppliers also contributes to this increase in the sum of our IT investments.
- The associated operating expenses in 2022 for strengthening the security of the infrastructures amounted to €1,355,916, up by 23.5% on 2021.

9. Changes in workforce

The year 2022 ended with a workforce of 89, up by 4 employees compared with the end of 2021 (8 arrivals and 4 departures).

CHANGES IN THE NUMBER OF EMPLOYEES



10. The cash position was held at a high level

The cash position continues to grow (+2.4%), bringing total liquid assets to €22,376,586.

Treasury includes a receivable on the Afnic Foundation for €4,360,015 (representing the amounts of the past two years).

11. Accumulated surplus

After appropriation of profit for the year 2022 of €1,006,172, the accumulated surplus is as follows (€000s):

**TREND IN THE ACCUMULATED SURPLUS
SINCE 2012 (€000s)**



The accumulated surplus at year-end 2022 is sufficient to cover more than 14 months of personnel costs and rentals for hosting (data centre) and premises.

12. Conclusion

The very good results for 2022 allow us to consolidate the accumulated surplus and to maintain Afnic's strategic objectives, and notably for 2023:

- consolidate its position as the leader in domain names and the DNS in France and in Europe;
- maintain .fr as the most dynamic TLD in its market with development of its activity aimed at VSEs/SMEs as the priority targets;
- be a recognised and useful stakeholder in digital solidarity and a sustainable digital sector;
- bring the multi-actor model of its structure to life.

2023 will also be the year in which Afnic acquires and moves into its new head office.

8. Financial annexes

Simplified financial balance sheet

	31/12/2022	31/12/2021
Assets in €000s	Net	Net
Property, plant & equipment	1,531	1,364
Operating receivables	4,692	4,230
Cash & cash equivalents	22,377	21,844
TOTAL ASSETS	28,599	27,439

	31/12/2022	31/12/2021
Liabilities in €000s	Net	Net
Accumulated surplus	10,111	9,375
Profit for the year	1,006	737
Regulated provisions	0	0
OWN FUNDS	11,118	10,111
PROVISIONS	0	0
DEBTS	17,481	17,327
TOTAL LIABILITIES & EQUITY	28,599	27,439

Simplified income statement

€000s	31/12/2022 Net	31/12/2021 Net
Revenues	20,412	19,570
Other income	526	227
OPERATING REVENUE	20,938	19,797
Other purchases and external charges	6,350	6,266
Taxes, duties and similar	330	353
Salaries, wages and social charges	9,099	8,266
Other charges including depreciation and amortisation	2,887	2,828
OPERATING EXPENSES	18,666	17,714
OPERATING PROFIT	2,272	2,083
FINANCIAL RESULT	19	10
NON-RECURRING RESULT	0	109
Employees' profit sharing	538	576
Tax on income	747	889
PROFIT OR LOSS	1,006	737