




afnic
Internet
made in France

Annual
report
2023



June 2024

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Editorial



Godefroy Beauvallet,

Chair of the Afnic Board of Trustees

2023: a year of construction

In the words of French poet and essayist Paul Valéry, *“of all acts the most complete is that of constructing”*. Having rebuilt our registration system from top to bottom these past few years, gaining greater agility and improving the performance of the service for domain name holders and registrars in doing so, our association was primed to carry out the work required to put the strategy decided on by the Board of Trustees into action, thus demonstrating our capacity to continuously renovate, build and innovate. So we’ve decided to use this report to take you on a tour of these projects.

And where better to start than with the relocation and acquisition of our head office? Once the renovations and negotiations were completed at the end of 2023, Afnic was able to move into its new premises in February 2024. The teams got settled in this newly renovated building and were quickly able to invite our members to consultative committee meetings and Board meetings in the offices. This accomplishment strengthens our association’s long-term financial

solidity and reduces its costs in the long run. But this project is also an embodiment of our strategic priorities. We finally have a powerful tool to enable us to receive members, bring the association to life, and become part of one of France's most prolific economic, community-based and innovation-centred fabrics on the edge of the Plateau de Saclay and at the heart of the new town of Saint-Quentin-en-Yvelines. The reception facilities, the training rooms, the building's energy efficiency, its enhanced physical security and improved working conditions are all attributes that lend themselves both to our operational and CSR targets, to Afnic's attractiveness as an employer, to the fulfilment of our association's promise and to the diversification of our activities through training and collaborative research.

We have also renewed our organisational structure with the creation of a bona fide General Secretariat for the Association, headed up by Caroline Duval-Favre and encompassing the HR, environment and work life quality, building management, purchasing and finance departments. This is the missing link we needed to exploit the full potential of our new premises, and to live up to our ambitions in terms of employer attractiveness.

And the construction of new tools in the fight against domain name abuse. Afnic, which has long advocated and worked for a trustworthy Internet has shown great agility and continued to adapt to evolving threats. The new innovations we have jointly developed with our members and our distribution network include improvement of the quality of the database of domain name holders, a system for the verification of holders' data before publication of domain names, and monitoring and sanctions for abuse, thanks notably to our R&D work. In addition, automated access to holders' data for administrations with a right of communication and the introduction of free dispute mediation service between a holder and a claimant further extend the registry's dispute resolution and quality improvement initiatives and demonstrate Afnic's ability to adapt to the new expectations of our stakeholders.

We have carried out these changes not only to rise to the new challenges of cybersecurity and the fight against abuse, but also bearing in mind the importance of simplicity, ease of use and efficiency within our systems in order to continue to support the digital transition of VSEs and SMEs. That is the balance we strove to achieve in 2023, and which is reflected in the excellent performance of the .fr TLD and the growth of our national domain. For the first time, a TV and radio advertising campaign consolidated these efforts and contributed to enhancing the positive image of .fr.

To ensure the success of its projects in a context of inflation, Afnic took the decision in 2023 to increase its fees. This is another 'first', yet a necessary one in order to maintain the quality of our services. This proposed increase was approved by the French State, by registrars and by users following a public consultation, and was submitted to our members for feedback. This process is proof, if any was needed, of the effectiveness of our governance model, based on objective analysis and transparent procedures, which allows us to build the consensus and support vital to the achievement of our public service mission.

I would like to extend my thanks to all of the members of Afnic for their commitment alongside the association, the trustees for the quality of their exchanges within the Board, Pierre Bonis, CEO of Afnic, and his Management Committee which have coordinated the implementation of these projects, and of course to all of the Afnic teams, to whom the greatest credit goes to for these accomplishments. We hope these pages make for an enlightening read!

1. 2023 highlights

January

Launch of the “Derrière le .fr” [“Behind .fr”] podcast explaining the challenges of the Internet of today and of the future. With each instalment, the Afnic experts share their takes on current topics like cybersecurity, abuse, new technologies, Internet governance and the digital transformation of companies. The 12 episodes published online in 2023 totalled 13,632 listeners.

February

The Afnic “Réussir avec le web” [“Succeed on the web”] study on the Internet presence of VSEs/SMEs has shown that although **VSEs/SMEs are increasingly taking on board the different online presence tools**, awareness of security issues and data protection still needs to be consolidated.

65% of responding companies say they have a website. Of this 65%, 90% have their own domain name and 57% have opted for .fr (well ahead of .com at 38%). This figure stands at 67% for SMEs and 60% for VSEs.

The Afnic study provides indicators for the first time - established in partnership with cybermalveillance.gouv.fr - on the integration of security and data protection measures. Although the results show a certain awareness of the risks, this needs to be reinforced in order to encourage wider adoption of good practices and tools. Only 42% of VSEs/SMEs regularly backup their data (pages, databases, etc.) and 31% their configuration (system, CMS, etc.).

April

A new version of the Zonemaster domain name availability checking tool is released thanks to the collaboration between Afnic and The Swedish Internet Foundation. The partnership between the two registries is renewed with the signing of a Memorandum of Understanding for a 3-year term.

May

Afnic launches a new public consultation on the planned fee increase for the .fr and French Overseas TLDs. Afnic proposes increasing the fee for .fr and the French Overseas TLDs its manages (.re, .pm, .yt, .tf and .wf) for registrations and other operations, from €4.56 excl. tax to a maximum of €5.07 excl. tax. This proposed increase is to enable Afnic to safeguard its ability to deliver results in terms of security and the fight against abuse, and more generally to guarantee the fundamental principles upheld by the association: a secure and stable Internet, managed by qualified staff in a spirit of dialogue. The project was presented to the Afnic consultative committees in March 2023. The feedback given by the members present was used to prepare the consultation.

A total of **4 public consultations were carried out over the year.**

June

ANINF, the National Agency for Digital Infrastructure and Frequencies of the Gabonese Republic, takes over full management of the registry and its national TLD 'ga' with the assistance of Afnic. A change of governance is readied to provide the best level of support to holders and the digital ecosystem. A back-end and operational operator switch-over operation is carried out with the support of Afnic.

At the TopTech 2023 ceremony organised by the magazine L'Informaticien, Afnic is recognised for its migration operation for all .fr registration and domain name management services to a new, entirely overhauled infrastructure at the end of 2022.

July

Afnic opens a free mediation procedure

Afnic provides a mediation service to be used by anyone (natural or legal person) as an amicable means of resolving disputes between rights holders and holders of domain names under one of the TLDs managed by Afnic. Entirely free of charge, this procedure is made available on a voluntary basis ahead of an ADR (Alternative Dispute Resolution) procedure to facilitate the handling of disputes concerning domain names.

The Afnic Scientific Council Day, this year focusing on securing emails and the fight against spam, held at the Campus Cyber, of which Afnic is a partner and shareholder, is attended by 162 participants (in person or remotely).

September

The Afnic Legal meet-ups are a huge success. For the first time, speakers external to Afnic are invited to talk and to provide complementary insight to that of the Afnic legal teams. 60 participants were in attendance to discuss the topic "*Domain names: where do we stand in the fight against abuse?*". The event also explored the new legal tools available.

October

Afnic is awarded two CSR labels, "Engagé RSE" ("Committed to CSR", "confirmed" level, and "Responsibility Europe", by AFNOR Certification. The awarding of these two labels marks a new milestone in Afnic's CSR policy, demonstrating its constant commitment for over 25 years and its effective contribution to the United Nations Sustainable Development Goals (SDGs).

The “Engagé RSE” label certifies the comprehensive nature and the consistency of Afnic’s continuous improvement mechanism for CSR by measuring both practices and the results obtained over a number of years.

November

.fr gains awareness. The publication of the results of the 2023 survey on .fr perception, conducted among French VSEs and SMEs, shows that 7 out of 10 French VSEs and SMEs spontaneously mention .fr; 99% of French VSEs and SMEs also say they consider that .fr has a “very good” or “fairly good reputation”.

December

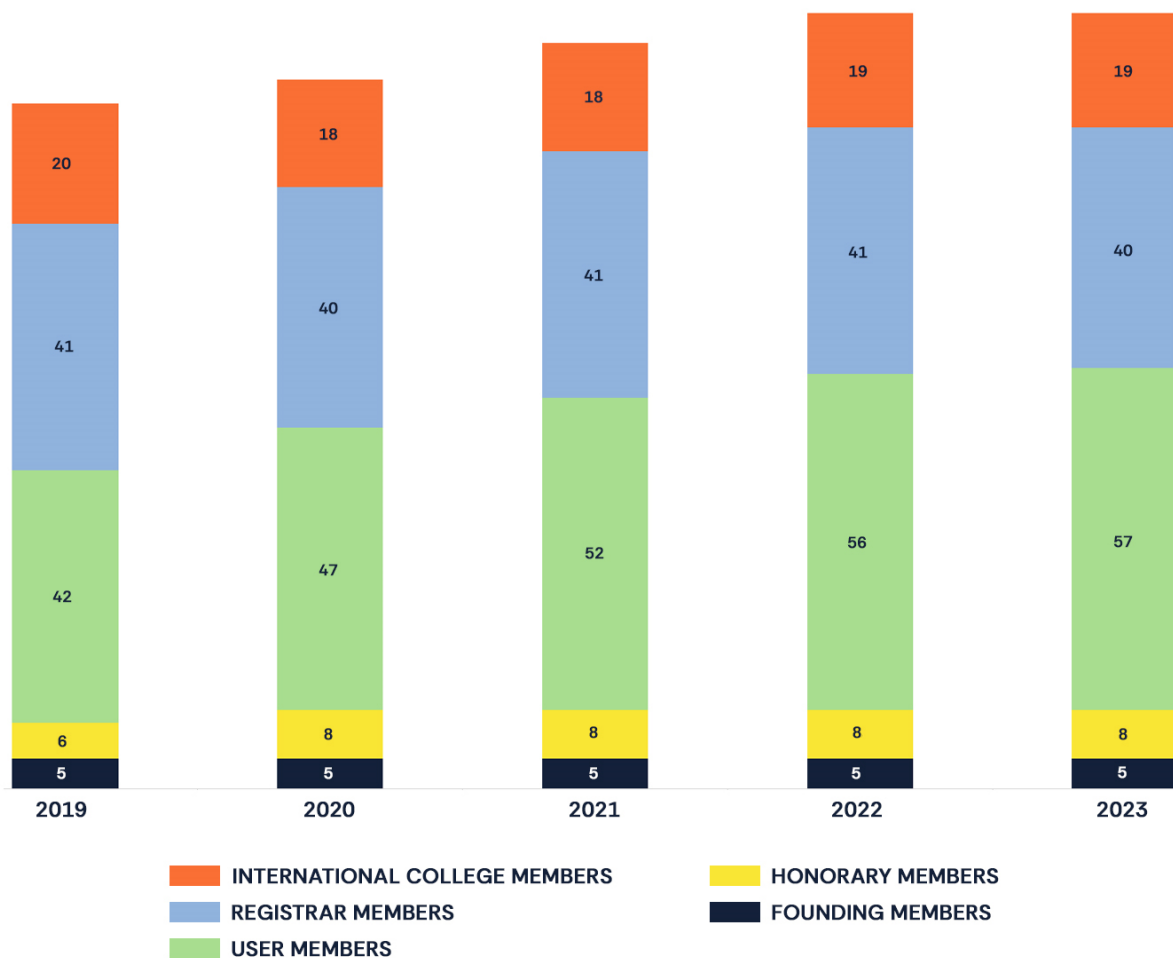
The new Afnic study on the online presence of VSEs/SMEs dedicated to the Tourism sector shows mature and responsible Internet presence practices. The companies surveyed are expanding their online presence channels in order to develop their business, are investing to optimise their visibility and are applying good cybersecurity practices. 77% have a dedicated website. 96% say that their website is protected against cyberattacks by security solutions. 93% of tourism professionals backup their data.

.fr launches its first advertising campaign. Launched at the end of December for television, radio and web, it is the first large-scale campaign run by the TLD targeting the general public. Via a 25-second commercial using 3D animation, it aims to instil a preference by presenting the most obvious advantages thanks to the tag line *“Plus sûr, plus facile, moins cher, pour votre site internet choisissez un nom de domaine en .fr.”* [“My .fr domain: more security and simplicity, less expense. Opt for a .fr domain name for your website”].

2. The Association

The association had **129 members in 2023**, stable compared with the previous year despite some “arrivals and departures” behind this figure.

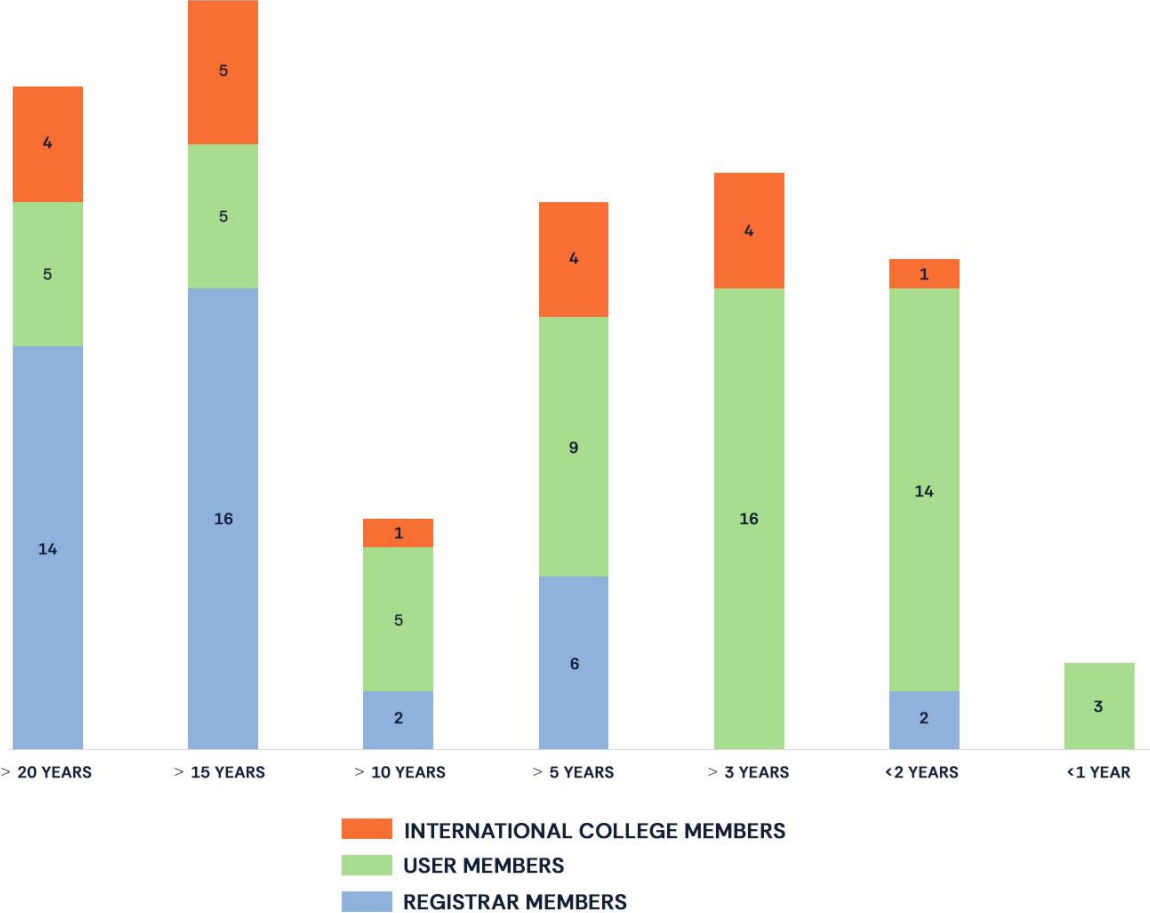
Change in Members from 2019 to 2023



Data from the graph “Change in Members from 2019 to 2023”

In the Users’, Registrars’ and International Correspondent’s colleges, representing 116 members in 2023, there is a noticeable range of length of membership: 42% have been members for more than 15 years and 34% joined Afnic in the last 5 years.

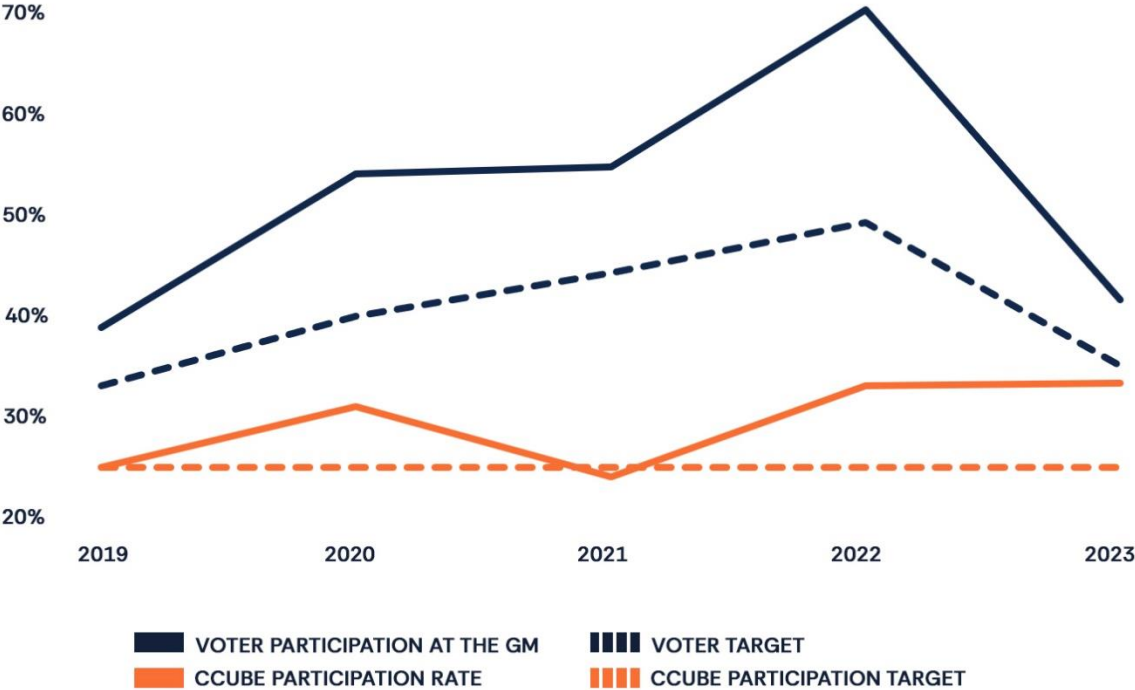
Length of membership in 2023 (excluding Founding Members and Honorary Members)



Data from the graph "Length of membership in 2023"

Member attendance at the General Meeting on 9 June 2023 was lower than the previous three years, which is normal for a non-election year. Attendance at consultative committee meetings was stable.

Participation of Members in the association’s internal bodies (2019-2023)



Data from the graph “Participation of Members in the association’s internal bodies (2019-2023)”

In addition to presenting the annual report and approval of accounts as customary, the **Ordinary General Meeting** also provided an opportunity to share a review of the association’s community actions and the application of the multi-stakeholder governance model within our governance, and to raise the question of changes to our services for members as well as the broadening of membership to make Afnic more attractive but also more representative.

Changes have already been initiated over the year to slim down consultative committee agendas and to enable more members to participate in webinars on specific topics like trends in the domain name market and reports of international International governing bodies.

The subject of renewal of the association's promise was of strategic importance to Afnic and was a central concern in the second half of the year with a survey and interviews of members. The **Board of Trustees** also worked on the evolution of the association during its **annual strategic seminar** and the 2024 roadmap for renewing the association's promise was approved by the Board at the end of the year.

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

The members gave their opinion in March on the increase of the .fr fee (entry into force on 1 March 2024) and on the mediation launched on 3 July 2023.

An Operational Working Group (OWG) was put in place to allow volunteer members to work with the Afnic teams on projects which were subsequently submitted to members for consultation in October and implemented as of 1 January 2024, namely the common system for the verification of holders' data and graduated sanctions on registrars who do not fulfil their commitments regarding the fight against abuse

All these subjects led to amendments of the .fr registry policy documents which were naturally examined at meetings of the **Board of Trustees** and approved by resolutions of the Board.

The **Board of Trustees** met five times in 2023, in addition to the resolutions made electronically and the meetings of the different Board committees.

A number of exceptional decisions were taken in 2023 for both the trustees and Afnic; in addition to the increase of the .fr fee and the amendments to better fight against abuse of the .fr TLD as previously mentioned, the Board approved the relocation of Afnic and the

purchase of a building which was opened to Afnic employees and members at the end of February 2024.

The members of the **International College**, meanwhile, met before the General Meeting in June with an agenda of rich discussions that provided an update and review of the projects led by the members with the support of Afnic.

3. The .fr domain

- **Momentum and growth for .fr**

The volume of create operations stood at an excellent level in 2023 given that, for the first time in its history, the .fr TLD exceeded 800,000 annual registrations to reach 801,427 creations, i.e. a 6.4% increase compared with the previous year. The renewal rate was slightly down, at 83.4% compared with 83.5% in 2022, due to a higher than usual delete rate (66% as against 68-70%) for names reaching expiry for the first time (end of the first year).

In all, the increase in the stock of .fr domain names resulting from these factors was 137,587, allowing it to reach 4,133,832 names at 31 December 2023, representing growth of 3.4%, which is once again higher than the average growth in EU ccTLDs¹ (1.8%).

The growth in the .fr TLD was also higher than that of the French market as a whole, taking all TLDs together, growth in which slowed in 2023 at 1.1% (1.3% in 2022).

The market share of .fr in France posted strong growth again in 2023, exceeding the 40% threshold to reach 40.29% at the end of 2023 (as against 39.4% in 2022). 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, as well as a

¹ Country code Top-Level Domain, like .fr for France, .de for Germany, .nl for the Netherlands, etc.

preference for .fr among the leading registrars in the market, with which create operations in 2023 represented a largely dominant market share of .fr.

- **Actions to promote the online presence of VSEs/SMEs and young people**

The digital transformation of French companies and awareness-raising among young people regarding the issues surrounding an online presence remain at the core of Afnic's missions. In 2023, its support programme for online presence, **Réussir-en.fr** ["Succeed with .fr"] ([réussir-en.fr](https://reussir-en.fr)) helped inform and train over **28,500 VSEs/SMEs** and more than **4,500** young people as part of in-person and online sessions centred on creating a website, adopting good practices for a controlled and independent digital identity, improving their SEO, and choosing the right .fr domain name.

To further this guidance towards the right digital choices, Afnic also uses the **Tous en ligne Maintenant** ["All Online Now"] (tousenlignemaintenant.fr) and **Foliweb** (lesfoliweb.fr) initiatives and its partnerships with the French federation of student associations (FFBDE)² and Pix³. Furthermore, for the third consecutive year, the "Foliweb Awards" rewarded the

² Fédération française des bureaux d'étudiants, FFBDE, <https://www.ffbde.fr/>

³ PIX is a public interest grouping working to strengthen digital skills, particularly in schools. <https://pix.fr/>

digital strategy of six small businesses, enabling them to develop their activity and ensure its continuity.

At the same time, Afnic has continued its collaboration with France Num⁴ and Studio Next for a third season of the TV programme **Connecte ta Boîte** ["Connect your Business"], broadcasting of which began in December and continued in early 2024.

Two new studies resulting from the reactions to the self-diagnostic tool "**Réussir avec le Web**" were published⁵. A study centred on the tourism sector highlighted the specific characteristics of the digital transformation of this sector compared with the more generalised sample of respondents. Emphasis was placed on the fact that the players in this economic sector are expanding their online presence channels in order to develop their business, are investing to optimise their visibility and are applying good cybersecurity practices.

In terms of its **distribution network**, Afnic has pursued its commercial operations encouraging use of domain names, and in particular based on the offers of its registrars awarded the "Je passe au numérique" ["I'm going digital"] label, which guarantees alignment with the needs of small businesses. Thanks to this programme of operations, more than 85,000 .fr domain

⁴ France Num is the government initiative for the digital transformation of very small and small- and medium-sized enterprises coordinated by the Directorate General for Enterprise (DGE). <https://www.Francenum.gouv.fr>

⁵ <https://www.afnic.fr/observatoire-ressources/actualites/etude-afnic-les-tpe-pme-francaises-du-tourisme-gerent-efficacement-leur-presence-en-ligne/>

names received fee discounts in 2023, directly benefiting the digital transformation of French VSEs/SMEs.

- **Development of registry policies to facilitate the fight against online abuse**

Since 2006 when the registration of .fr domain names was opened to private individuals, Afnic has been a pioneer in the fight against abuse, proposing a comprehensive approach involving prevention and monitoring of abuse, judicial and extra-judicial procedures, and specific services to the public authorities.

These procedures are described in the dispute management policy, and guides are made available to domain name holders and rights holders to assist them with their formalities.

By way of example, the verification of domain name holders' data [11,037 procedures opened from 2021 to July 2023] or the procedure for requesting disclosure to a rights holder of the personal data of private individual domain name holders [2,422 requests from 2021 to July 2023] are tried and trusted mechanisms that have been familiar to .fr users for several years.

Launched in 2011, an effective and low-cost dispute resolution service is in place and has been adopted by rights holders. 2,599 decisions have been handed down thanks to the legal expertise of Afnic's team, which is unique in France, regarding disputes linked to the .fr and

French overseas TLDs, and the team is recognised internationally, even training WIPO⁶ experts on the subject.

Lastly, in 2023, Afnic put in place a free mediation procedure as an amicable means of resolving disputes, as well as a mechanism for facilitating access to holders' registration data for public authorities with a right of communication.

The low rate of abuse in the .fr area is thanks to this active policy of combating abuse, which Afnic put in place from the outset. Thanks to the governing bodies of the association, it has thus been able to play a pioneering role in proposing dispute resolution solutions and in verifying the data of .fr domain name holders. The procedures it makes available to rights holders and domain name holders are regularly praised for their quality and effectiveness.

Recap of our approach to the fight against abuse

As France's national TLD, .fr has been perceived from the outset by its users as a zone of trust.

Our approach to dealing with abuse has a threefold objective:

- to retain the trust of .fr users in the national TLD and in the overseas TLDs managed by Afnic;

⁶ World Intellectual Property Organization, <https://www.wipo.int>

- to quickly and effectively bring an end to the abusive practices of certain domain name holders while respecting the rights of individuals and maintaining the necessary neutrality of the registry, both of which are indispensable elements of this trust;
- and to develop our practices in consultation with our stakeholders, in particular by means of innovation, so as to strengthen the fight against abuse while at the same time maintaining the simplicity, competitiveness and excellence of the .fr domain, in a context of heightened competition.

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

Consultation of our stakeholders

Afnic regularly consults all stakeholders interested in the evolution of the Internet in France with regard to far-reaching projects concerning the .fr domain and the French overseas TLDs.

In the context of the debates in recent years on how to improve the definition of online abuse and the tools for combating it, we have launched the following consultations:

- in June 2022, an initial consultation on the **detection of registration data** at the time a domain name is created, contrary to the .fr Naming Policy;
- in September 2022, a second consultation on **access to registration data for authorities having the right of communication**;
- in February 2023, a third consultation on the establishment of a **mediation** procedure;

- in October 2023, a fourth consultation on cooperation with the registrars to introduce a **common system for the verification of holders' data**, and finally,
- in November 2023, a fifth public consultation on the introduction of **graduated sanctions** applied to registrars accredited to distribute .fr and the overseas TLDs managed by Afnic.

Mediation: a new service proposed by Afnic

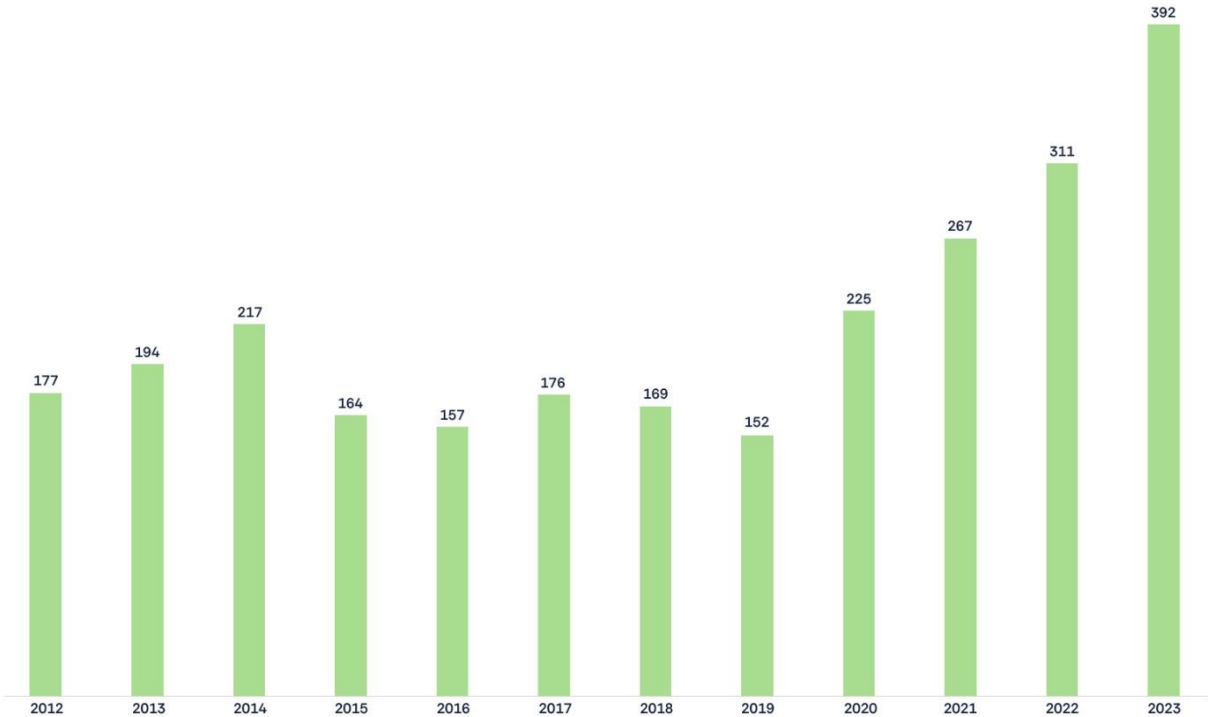
This project forms part of our broader measures for combating abuse and more specifically facilitating the resolution of disputes concerning domain names. The service opened on 3 July 2023.

Growth in the number of ADR procedures

Since the launch of the SYRELI⁷ procedure in 2011, Afnic has handed down 2,599 rulings. Between 2012 and 2022, Afnic saw an increase of more than 75% in the number of decisions handed down.

⁷ For '*Système de Résolution de Litiges*' in French. The main alternative dispute resolution procedure provided by Afnic for domain names. A claimant having standing can thus request the deletion or transfer to themselves of a domain name whose holder does not comply with the obligations set out in articles L45-2 et seq. of the French Postal and Electronic Communications Code, acting in bad faith and without legitimate interest. <https://www.syreli.fr>

Change in the number of SYRELI complaints (2012-2023)

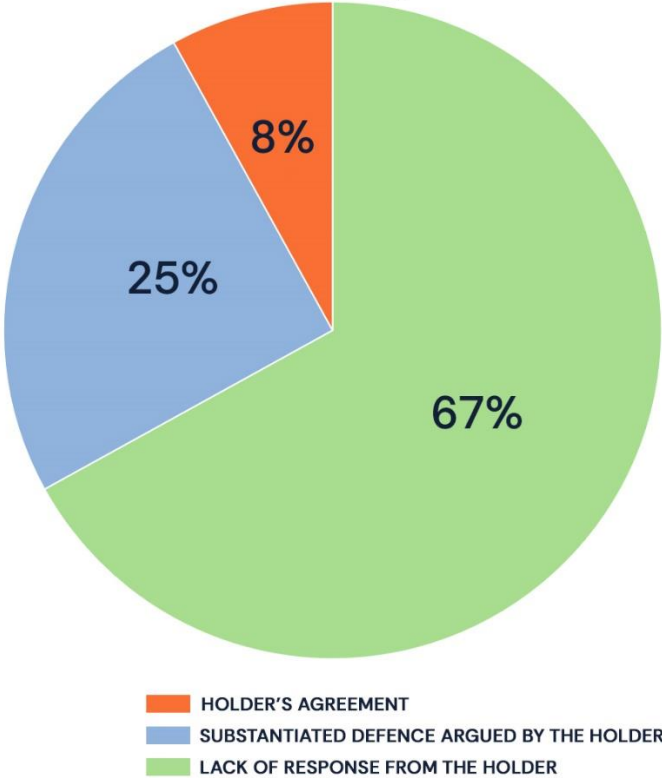


Data from the graph "Change in the number of SYRELI complaints (2012-2023)"

In 8% of cases, the holder spontaneously agreed to the measure demanded by the claimant, and in 25% of cases, the holders defended themselves by giving substantiated responses to contest the claimant’s demands.

It is in these two cases, in which the holder responds, that Afnic wishes to offer this mediation service. This represents around 700 rulings since the launch of the SYRELI procedure.

Types of holder's defence



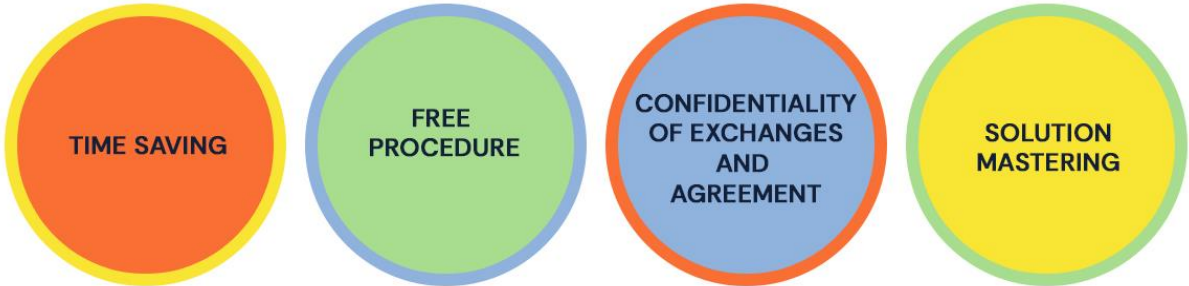
Data from the graph "Types of holder's defence"

Observing this increase in claims, Afnic was led to consider whether it would make sense to introduce a mediation procedure meeting the following objectives:

1. to bring some of the disputes to a quick and entirely confidential conclusion;
2. to propose a new way of resolving disputes which, unlike the ADR procedures, would be free of charge;
3. to limit publication of ADR rulings to the cases in which the parties do not reach agreement.

In this context, following its recent re-designation by the French State as the registry office responsible for allocating and managing .fr domain names⁸, Afnic has committed to implementing a free, voluntary, pre-ADR mediation procedure⁹.

This mediation procedure is not intended to replace the ADR procedures, but to offer a new way of resolving disputes.



Afnic appointed 6 mediators and received 54 mediation requests between the date of the procedure's launch in July 2023 and the end of 2023.

⁸ By order of 20 September 2021.

⁹ Article 14 of the Agreement signed with the French State on 18 March 2022

4. Non-.fr activity

- **A developing training organisation**

The training catalogue has been expanded from 5 to 9 training programmes and revenues are up. 2023 confirmed the operational excellence of our activity thanks to the renewal of our Qualiopi® certification.

Our constant efforts to raise the profile of our catalogue and to professionalise our teaching as part of an approach based on continuous improvement are proving successful.

It is important to note that these additions to the catalogue are the result of the development work carried out by a motivated group whose involvement is crucial.

Indeed, our business manager relies on our technical experts, our R&D engineers, and our legal experts as part of not only the training engineering phases but also the delivery of the training programmes created. And our marketing and commercial teams contribute to the promotion and marketing initiatives.

Our teams benefit from training for trainers, but what truly characterises Afnic's training courses is the fact that they are taught by people actually working in the field of activity in question, who are involved on a daily basis in the operational activity and who can contribute their solid experience to learners' education.

Lastly, one notable highlight of the year was the success of the trialled collaboration with a partner registrar to dispense a co-constructed training course. This made it possible to supplement and test specific programmes by combining our expertise to benefit learners.

Two training courses 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 training courses are “expert” level:

- “Domain names and online abuse” → New
- “DNS Administrator” → New
- “Managing and securing a portfolio of domain names - Key Accounts” → New
- “Understanding the stakes in Internet governance” → New
- “DKIM, DMARC, SPF: Secure your email thanks to the DNS”
- “Secure your DNS infrastructure with DNSSEC”
- “From success to deployment of the IPv6 protocol”.

The expansion of the activity between 2022 and 2023 has been reflected in the upward movement of key indicators: 14 training sessions were run compared with 10 in 2022, and 73 people were trained compared with 58 in 2022.

- **Afnic’s support in the transition to a new management of the .ga TLD**

7 June 2023 is a historic date for the Internet in Gabon and the National Agency for Digital Infrastructure and Frequencies (ANINF) of the Gabonese Republic, but also for Afnic.

Since this date, the national TLD .ga is no longer operated by the company Freenom, but by ANINF, which has taken over fully as the Top-Level Domain registry.

ANINF worked with Afnic for more than one year preparing this transition which forms part of a process of re-appropriation of the .ga domain by Gabon in order to further digital sovereignty.

As of now, the Gabonese Internet community has access to a domain open to the entire world, so that it can be of use to all those, whether private individuals, associations or businesses, with an interest in or fondness for Gabon.

Afnic is proud to have been able to provide technical support for this transition.

This major switch-over operation has made it possible to transform a TLD in which several million domains were connected to abusive activities into a TLD targeting the 5,000 leading players in Gabon who bring real value to their market and to their country.

ANINF had not only the political force to take responsibility for this major transition but was able to ensure the operational organisation of a vast awareness-raising and communication campaign aimed at the general public and, of course, its network of registrars in order to propose a benchmark registry service and to put an end to the abusive practices carried out on this TLD, which had been negatively affecting the Internet community for many years.

Today, Afnic is proud to provide technical support for a new national TLD in line with this path towards sovereignty and the development of a local and trustworthy digital system.

- **Geographic and brand TLDs**

The customer portfolio of back-end registry operator services remained stable in 2023, allowing Afnic to maintain its position as leader in the French market.

.paris was buoyed by a major commercial operation carried out with the leading registrar for this TLD. It ended the year with stock slightly lagging at 20,000 domain names, in an international context where the big cityTLDs¹⁰ are losing stock.

.museum has continued its consolidation at over 1,000 active domain names reaching 1,032 .museum as at 31/12/2023.

In 2023, the **Cercle des .marque**¹¹ [“The Brand TLD Club”] community once again encompassed some fifty brands and their representatives (registrars, industrial property consultants, etc.) as a forum to discuss custom TLDs and in particular the opportunities offered by the upcoming ICANN round in spring 2026. Throughout the year, Afnic’s teams share feedback and ideas and interpret news and trends of dot brands in blog articles, prospective studies, quarterly newsletters and an annual event in the presence of its members.

¹⁰ Generic top-level domains associated with major cities like .paris, .london, .nyc, etc.

¹¹ <https://www.afnic.fr/produits-services/solutions-de-registre/le-cercle-des-marque/>

5. Balance sheet of R&D activity in 2023

- **A year of consolidation for collaborative projects and of contributions in a fast-growing digital context**

Nowadays everything is “smart”, more “secure”, more “distributed”, more “connected” and “inter-connected”, in all business sectors

and all industries.

The emergence of the “Internet of Everything” is at the heart of this evolution that encompasses objects, but also data, processes and individuals. Together, they supply an enhanced general intelligence that the network needs to take into consideration for optimal design (“good use” of data exchanges and an adapted architecture whatever the position of a resource within the network (users/client, intermediary applications, central/cloud hosting)). Although the principles are not new, their wide-scale implementation is still an area of exploration.

It is within this context that the teams are actively working on a DNS within different dynamics, designed to be used ubiquitously, securely and sustainably. We are a long way from its initial role as a simple correspondence between a technical identifier and a memorable identifier (the domain name).

DNS protocols and services continue to evolve to adapt to new dynamics in the digital world. Below are some of the trends shaping the future of the DNS:

DNS protocol and services continue to evolve and to follow these dynamics so as to remain an essential component of Internet exchanges: “Edge computing”, “Hybrid cloud”, “RESTification” and “Securing” are all trends influencing the future of the DNS.

In short, the DNS is much more than just an IP address resolution tool. It remains a key component of the digital infrastructure, enabling the Internet to function and address the problems of new emerging services.

- **Dynamic collaborative projects and improved visibility**

The bilateral Franco-German project PIVOT on cybersecurity, for which Afnic is the French coordinator, is a good example of fruitful cooperation with all of our partners. After the successful publication of a survey on the Internet of Things (IoT)¹², in the journal issue **“Future Radio Wireless Sensor Networks for 5G Networks: Challenges and Opportunities**, the fruit of work of the CIFRE PhD student within the Afnic teams, there are high

¹² <https://hal.science/hal-04106348/document>

expectations of the joint work with the French and German universities on the classification of domain names in light of the preliminary results.

Moreover, as part of the **ENE5AI project** under the Investissement d’Avenir AMI-5G programme: “Solutions souveraines pour les réseaux de télécommunication” [“Sovereign Solutions for Telecommunications Networks”], we have worked on the design and production of a specialised DNS environment. Following a state-of-the-art report on 5G communications and the mechanisms to establish data sessions, DNS architectures based on the latest developments of the protocol (HTTP/3) were designed and developed.

The various contributions of Afnic employees in these working groups include the following:

“Dynamic Coalition on the Internet of Things”. We were able to present our vision of the importance of identity management for the IoT and strengthening security through the use of standardised and interoperable mechanisms based on the DNS (DANE).

<https://intgovforum.org/en/content/igf-2023-dc-iot-progressing-global-good-practice-for-the-internet-of-things>

“Emerging Identifier Technologies”. Presentation of the importance of good management of emerging identifier technologies, notably blockchain identifiers, continued interoperability and the scale-up of this technology. <https://icann78.sched.com/event/1T4ld/emerging-identifier-technologies>

Greater involvement in standards organisations on the subject of a sustainable digital world

After having developed its own method for calculating the environmental impact of the DNS, presented at the 2022 edition of its Scientific Council Day, Afnic reinforced its methodology

in 2023 by incorporating the life cycle of the hardware products of the DNS infrastructure that it manages, as well as creating a query and data measurement platform for its infrastructure over summer 2023 within the Afnic Labs team. The results expected by the technical community were presented at several events (Centr R&D¹³ - Tech, ICANN78).

It is based on this work that the R&D teams also stepped up their presence and involvement in standardisation groups by participating in new groups created by the IETF¹⁴ and the RIPE NCC¹⁵, in addition to other long-standing technical groups.

Additionally, following Afnic's first participation in ITU-T Study Group 5¹⁶ - "Environment and circular economy" in June 2023, we submitted two papers in November 2023 in Geneva, which were accepted.

¹³ Centr R&D is the dedicated R&D working group of the association of European country code top-level domain registries <https://www.centr.org>

¹⁴The Internet Engineering Task Force (IETF) is the premier standards development organisation (SDO) for the Internet <https://www.ietf.org>

¹⁵ Regional Internet Registry for Europe (RIPE) providing IP and AS resources <https://www.ripe.net/>

¹⁶ The International Telecommunication Union's Telecommunication Standardization Sector (ITU-T) has Study Groups to develop international telecommunication standards known as ITU-T Recommendations <https://www.itu.int/fr/ITU-T/about/Pages/default.aspx>

6. The Afnic Foundation in 2023

The **87 winners of the call for projects launched by the Foundation in 2023** have developed inspiring solutions across the country to help make digital technology more inclusive. These innovative projects are aimed at those most vulnerable and isolated, such as people in job integration programmes, the elderly, young people, the sick, and early school leavers.

The topics covered by this year's winners reflect the major challenges facing our society, such as climate change, health, disability, women's rights, food insecurity, inter-generational tie, and the spiral of practices on social networks.

The Afnic Foundation consequently paid out **€977,500** in support of these initiatives to **36 structures**, two of which are non-profit organisations in the social and solidarity economy in Guadeloupe and French Guiana.

However, given the changed landscape today - many private and public actors have begun concentrating on the question of the digital divide - the Afnic Foundation decided in 2023 to no longer position itself on "everyday" digital mediation. **51 structures thus received support totalling €405,190** to organise and hold collective workshop sessions focusing on help for non-profit structures working to raise the awareness of vulnerable population groups on the dangers of the Internet, environmental protection or the existence of alternative software solutions, introducing an additional subject to the classical approach to digital mediation which is now addressed by other actors, and which of course remains essential.

In 2023 the Afnic Foundation demonstrated its ability to adapt to needs and to reinvent itself.

In order to maintain dialogue and close relationships, the Afnic Foundation travelled across France in 2023 to speak about calls for projects, to better understand the local dynamic of some regions, and to highlight the projects financed in 4 regions that produce statistically fewer applicants. The Afnic Foundation visited Dijon, Tours, Caen and Toulouse and met with more than 123 structures as part of the SolNumTour - an initiative that will be continued in 2024.

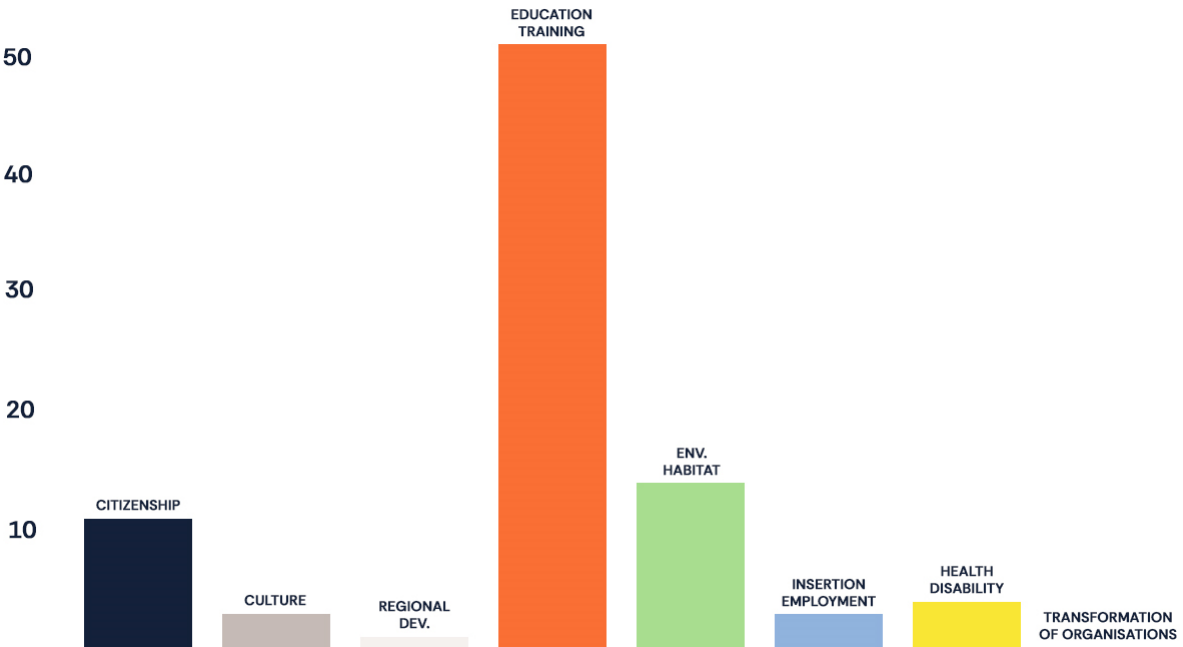
Word of mouth is not always sufficient, and increasing numbers of volunteers look for associations on the Web. The Bénévolat¹⁷ platform brings volunteers and associations into contact by publishing advertisements, as well as providing advice and assistance. The Afnic Foundation thus took out a subscription so as to give its winners access to the platform's premium services free of charge. 80 of the 100 the subscriptions taken out were taken up in 6 months.

Supporting the roll-out of initiatives across the national territory and scaling up digital initiatives to a national level is a challenge that the Foundation taken up since 2020. Led by the association Coll.In, the project Court Circlic - re-use circuit within 4 *départments* in the Occitania region - has swelled the ranks of the Foundation's structuring initiatives with a strong leveraging effect ("CEI" mechanism) and will receive **€100,000 of aid over 3 years**.

Lastly, the Afnic Foundation worked on making its website accessible to people with disabilities. However much remains to be done in this area in 2024.

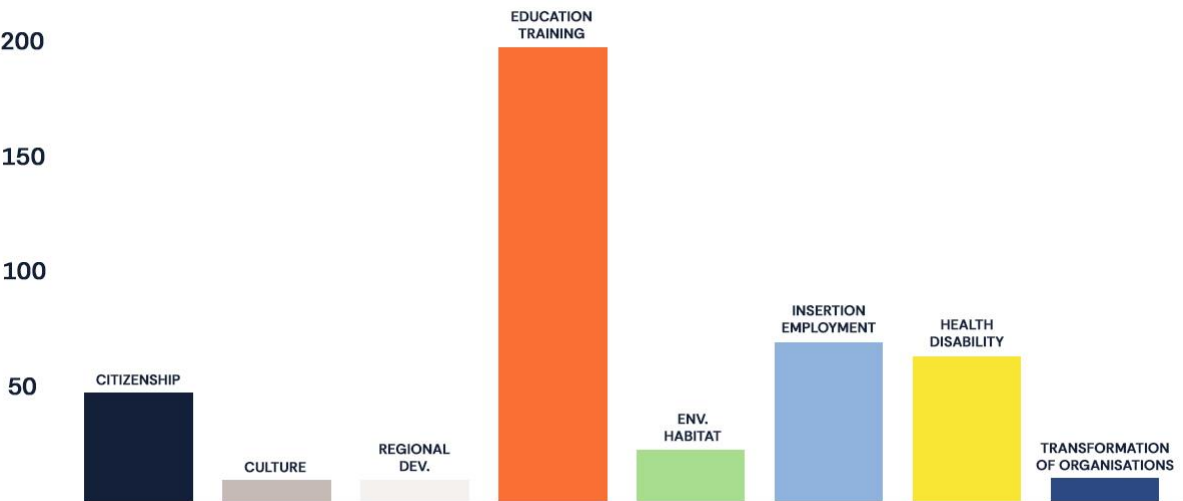
¹⁷ <https://www.benevolt.fr/>

Breakdown of Afnic Foundation 2023 winner projects by topic



Data from the graph "Breakdown of 2023 projects by topic"

Breakdown of Afnic Foundation winner projects by topic (2018-2023)



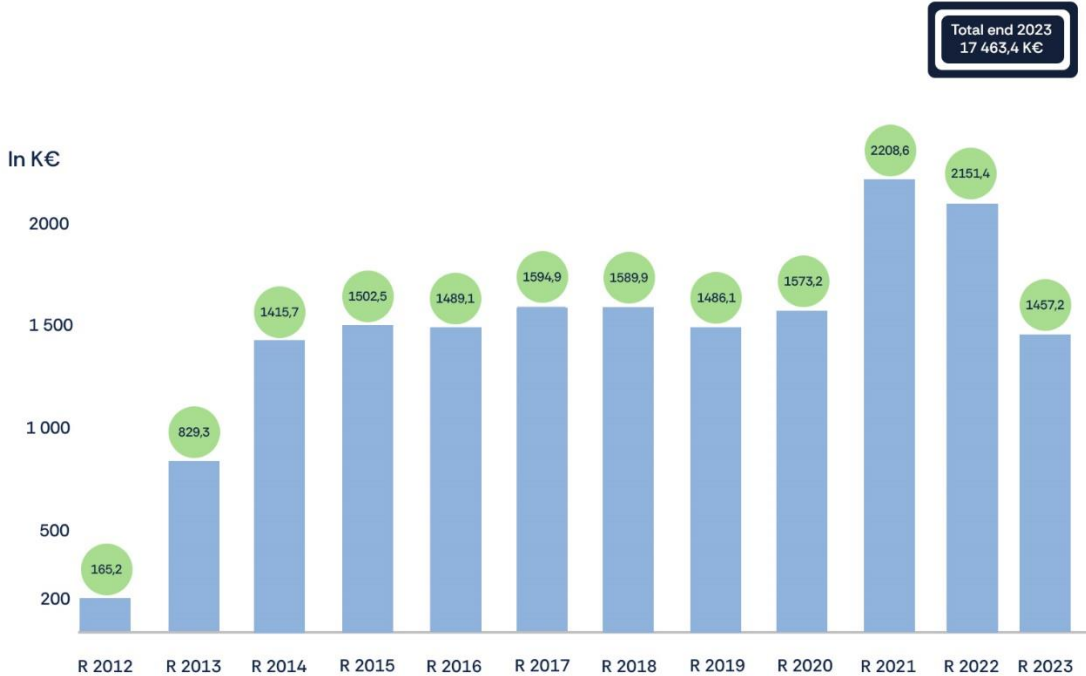
Data from the graph "Breakdown of projects by topic (2018-2023)"

Over the last 8 years, the Afnic Foundation has paid out **€10,001,578** in aid to 512 structures across all of France (including the French overseas territories).

2023 achievements:

- 4 tools created or modified;
- 5 software programs or applications developed;
- 7 platforms, communities or websites managed;
- 2 site openings;
- 66 workshops or training components;
- 3 multimedia cultural tools.

Trends in the sums allocated by Afnic to the Afnic Foundation since 2012



Data from the graph "Trends in the sums allocated by Afnic to the Afnic Foundation since 2012"

7. Financial report

- **Key figures**

For 2023, Afnic posted growth of 5.5% in its total revenues, which amounted to €22,019,965.

The net accounting profit was €1,654,048, up by 64.4% on the previous financial year.

Total revenues for 2023 break down as follows:

- **Revenues from .fr amounting to €20,450,817, up by 5.8% on 2022.**
- **Revenue from back-end registry activities, consultancy and training amounting to €1,273,655, up by 2.6% on 2022**
- **Revenue from French overseas territories amounting to €295,493, up by 0.4% on 2021.**

After restatements for payments due to Paris City Hall for .paris, and to Muse Doma for .museum, Afnic's revenues amounted to €21,689,193, up by 5.6% relative to the previous year.

Operating expenses amounted to €20,164,329, up by 9.0% relative to 2022.

- **Activity of 2023 compared with budget objectives and with 2022**

- Total revenues of €22,019,965 consisted of €21,201,029 of net revenue, an ANR (National Research Agency) grant¹⁸ of €58,552 and a €760,384 grant⁽¹⁾ from Bpifrance.
- Revenue from .fr was up by 5.8% relative to 2022, in line with the annual growth in its stock of 3.4%, with 4,133,832 domain names registered at 31 December 2023. This growth in revenues was largely due to domain name creations (+6.1%), to renew operations (+2.3%), to the strong momentum of the FR Lock and FR Rush products (+7.1%) and to income from the project to raise small enterprises' awareness of digital technology ("Tous en Ligne Maintenant").
- Relative to the budget objectives, revenues from the .fr domain were ahead by 2.5%, in correlation with the better than expected growth in the stock of .fr names (+1.2%).
- Revenues from French overseas TLDs were down compared with 2022 (0.4%) and with the budget (1.5%). The total stock of domain names stood at 59,333 at 31 December 2023.

¹⁸ 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.

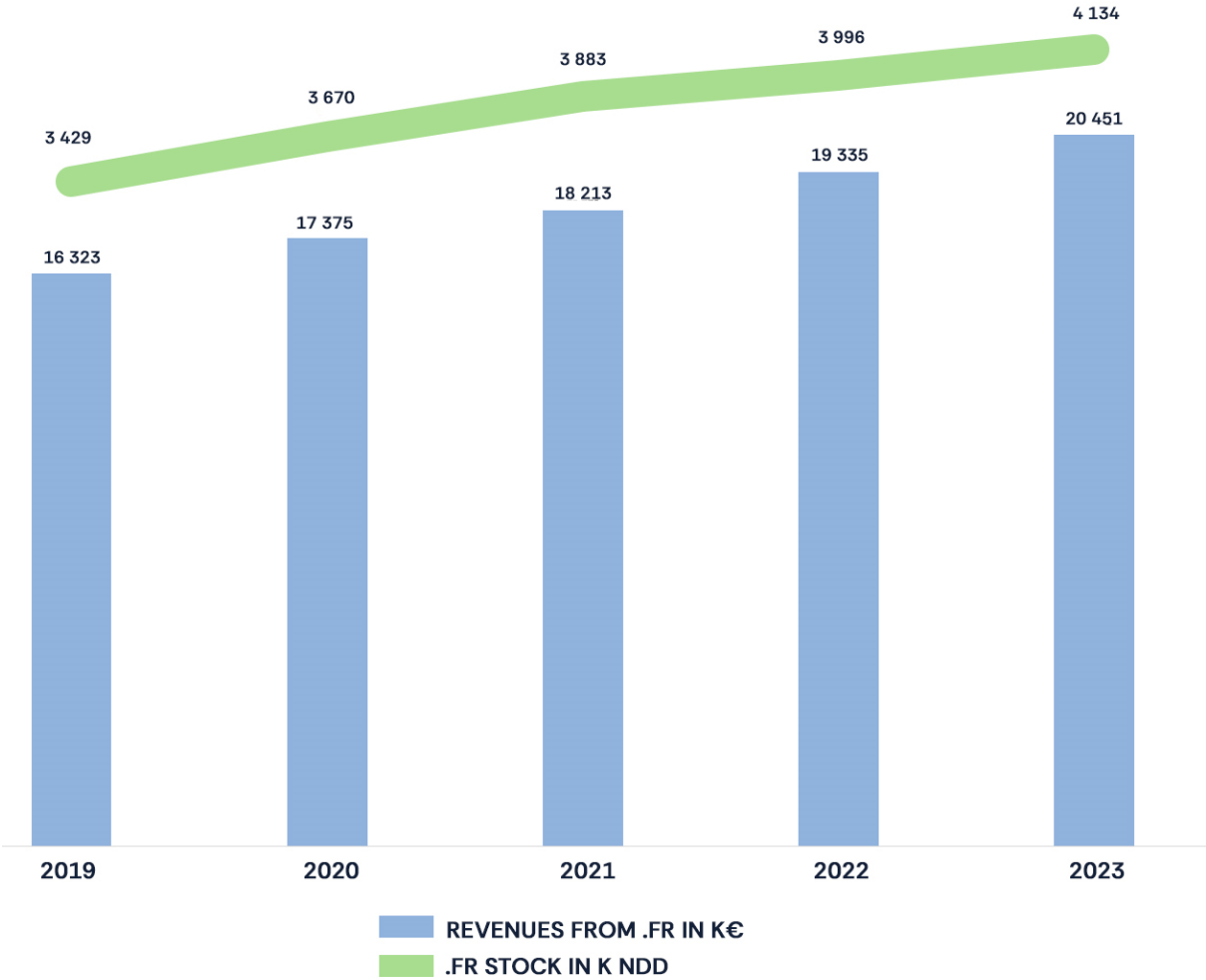
- As regards back-end registry operations, 2023 saw 3.8% growth in the stock of domain names and a 3% fall in revenues, due to the price repositioning of OVH contract and the fall in revenues of the .paris TLD.

Revenues from back-end activities are 2.8% below budget forecasts due to the shortfall in the stock of .paris names.

The Training activity is up strongly compared with 2022, with revenues up by €47,491 (+85%) and slightly ahead of budget (+€2,283 / +2.3%).

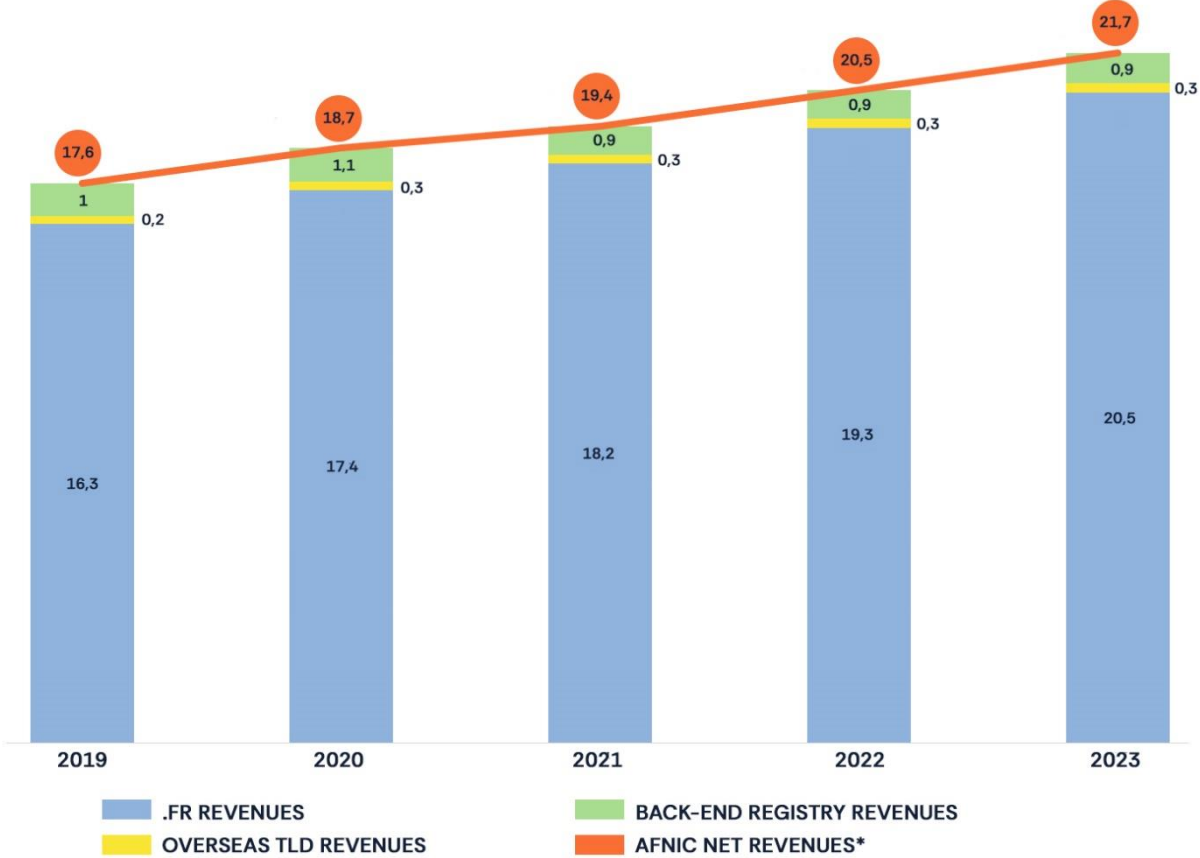
The following figures provide an overview of revenues over the past few years:

Trends in revenues from and stock of .fr (2019-2023)



Data from the graph "Trends in revenues from and stock of .fr (2019-2023)"

Trends in revenues by activity in €M (2019-2023)



*AFNIC Net Revenue = after restatements for payments due to Paris City Hall and to Muse Doma

Data from the graph "Trends in revenues by activity in €M (2019-2023)"

- **Operating expenses**

Operating expenses amounted to €20,164,329, up by 9.0% relative to 2022¹⁹.

Operating expenses include €329,070 of charges transferred to Paris City Hall and €1,457,274 paid to the Afnic Foundation.

The highlights of 2023 were:

Acquisition of new premises: Afnic purchased its office building in Guyancourt in December 2023 for an amount equal to €7,705,000 exclusive of tax. Refurbishment works were also carried out but were not entirely completed. These items are shown on the balance sheet as assets under construction and will start to be amortised on 26 February 2024, date of the relocation of employees to these new premises.

Incidental acquisition costs are recorded in operating expenses. They encompass notary fees (duties and emoluments) for an amount equal to €577,945 and the success fee paid to the intermediary Cushman & Wakefield as part of its property search mandate for the amount of €115,575.

¹⁹ *Including endowment to the AFNIC Foundation and including write-backs of depreciation and provisions.*

The refurbishment expenses negotiated with the lessor of the previous premises in Montigny-le-Bretonneux are also shown as expenses for an amount equal to €169,014.

Leasing charges are significantly higher (+€117,886) due to the substantial increases in the “electricity” item.

1. **Personnel expenses:** up by 4.8%, for an average workforce up by 2.3%. This increase is explained by the cost of recruitments in 2022 (full year) and 2023, increases in salaries and internal promotions.

Compared with the budget, this represents a saving of 5% due to the fall in average workforce (-8.8/-9.2%).

At 31 December 2023, the workforce stood at 91 employees, including one fixed-term contract and three skills-acquisition contracts.

2. **External IT charges:** the slight fall in expenditure compared with 2022 (-2.6%) is due to the end of the use of outsourcing (end of the Avenir project in 2022). The fee increases applied by some of our suppliers (connectivity and maintenance) are offset by favourable contract renegotiations.

These expenses are less than the initial budget of €566,022 (-16.6%) due to the acquisitions of equipment and use of outsourcing postponed in relation to the initial forecasts.

Operating profit for 2023 was **€1,830,573**, €441,786 (19.4%) lower than in 2022 and €1,079,237 (144%) ahead of the budget.

- **Other expense items**

- **Afnic employees will receive a share in the profits and incentive bonus based on the result for 2023.**

The amount of the profit sharing and the associated employer's social contribution is €150,376.

The amount of the incentive bonus is €282,926. This stems from the signing of the incentive bonus scheme agreement in 2022.

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

over the past 5 years:

<i>€000s</i>	2019	2020	2021	2022	2023
Profit sharing and employer's social contribution	449	434	691	646	150
Incentive bonus	0	0	0	0	283
Total	449	434	691	646	433

- **Corporation tax and tax credits**

Research & Innovation Tax Credit

In 2023, Afnic generated a research tax credit of €83,888 and an innovation tax credit of €38,714, giving a total of €122,602.

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.

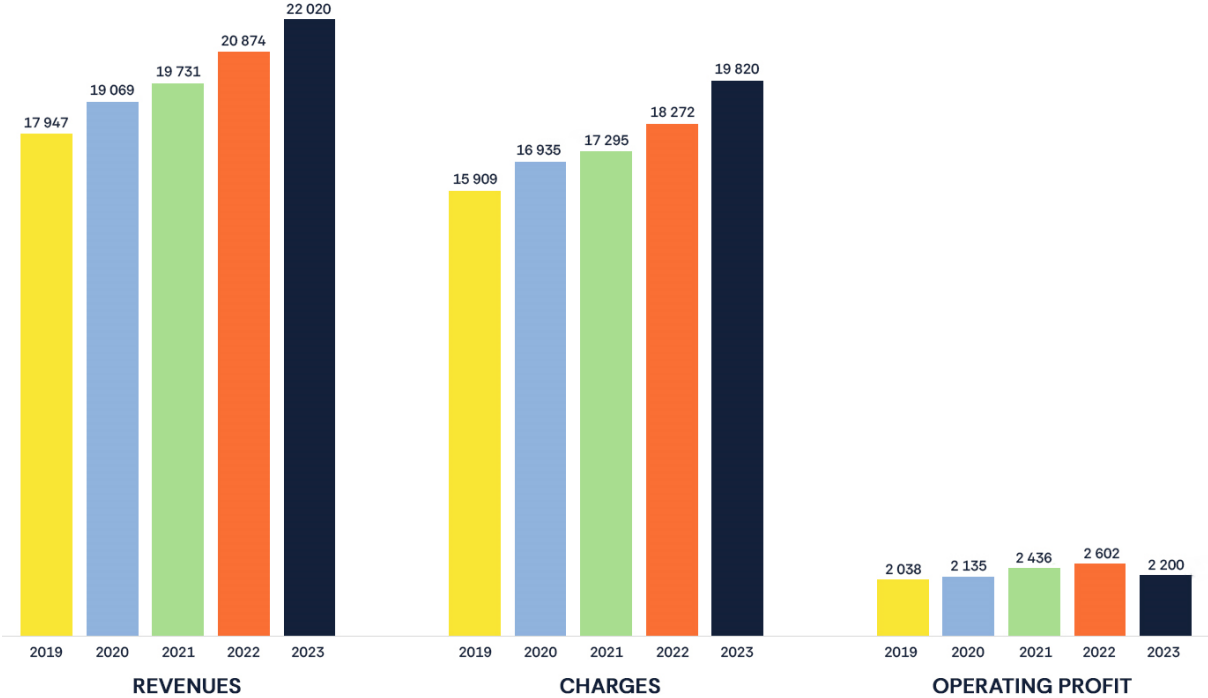
This arrangement allows it to benefit from the associated family tax credit, which for 2023 amounted to €38,526.

These tax credits are applied to the amount of corporation tax of the Association, which came to €199,656 (0.9% of Afnic's revenues).

- **Operating profit before tax down (by - 15%) compared to 2022**

The accounting operating profit before tax amounted to €2,200,300 (10% of Afnic's total revenues), testimony to Afnic's operational performance. The 15% fall compared with 2022, i.e. €401,580 is notably explained by one-off expenses related to the acquisition of the head office.

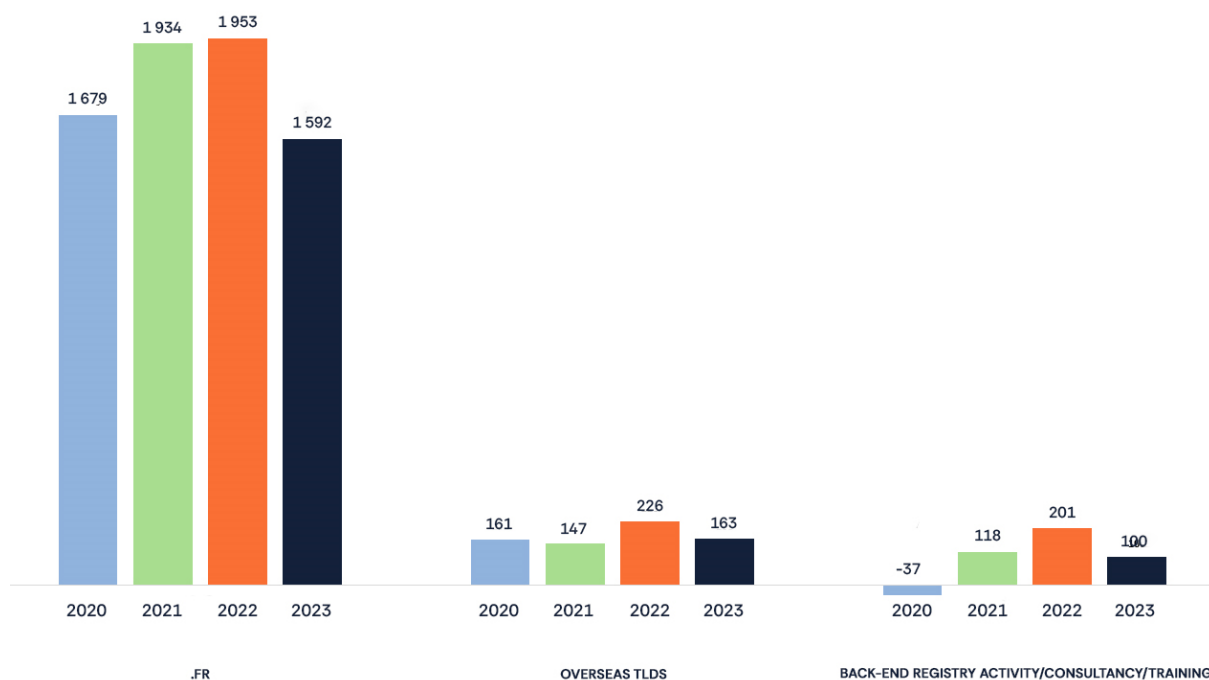
Operating profit before tax in €000s (2019-2023)



Data from the graph "Operating profit before tax in €000s (2019-2023)"

- Presentation of the accounts by activity

Operating profit by activity in €000s (2020-2023)



Data from the graph “Operating profit by activity in €000s (2020-2023)”

The presentation, showing the past four years, highlights the performance of the Back-End activity/Consultancy/Training, the operating result of which is positive for the third year in a row, €100,034.

Despite a higher figure in 2023 thanks to the performance of the “Training” activity (+€47,491), the operating profit is lower than that of 2022 due to the general increase in Afnic’s cross-functional expenses combined with greater allocation of these expenses to this activity (increased time spent).

Non-.fr activity (French overseas TLDs, back-end activity, Consulting & Training) produced an operating result of €263,424, down on 2022 (-€143,846) and the budget (-€153,586).

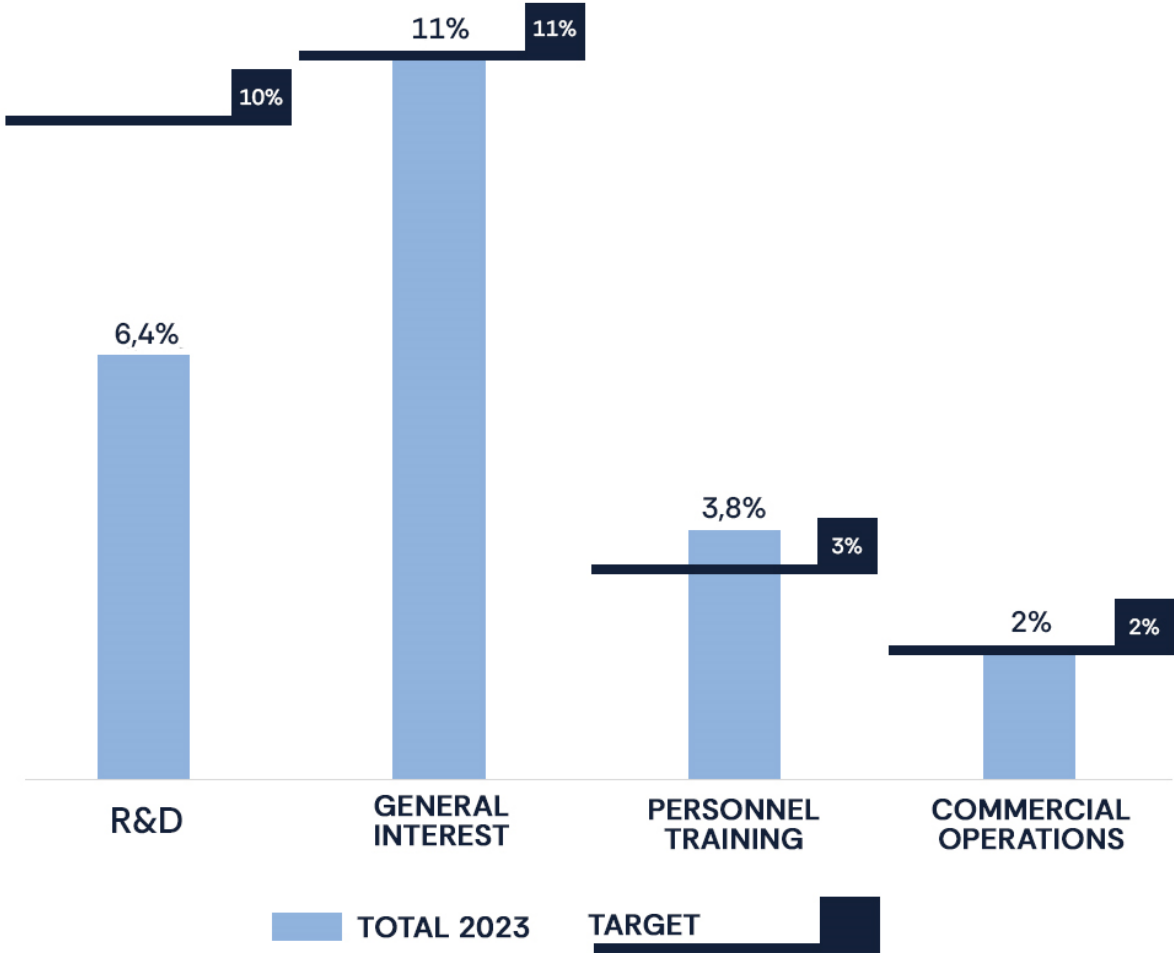
Despite a stable revenue figure, the operating result of the French overseas TLDs declined by 28% compared with 2022 due to a general increase in the association's cross-functional expenses.

- **The financial commitments of the agreement between the State and Afnic were largely fulfilled**

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.

Financial commitment 2023



Data from the graph "Financial commitment 2023"

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. With the exception of the R&D commitments, all commitments have been fulfilled or exceeded. The R&D shortfall in spending should be offset in the future Agreement years (2024-2027).

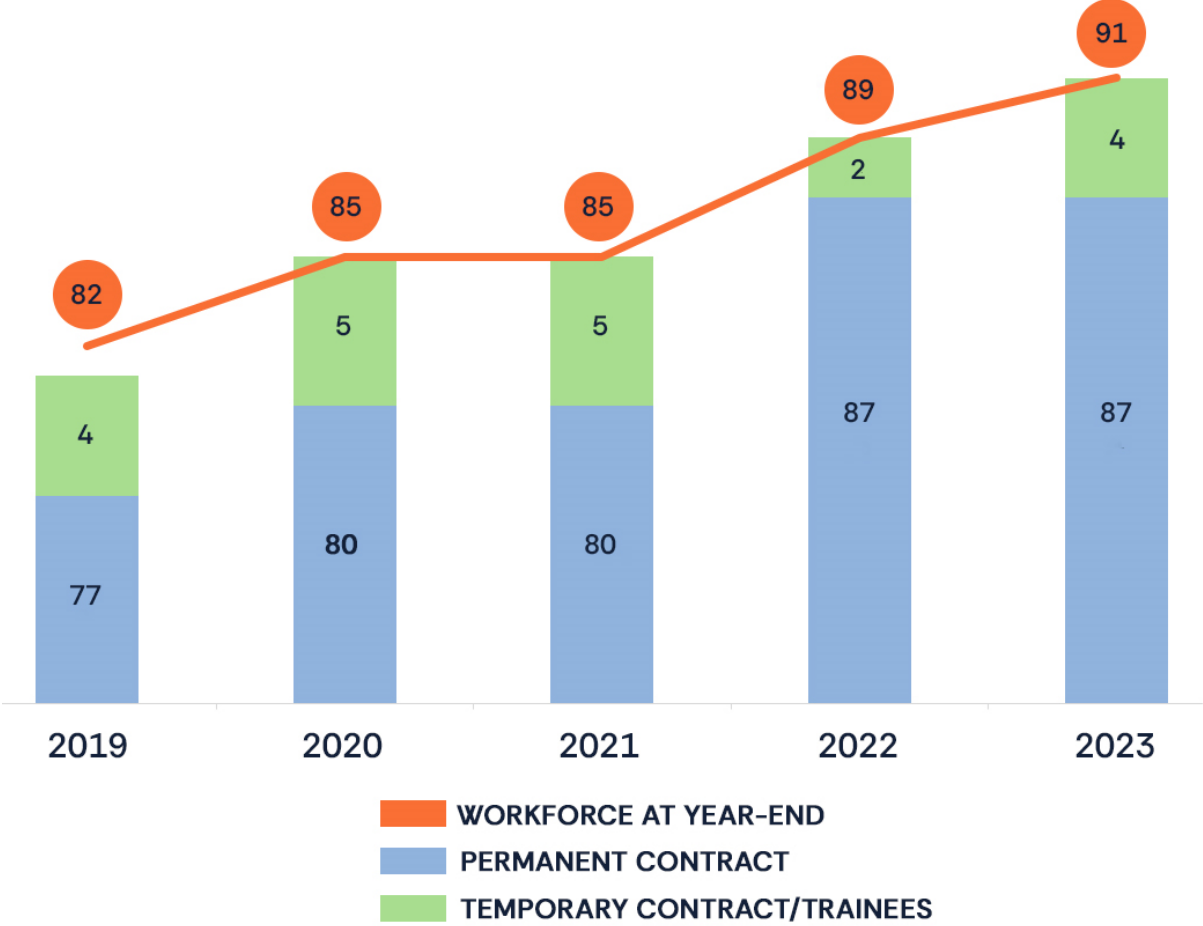
● Breakdown of investments in 2023

- 2023 investments under property, plant & equipment in the balance sheet increased significantly due to the acquisition of the new premises for the amount of €7,705,000 exclusive of tax. Additional investments include the refurbishment works begun and paid for in 2023.
- IT investments made in 2023 were lower than those of 2022, which represented a year marked by acquisitions. In 2023, IT purchases primarily encompassed purchases of equipment to renew our infrastructures and enhance the security and reliability of our SRS, as well as the hardware for Afnic's future head office.

● Changes in workforce

The year 2023 ended with a workforce of 91, up by 2 employees compared with the end of 2022 (6 arrivals and 4 departures).

Change in the number of employees (2019-2023)



Data from the graph "Change in the number of employees (2019-2023)"

- Treasury down by the amount of real estate investment

Total liquid assets stood at €13,624,436, i.e. down €8,752,150, corresponding to the payment of our real estate investment.

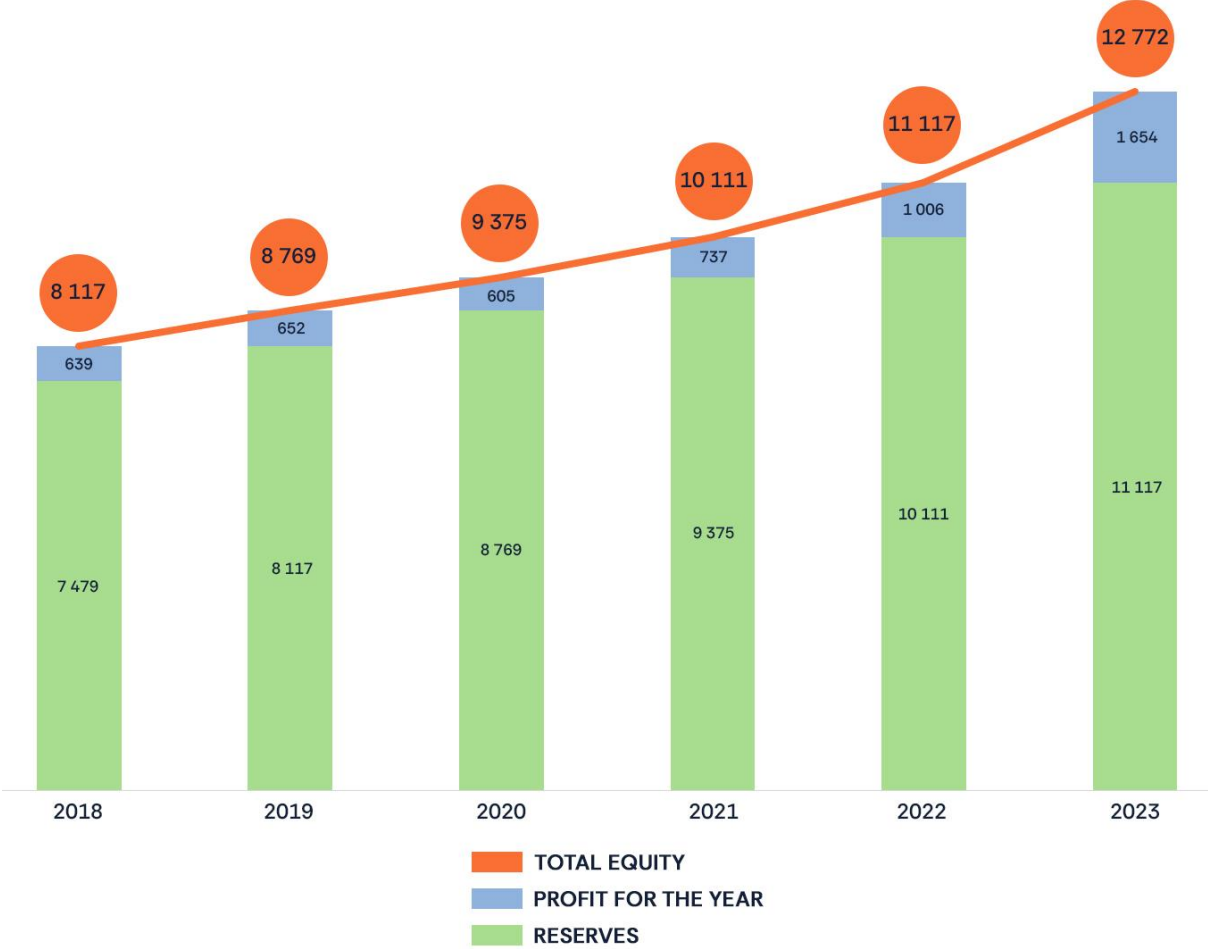
This includes a receivable on the Afnic Foundation for €3,608,683 (representing the amounts of the past two years).

The excess cash amounts are invested in passbook accounts and term accounts dedicated to associations. With an interest rate of between 2 and 4%, these provide Afnic with a risk-free investment and savings available at any time. These are purely bank deposit savings, as no Afnic investments are backed by financial products (stocks and/or bonds).

- **Accumulated surplus**

After appropriation of profit for the year 2023 of €1,654,048, the accumulated surplus is as follows (€000s):

Trend in the accumulated surplus since 2012 (€000s)



Data from the graph "Trend in the accumulated surplus since 2012 (€000s)"

The accumulated surplus at year-end 2023 is sufficient to cover more than 16 months of personnel costs and rentals for data centre hosting.

- **Conclusion**

The very good results for 2023 allow us to consolidate the accumulated surplus and to maintain Afnic's strategic objectives, and notably for 2024:

- 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.

8. Financial annexes

Simplified financial balance sheet

Simplified financial balance sheet

	31 December 2023	31 December 2022
Assets in €000s	Net	Net
Property, plant & equipment	9,681	1,531
Operating receivables	6,865	4,692
Cash & cash equivalents	13,624	22,377
TOTAL ASSETS	30,170	28,599

	31 December 2023	31 December 2022
Liabilities in €000s	Net	Net
Accumulated surplus	11,118	10,111
Profit for the year	1,654	1,006
Regulated provisions	0	0
OWN FUNDS	12,772	11,118
PROVISIONS	0	0
DEBTS	17,399	17,481
TOTAL LIABILITIES & EQUITY	30,170	28,599

Simplified income statement

Simplified income statement

€000s	31/12/2023	31/12/2022
	Net	Net
Revenues	21,201	20,412
Other income	851	526
OPERATING REVENUE	22,053	20,938
OPERATING EXPENSES	20,222	18,666
OPERATING PROFIT	1,831	2,272
FINANCIAL RESULT	436	19
NON-RECURRING RESULT	-5	0
Employees' profit sharing and incentive bonus	408	538
Tax on income	200	747
PROFIT OR LOSS	1,654	1,006

9. Annexes: Graph data

Change in Members from 2019 to 2023.

	2018	2019	2020	2021	2022	2023
Total Members	108	114	118	124	129	129
Founding Members	5	5	5	5	5	5
Honorary Members	4	6	8	8	8	8
User Members	40	42	47	52	56	57
Registrar Members	42	41	40	41	41	40
International College Members	17	20	18	18	19	19

[Return to graph in the document](#)

Length of membership in 2023 (excluding Founding Members and Honorary Members)

	> 20 YEARS	> 15 YEARS	> 10 YEARS	> 5 YEARS	> 3 YEARS	< 2 YEARS	< 1 YEAR
Registrar Members	14	16	2	6	0	2	0
User Members	5	5	5	9	16	14	3
International College Members	4	5	1	4	4	1	0

[Return to graph in the document](#)

Participation of Members in the association's internal bodies (2019-2023)

	2019	2020	2021	2022	2023
Voter participation at the GM	38.78%	54%	54.72%	70.27%	41.53%
Voter target	33.02%	39.94%	44.19%	49.16%	35%
CCUBE participation rate	25%	31%	24%	33%	33.33%
CCUBE participation target	25%	25%	25%	25%	25%

[Return to graph in the document](#)

Change in the number of SYRELI complaints (2012-2023)

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
177	194	217	164	157	176	169	152	225	267	311	392

[Return to graph in the document](#)

Types of holder’s defence

Lack of response from the holder	67%
Substantiated defence argued by the holder	25%
Holder’s agreement	8%

[Return to graph in the document](#)

Breakdown of Afnic Foundation 2023 winner projects by topic

Citizenship	Culture	Regional development	Education Training	Environment Habitat	Integration Employment	Health Disability	Transformation of organisations
11	3	1	51	14	3	4	0

[Return to graph in the document](#)

Breakdown of Afnic Foundation winner projects by topic (2018-2023)

Citizenship	Culture	Regional development	Education Training	Environment Habitat	Integration Employment	Health Disability	Transformation of organisations
48	10	10	199	23	70	64	11

[Return to graph in the document](#)

Trends in the sums allocated by Afnic to the Afnic Foundation for Digital Solidarity since 2012 in €000s

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
165.2	829.3	1,415.7	1,502.5	1,489.1	1,594.9	1,589.9	1,486.1	1,573.2	2,208.6	2,151.4	1,457.2	17,463.4

[Return to graph in the document](#)

Trends in revenues from and stock of .fr (2019-2023)

	2019	2020	2021	2022	2023
Revenues from .fr in €000s	16,323	17,375	18,213	18,873	20,451
Stock of .fr domain names in 000s	3,429	3,883	3,996	3,996	4,134

[Return to graph in the document](#)

Trends in revenues by activity (2018-2023)

	2019	2020	2021	2022	2023
.fr revenues	16.3	17.4	18.2	19.3	20.5
Overseas TLD revenues	0.2	0.3	0.3	0.3	0.3
Back-end registry revenues	1.0	1.1	0.9	0.9	0.9
Afnic net revenues	17.6	18.7	19.4	20.5	21.7

[Return to graph in the document](#)

Operating profit before tax in €000s (2019-2023)

	2019	2020	2021	2022	2023
Revenues	17,947	19,069	19,731	20,874	22,020
Charges	15,909	16,935	17,295	18,272	19,820
Operating profit	2,038	2,135	2,436	2,602	2,200

[Return to graph in the document](#)

Operating profit by activity in €000s (2020-2023)

	2020	2021	2022	2023
.FR	1,679	1,934	1,953	1,592
Overseas TLDs	161	147	226	163
Back-end registry activity/Consultancy/Training	-37	118	201	100

[Return to graph in the document](#)

Financial commitment 2023 (2020-2023)

	TOTAL 2023	Target
R&D	6.4%	10%
General interest	11.0%	11%
Personnel training	3.8%	3%
Commercial operations	2.0%	2%

[Return to graph in the document](#)

Change in the number of employees (2019-2023)

	2017	2018	2019	2020	2021	2022	2023
Workforce at year-end	77	82	82	85	85	89	91
Permanent contract	75	79	77	80	80	87	87
Temporary contract/Trainees	2	3	4	5	5	2	4

[Return to graph in the document](#)

Trend in the accumulated surplus since 2012 (€000s)

	2018	2019	2020	2021	2022	2023
Reserves	7,479	8,117	8,769	9,375	10,111	11,117
Profit for the year	639	652	605	737	1,006	1,654
Total equity	8,117	8,769	9,375	10,111	11,117	12,772

[Return to graph in the document](#)

10. Annexes: Corporate Social Responsibility (CSR) Report - 2023

See the Afnic Corporate Social Responsibility (CSR) Report for 2023, available with this document.