KELLY MEDINA

Hello, and welcome to the Finance and Planning Update at ICANN84 Prep Week Webinar. My name is Kelly Medina, and I am a participation manager for this session. Please note that this session is being recorded and is governed by the ICANN Expected Standards of Behavior and ICANN Community Anti-Harassment Policy.

Interpretation for this session will include English, French, and Spanish. Please select the relevant language from the Zoom toolbar. During the session, questions will only be read out loud if submitted within the chat with the labeled question. Questions will be read at the end of each section, and we will provide time for questions at the end of the presentation. If you would like to speak during this session, please raise your hand in Zoom. When called upon, you may unmute your microphone to speak. Please state your name for the record the language you will speak if speaking a language other than English, and speak at a reasonable pace.

Today's presentation is published on the ICANN84 Prep Week Schedule page and will be published on the ICANN Finance and Planning Community Group workspace. I will now go over our agenda for today.

Today, we will be going over the ICANN Planning Process Overview, ICANN Fiscal Year 2027 Operating Plan Development, the ICANN Fiscal Year 2025 Financial Results, the ICANN Fiscal Year 2026 Adopted Budget and Financial Update, as well as other Planning and Finance updates. And we will be giving time at the end for questions. I will now hand over the microphone to Becky Nash.

BECKY NASH

Thank you very much, Kelly. Hello, everyone. This is Becky Nash from the ICANN Org Planning Team. We have a very packed agenda today, so we are going to suggest that we take questions at the end of each section. And, of course, if you'd like to drop your questions into the chat, we will respond throughout the webinar. Next slide, please.

Just to set the stage for the Planning and Finance Update, we'd like to highlight that ICANN's planning process includes four key steps. We have a Strategic Plan, which is the process of defining ICANN strategic direction. That's a five-year Strategic Plan. Then we have both a five-year and one-year Operating Plan, which is developed every year, and this is the plan where we evaluate the activities and what each function does and plans out for the next five fiscal years and the next fiscal year. Then we have our Budgeting Process where we have a fiscal year budget, and that's the process of allocating resources to the planned activities that have been identified in the Operating Plan, and also the level of prioritization of activities as needed. Finally, our last phase in the planning process is the process of explaining the achievement of reporting progress out. Next slide, please.

This is a view of how we align our planning process to achieve our mission, achieve the strategies, and execute on all of the activities outlined in the Operating Plan. So at the top, we have our mission, which is our purpose, then we have our strategy with our vision and strategic objectives that focuses on long-term success and how to achieve it. And then we have our Execution Plans, which is our five-year and one-year Operating Plan and one-year Budget. And this focuses on the operations, resource allocations, and accountability to achieve our strategy and our mission, and that describes all of the work that ICANN does. We are also highlighting that each fiscal year we have Organizational Objectives which also are linked to the Operating Plan and to the strategic activities within the Operating Plan. We will have more updates during this webinar on our Operating Plan.

On the next slide, we just would like to highlight that ICANN's FY26, that's the year we're in, we have an adopted Strategic Plan for FY26 through '30. This plan was adopted by the ICANN Board in March 2025 and it outlines the five-year vision and the strategic objectives to achieve the vision. We've highlighted here that ICANN's 2030 vision is as follows. We are as the trusted steward of the Internet unique identifier systems, ICANN is dedicated to strengthening the single, global, interoperable Internet for all.

We've provided a link to this Strategic Plan as it guides our planning process for the next five years. And on this slide, we're just highlighting that the plan includes four strategic objectives, and then it also has 10 goals and 28 strategies which link directly to the Operating Plan, which has all the activities of ICANN. So we encourage the community to review our Strategic Plan and follow along how we're going to achieve the vision together.

On the next slide, I'm just briefly going to let you know that because the Strategic Plan is for five years, the ICANN Board wants to ensure that the Strategic Plan is on track and remains relevant. So the Board will evaluate the strategies throughout the five-year period just to ensure that the Strategic Plan remains relevant. And this is something that we have more information on in our Annual Operating Plan and Budget that will go out for public comment in December.

With that, that's our short update on the planning process. And now I'm going to hand the microphone to my colleague, Margaret Benavides, who's going to cover the FY27 Operating Plan Development.

MARGARET BENAVIDES Thank you, Becky. For the record, my name is Margaret Benavides, and I'm the ICANN planning manager. I'll now review the Fiscal Year 2027 Operating Plan Development Process.

The development of the Operating Plan and Budget for FY27 is underway. The timeline is quite comprehensive. The FY27 Plans will not go into effect until July 1 of 2026. These plans are how we provide accountability and transparency on ICANN Org's efforts for the five- and one-year periods respectively, and they are Bylaw mandated. So the development of the FY27 Plans began with the Planning Prioritization Process. Due to the large volume and complexity of the implementation of work resulting from policy and non-policy work, there is a need for ICANN to prioritize implementation work to support the needs and demands of the ICANN community.

This year, three Board-approved recommendations were prioritized during the FY27 Planning Prioritization Process, and this information was shared back out with the ICANN staff who is going to work on the implementation. And we're very appreciative to the members who are nominated by their SO/AC chairs and leaders, as well as our Board liaison for participating in this process. Next slide, please.

The FY27 Operating and Financial Plan demonstrates how we will commit and work out implementation for the Strategic Plan and carrying out our mission. So there are two core areas. There's the Strategic Initiatives that helps to support the efforts and the strategies that were set forth in the adopted Strategic Plan. And then there are the Functional Activities or the Continuing

Operations. This is how we support the Org, making sure that we can continue to carry out our mission. Next slide, please.

This slide here really outlines the key steps for the FY27 planning process. As mentioned prior, the process began with the planning prioritization in May through July. We are meeting now today to kind of provide a quick update on the timeline for the drafts. We will have the draft plan posted for public comment on December 16, and we'll have the proceeding open then. It will be open for 60 days, and we will be having a webinar that follows the opening of that proceeding to make sure people are comfortable with the draft plans. There is also going to be a another webinar set for January as well to make sure that if there's any questions that kind of come up as you're reviewing the draft plans, you're able to kind of review that with us.

Once the proceeding closes, ICANN staff will work on producing a summary report to address the comments that have been received and will make adjustments as necessary to the draft plans. The Board Finance Committee will first review the plans and then provide the recommendations to the Board who will review the plans for adoption in early May. The Empowered Community period will take place in the May, June timeframe. And if all goes well, the FY27 Plans will go into effect July 1 of 2026.

So that really concludes the ICANN FY27 Operating Plan Development section. It looks like there might be a question in the chat about prep meetings being archived or available somewhere.

On the ICANN Meeting page, you can get all of the Zoom recordings previously available, I just want to let you know. We also have our ICANN Wiki page that links to all the presentations that the Finance and Planning Teams have previously given as well. I just want to let you know about that. And if there are any questions, I'm happy to take that. And if not, I will hand the floor over to Alex Moreshed who can share the FY 2025 Financial Results. Thank you.

ALEX MORESHED

Okay. Thank you, Margaret. We'll start by going over the Financial Results of FY25. Next slide, please.

First of all, where to find information like this. On icann.org in the Financial and Planning Information section, we have information about usually the upcoming planning year, and also the year that we're currently in. So this screenshot was taken a couple of months ago, but at the time the FY26 Plans were upcoming. And the FY25 Financial Quarterly Reports were at the bottom of the screen there, so I will actually be going over the information from the Q4 report. So if we go to the next slide.

Fiscal Year '25 begins in July 2024 and ended in June 2025. And the financial results for this year were strong compared to both budget and prior year, which is great news. The ICANN operation segment of total ICANN ended the fiscal year with a surplus of $14 million. Funding was a big part of this. Funding was $155 million, which was about $10 million more than planned. This reflects a six-month impact of the registry fee increase, which went into effect January

2025. That contributed to a million dollars of surplus. And the remainder was driven by higher than planned domain registrations as well as higher than planned contracted parties.

Expenses, on the other hand, were 141 versus a budget of 150 and was also $14 million lower than our actuals of FY24, and so this reflects achievement as per the Board resolution of May 2024 where ICANN took many efforts to reduce costs in order for our run rate of expenses to be balanced to funding. So we were very happy with this achievement. Next slide, please.

Going into our funds under management, so this cash-on-hand investments, these increased $17 million primarily due to investment increases throughout the year, as well as the surplus that I just mentioned in ICANN operations, and this was partially offset by operating expenses in the New gTLD Program. Next slide, please.

This is a trended chart showing the funding and expenses of ICANN operations with the funding in the green bars, and you'll see that the funding has remained pretty steady at around $150 million with last year, the year that just ended FY25, going to 155. In orange, you'll see the expenses plotted with the corresponding fiscal years. Okay. Next slide, please.

So moving on to the New gTLD Program. The Implementation Phase Program to date is $3 million under budget, and this is primarily due to delays of hiring staff, lower travel and administration costs and plan, and then the timing of some system development and capital expenses. In general, external costs for this program include staff augmentation, program design, communications and outreach, legal services. But you can see for FY25, the actuals were slightly below budget. The second portion represents that $3 million of gap between actuals and budget for the program. But we are still forecasting a $70 million implementation forecast for the program aligning to the initial budget for it as well. Next slide, please.

This we kind of went over, but then in operations, the expenses this year were $141 million. The budget was 145. Sorry. I misspoke earlier. 145, not 150. And then last year's operating expenses were 155 so you can see the $14 million reduction that we made during FY25 and even beat budget. Next slide, please.

This shows all of the expenses in FY25 per business segment. So the operations I've just mentioned at 141. New gTLD represents the cost of the 2012 round, as well as the next round, the Grant Program there in blue, which I'll get into soon. But this also includes grant disbursements that were made in FY25, and then RDRS and Specific Review implementation which was funded by the SFICR or Supplemental Fund for Implementation of Community Recommendations. And all this totaled $176 million in FY25. Next slide, please.

This is the Grant Program slide that I was mentioning. Actuals were slightly lower than budget, and actuals in this for FY25 included $2.3 million of grantee disbursements. We've also made another

$300,000 in FY26, so that's represented in the program to date actuals, along with the recurring program operational costs, which include staff support, awareness and outreach campaigns, things like that. Applications are being accepted and processed in cycles. So we will kind of continue to do this for the Grant Program. And more information is available on the website, which we have a link to in the slides. Okay. Next slide, please.

So now I will touch on the FY26 Budget and a Financial Update on the FY26 Forecast. Next slide, please.

The budget for FY26 planned for balance funding and expenses of $150 million each. The forecast assumptions were very early into the fiscal year, so we are learning information and updating our forecasts as we go. So this this forecast will be updated as we go on accordingly. The funding forecast for FY26 is projected to be higher than budget, driven by higher than planned domain registrations and contracted parties versus the assumptions in the adopted budget. For expenses, the forecast is aligned to the budget. We can get into a little bit more detail on the next couple of slides.

For funding, the actual versus budget for the first two months of the fiscal year. So it's July and August, we're $3 million favorable. You can see that with the orange bar versus the green. And we're also $4 million favorable versus last year. So recall that in FY26, the funding includes full impacts from the registry and registrar fee increases. The registry, as I said, went into effect in January 2025, and then the registrar went into effect in July 2025. So their current forecast in orange on the right side with the dotted line representing a range between $158-162 million, and then versus the budget and the prior year.

Okay. In the next slide, we can go to expenses. So you see, for the first two months, our actual expenses were aligned with budget and prior year. And for the full year, we're forecasting essentially at budget plus or minus a few million. But this remains to be seen, and as we learn more information, we are probably going to bring this forecast down on the cost side more in the $148 million range currently.

I think that is it for my section. I will hang around if there are questions, but if not, I will pass it back to Becky.

BECKY NASH — Thank you very much, Alex. We will just pause for any additional questions as it relates to the FY25 actual financial reporting and the FY26.

KELLY MEDINA — Hi. I see Claire has her hand raised. Claire, if you can go ahead and unmute.

CLAIRE CRAIG — Thank you. Thank you for that contribution, Alex. I note that there's quite a reduction in your expenses in a number of areas. As you expressed, most of them you would have attribute… No. Some of them you would have attributed to delays in hiring and the staffing, mostly, that would have created the reduction in spending. The question I want to ask is, are there any areas where expenses may have been reduced for the community that would have contributed to that decrease in expenditure?

ALEX MORESHED

Thank you, Claire. That's a great question. I would say that, for the most part, community spend was unaffected. So as you mentioned, a lot of it we were able to achieve the lower run rate of expenses due to lower staffing levels. There was a reduction of force at the end of FY24, which greatly contributed, but as well as that we did cost savings initiatives and traveled a lot less in FY25. Some of this was engagement-related, but none of it was directly related to cutting community spending, if that makes sense.

CLAIRE CRAIG

Okay. Thanks for that response, Alex. We will look into it a little bit deeply when we see the results.

ALEX MORESHED

Okay. No problem.

BECKY NASH

Great. Thank you very much, Alex, for your presentation. I will now present an update from the Planning and Finance Team in this next section. So if we could go to the next slide. Again, this is Becky Nash from the ICANN Org Planning Team.

ICANN's annual planning process initiates several months prior to the start of the fiscal year, and it includes several opportunities for stakeholder engagement, such as our Prep Week webinars like today and other presentations with SO and AC groups, but it also includes a Public Comment Proceeding. ICANN is committed to transparency and accountability throughout its planning process. So, throughout the planning process, ICANN may periodically evaluate whether any of the assumptions included in the draft plans that go out for public comment should be updated. This is an important point, just given how far in advance of the adoption of the detailed plans they are developed.

Typically, we launch the planning process at least 11 months in advance of the proposed for adoption due date. So in some cases, following a public comment, there may be some latest information available that may result in updates either to the funding and/or expenses that were in the draft plans that were published for public comment, and perhaps an update is needed prior to presenting the plans to the Board for adoption. We did have such a case of this in the FY26 planning process where there were some funding assumptions as it related to fee increases that were included in the final proposed for adoption plans.

So, as a result, we've developed a Draft Framework for revisions to the Operating Plan and Budget that outline specific communication steps so that we are ensuring that the community and the public is fully updated on any changes that take place. We would not expect this to be a frequent process. However, if there are some major assumptions that need to be updated, we've prepared this framework that outlines specific steps to make sure that all of the communication is transparent and that ICANN is accountable to the planning process.

We have a link to a Draft Framework that we're sharing with the community today that outlines how we anticipate to enhance transparency following the publication of the Plans for Public Comment and the Public Comment Summary Report. Some of those items we've enhanced, which is things like a Table of Changes, we've provided a much more detailed Table of Changes. We want to make sure that we always publish the documents in advance of sending them to the Board with a recommendation for adoption. We're committed to doing announcements and blogs and also on our Finance and Community mailing list to ensure that any revisions are widely communicated.

So we invite the community to take a look at this Draft Framework. While we're engaging with the SOs and ACs at ICANN84, we'd love to hear feedback on whether or not this set of procedures seems reasonable and will ensure that the community is fully updated in advance of the recommendation to the Board for the adoption. So I'll just pause here and see if there are any questions regarding this

Draft Framework that we have published, and again, we're seeking input from the SOs and ACs on this process.

I just want to highlight that I believe that is the last slide in our slide deck, so we are ready also for any other general questions about the planning process and any of the results.

KELLY MEDINA Hi, Becky. I see Cheryl has her hand raised.

BECKY NASH Hi, Cheryl. Please go ahead.

KELLY MEDINA We're not hearing you. I'm not sure if you fully unmuted. Sorry, Cheryl, I don't believe your audio is coming through.

BECKY NASH Hi, Cheryl. We're not able to hear you. We do see that your mic is muted. Well, now that your hand has gone down—

KELLY MEDINA We'll come back to Cheryl, hopefully. I do see that we do have a question in the chat for Alex. Alex, if you're ready, I'll go ahead and read this question out loud. Giacomo says, "Community not affected? What about ABR that have been abolished in 2024? Most of the ABR funding were related to community needs. These kind of funds will be reestablished any time soon?"

ALEX MORESHED

Yeah, I can take that. The ABRs were not abolished. It's just that the process is different now. So these requests, the ABRs or Additional Budget Requests from the community, these will still be considered but through the Policy Team. It's just that the results, it's not part of the planning process and published online. So the Policy Team has budget for community requests as they arise, so you could work with your SO and AC liaisons on those requests.

KELLY MEDINA

Thank you, Alex. And then I do want to send a reminder. If you do not wish to speak or unable to speak, I can also read out loud questions that are submitted in the meeting chat. So that is another way that you can submit your questions or comments. Just make sure to label them so that I may read them. But, of course, if you would like, you can also raise your hand if you would like to verbally ask your question.

Okay. I am not seeing any hands raised. Okay, perfect. We have a question from Tracy, "How are the How We Meet recommendations being implemented?"

KURTIS LINDQVIST

I can try and answer that, Tracy. Hi. This is Kurtis. I'm ICANN's CEO. They are not directly falling under this team. So I had literally just got the final How We Meet recommendation. I'm still contemplating that. And we will discuss how the recommendations are going to be faced and implemented in practice with executives in the week leading up to Dublin. So, when we come to SO/AC leaders meeting, we will have some ideas of what we can do and how we will implement them going forward. But this discussion is ongoing, so I don't have an answer to give to you right now.

KELLY MEDINA

Thank you, Kurtis. I appreciate that. I'll give a little bit more time for questions if anyone has any questions for the Finance and Planning Team.

Then I also want to just give a bit of a shout out that we do have an inbox that you can send e-mails to, planning@icann.org. If for some reason you have questions after this webinar, or if you are watching a recording of this webinar and have questions for our team, you may e-mail us at planning@icann.org.

We also have a couple of areas where you may engage with the planning process. So, as a reminder, we do plan to have the Fiscal Year 2027 Operating Plan and Budget documents published for public comment in December. We highly encourage members to subscribe to the ICANN Public Comment homepage to receive notifications of when the upcoming activities and proceedings are published on that page.

We also have, as we noted before, our Finance and Planning Community Group workspace or Wiki, as we like to call it. We will be publishing the recording there as well as the ICANN84 Prep Week schedule. So we encourage you to visit our Wiki page for updates of all our recordings that we do for each of our planning processes.

We also have our community-finance@icann.org e-mail digest. There we will send out mass notifications to anyone subscribed to that e-mail, so that you may go ahead and receive notifications of our updates when we're having webinars and when we will be publishing the plans for public comment.

In the chat, we've also posted links to the Wiki. So we highly encourage everyone to please check out all of these resources to further engage with us during this planning process.

So I think we can go ahead and wrap up our session. Thank you, everyone, for joining, and we hope to see you at ICANN84. We can go ahead and stop the recording.

BECKY NASH: Thank you, everybody, for joining.

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