

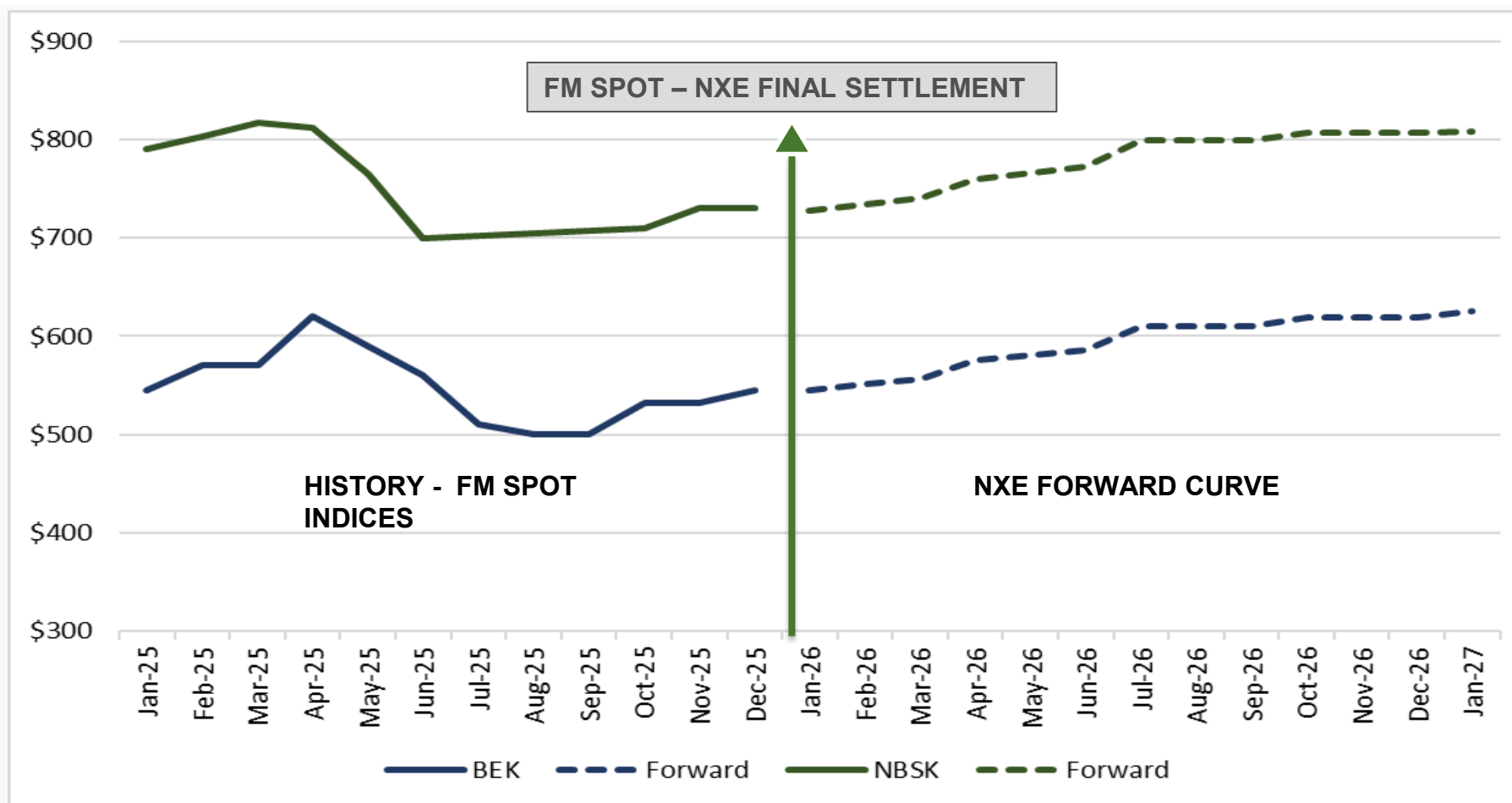


NOREXECO FUTURES CONTRACTS



NXE FUTURES FINAL SETTLEMENT AGAINST FASTMARKETS SPOT

The forward curve is not necessarily a forecast of higher future prices. In a normal market, an upward-sloping curve—or contango—primarily reflects the cost of carry, including financing, storage and insurance



PRODUCT STRUCTURE

Listed futures, financial settlement, no physical delivery

Europe:

NBSK Europe, USD

BHKP Europe, USD

Recycled OCC 1,04, EUR

China:

PIX BHKP China Net, USD

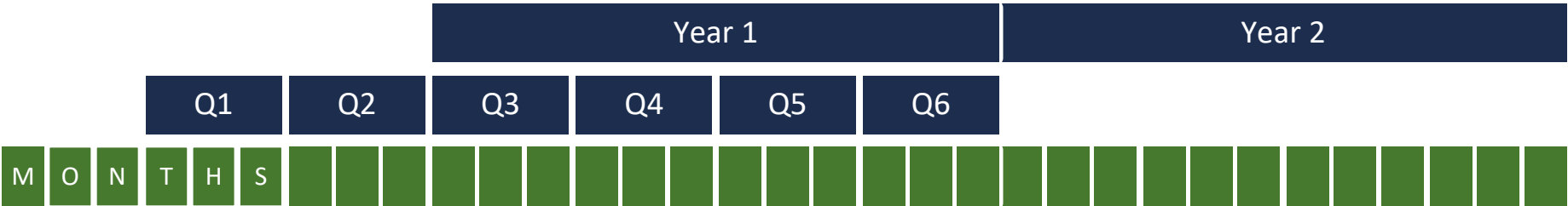
Shanghai Pulp, USD ex VAT'

Trading Periods:

Monthly, quarterly or yearly

Settlement:

Monthly for all contracts



WHY SPOT-BASED SETTLEMENT MATTER FOR FUTURES CONTRACTS

Using a clear and transparent spot price for settlement is important for an exchange's credibility, risk management, and legal protection. A "gross price" can create basis risk, increase the risk of price manipulation, and raise regulatory concerns.



Hedging effectiveness

- Futures P&L reliably offsets moves in the physical price
- Hedging with futures instead of buying spot and storing



Price discovery & integrity

- Public, transparent reference price for the underlying
- Avoids hidden rebates that can distort the underlying value and forward curve
- Rebate inflation acts like a hidden, time-varying markup and makes it unreliable for pricing, hedging, and risk management



Legal & regulatory risk

- Supports compliance with market-abuse, benchmark & disclosure requirement



Operational & margin rules

- Predictable & auditable
- Margin requirements

FASTMARKETS EUROPEAN PULP SPOT PRICES

Softwood: NBSK, spot, DAP Europe

Hardwood: BEK, spot, FCA Europe

- Purely European spot prices – no Turkey or MENA
- Net contract prices not included
- Indexes deal or deals between affiliates not included
- The methodology and assessment process adheres to the IOSCO principles for price reporting agencies and is audited
- Subject to EU benchmark regulation - adding layer of protection and needed to be approved for settlement of a financial instrument (NOREXECO)

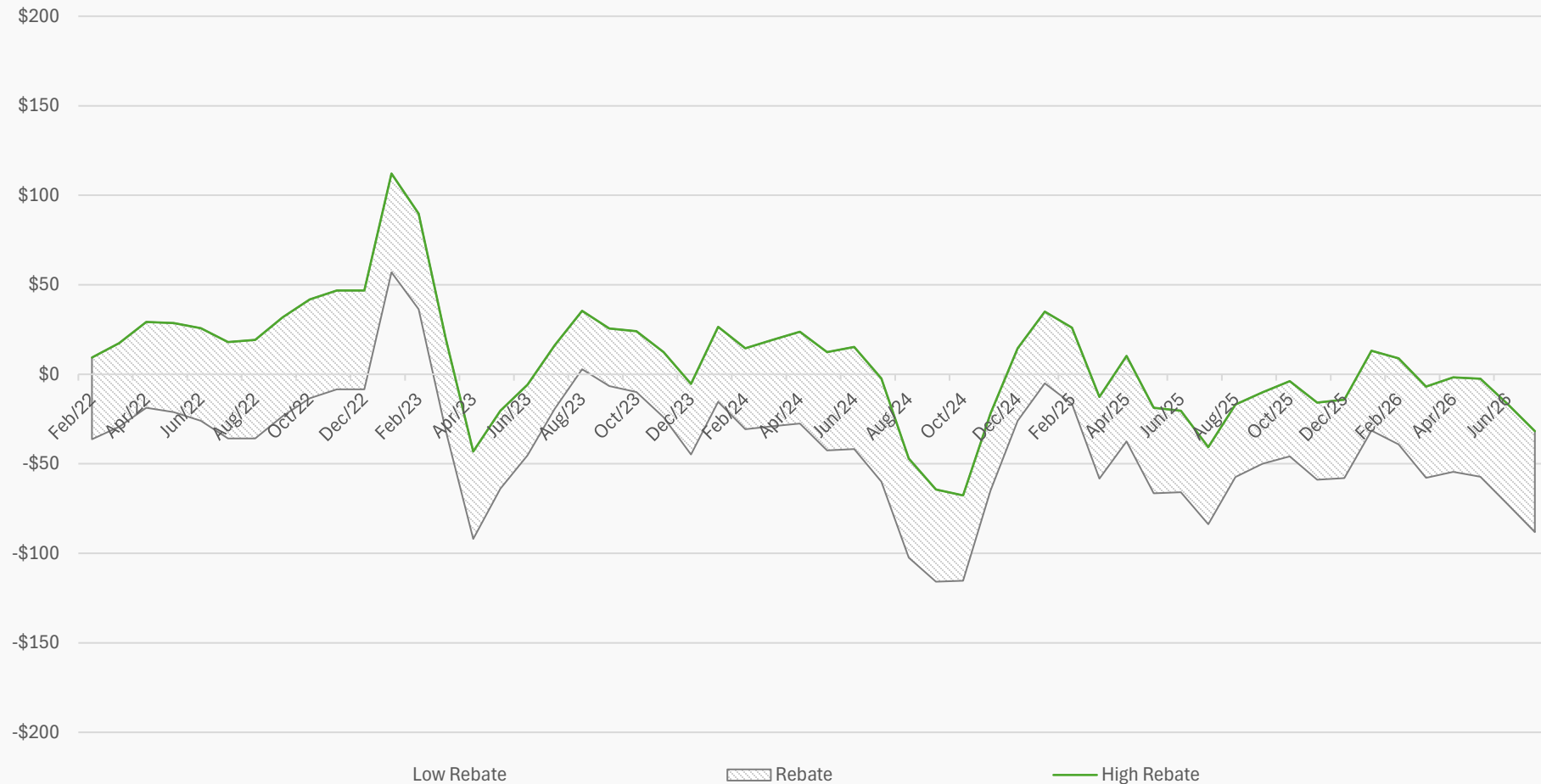
USING SPOT SETTLED FUTURES TO HEDGE

Even when the spot market represents only marginal tonnage, a futures contract settled to a spot index can still be an effective hedging tool for contract volume

- **No active participation in the physical spot market required** – buyers can link long-term contract to spot indexes and use futures to lock in prices for the desired volume and period
- **An effective alternative to physical inventory** – when forward prices are attractive, companies can buy futures to secure futures price exposure without purchasing, financing and storing physical pulp
- **Applicable to gross-price and reset price index contracts** – The high correlation between spot and gross prices makes spot-settled futures suitable for hedging these contracts. The futures price does not need to equal the physical contract price to reduce exposure to price movements

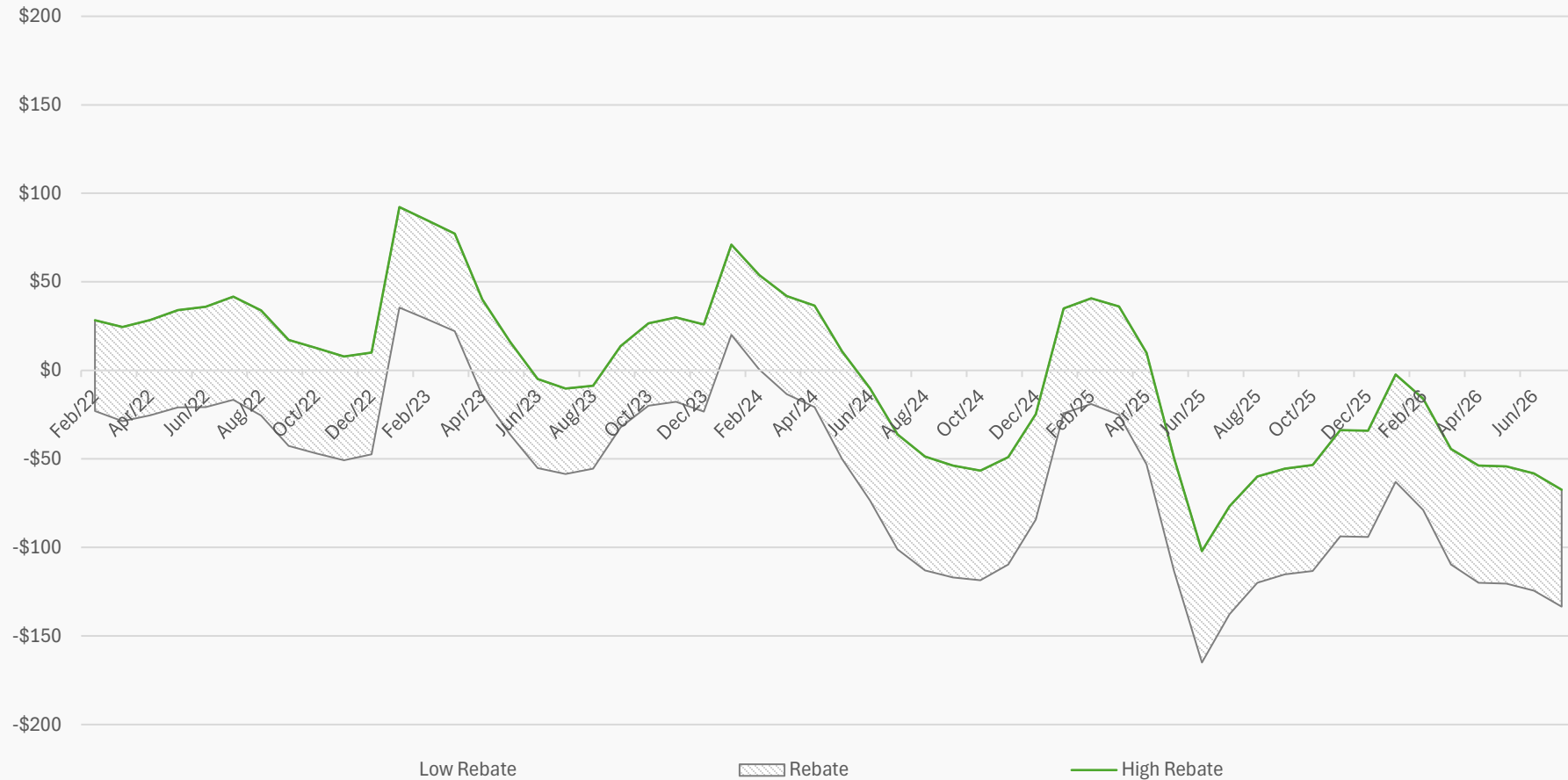
SPREAD BHKP SPOT EUROPE VS. BHKP GROSS EX REBATE

How would contract volume linked to spot-index effect cost of pulp?



SPREAD NBSK SPOT EUROPE VS. NBSK GROSS EX REBATE

How would contract volume linked to spot-index effect cost of pulp?



Disclaimer

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