

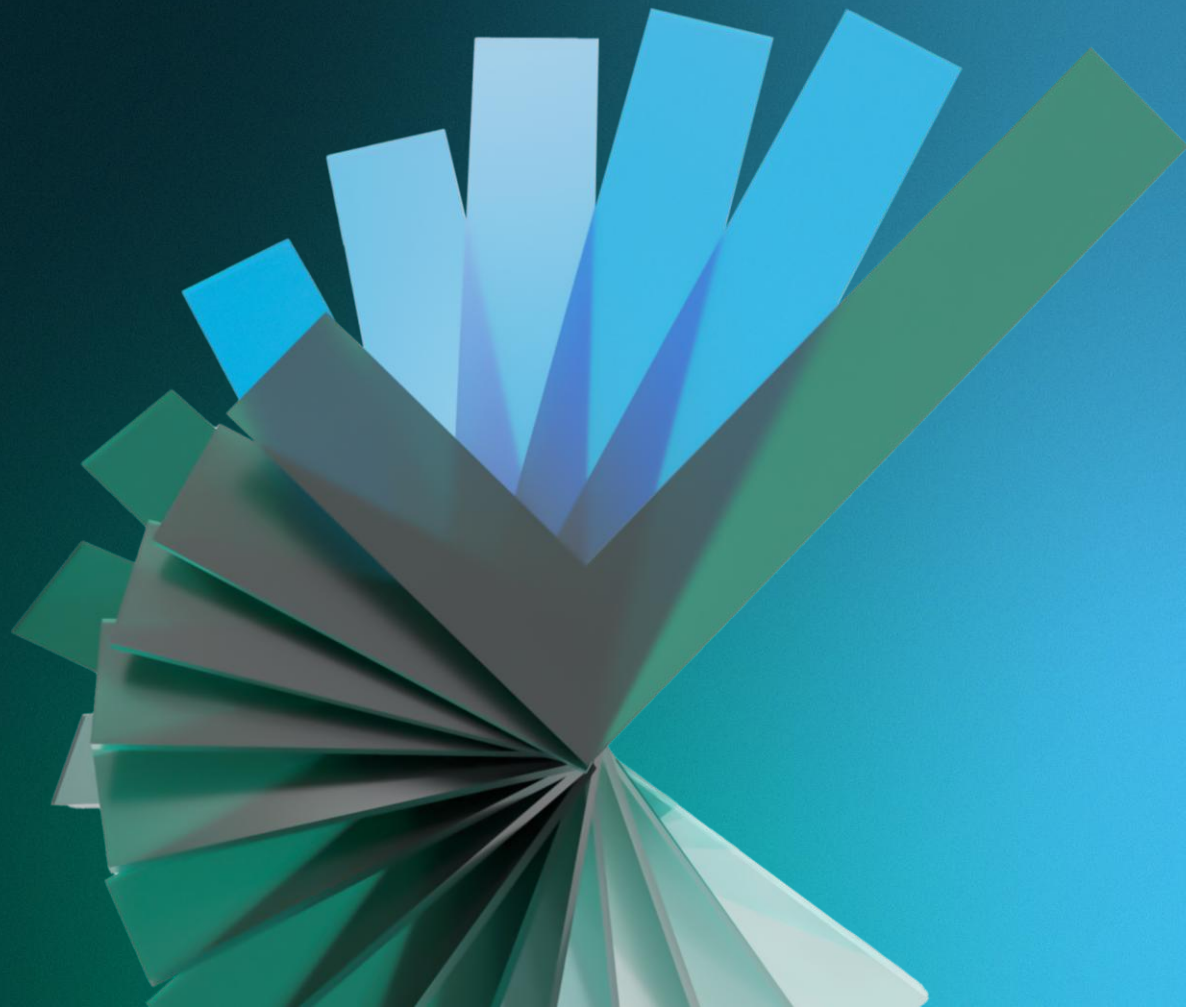


Innovate for Growth 2027

Strategic plan

Afternoon business deep dives

8 November 2024, Paris





I – Clearing deep dive

Anthony Attia



Storyline

1. Euronext Group value chain

2. Clearing members breakdown

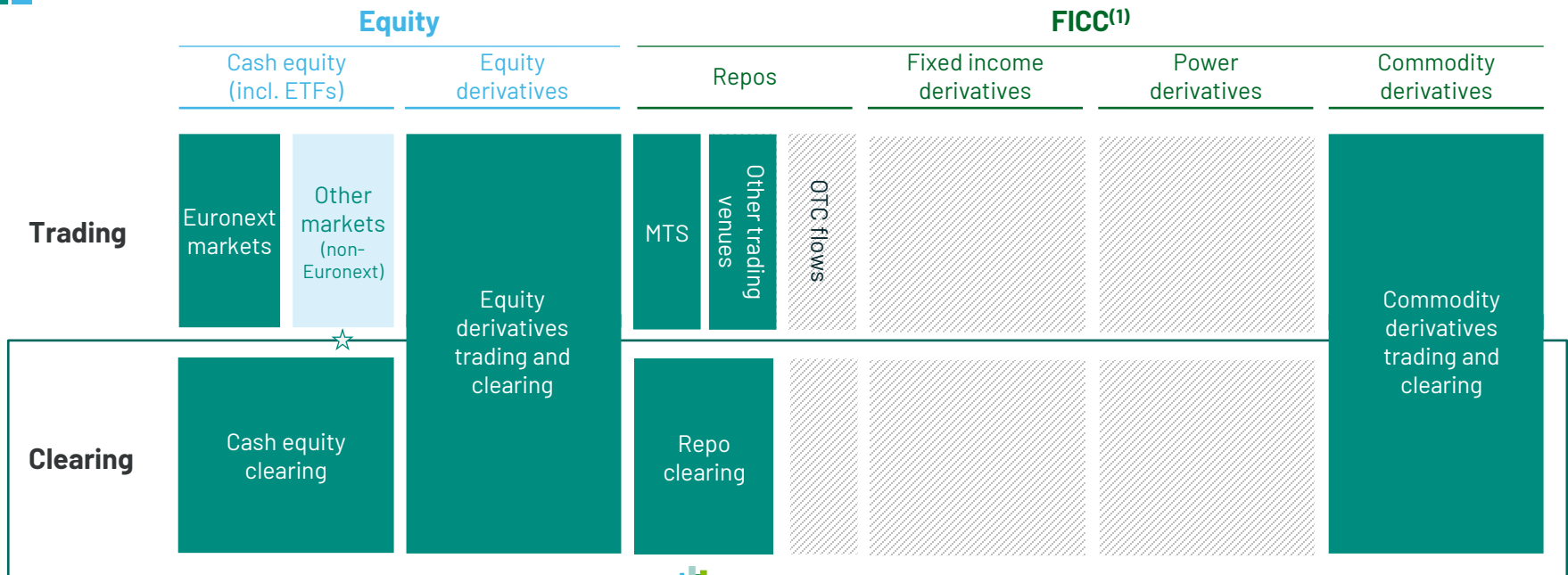
3. CCP functions: ovation of trades and margining

4. CCP functions: risk management

5. CCP functions: Value at Risk model

6. How do we generate revenue and income with clearing

Euronext Group value chain today



800m
trades cleared p.a.

€27tn
repo notional cleared ⁽²⁾

103 institutions having one or several clearing memberships
Increase of 100% since 2021.

Diversified clearing members base

A well-diversified client base by geography

103

Institutions having one or several clearing memberships

Euronext Clearing Members					
	Fixed Income Section	Equity and Equity Derivatives Section	Euronext Equity Section	Euronext Equity Derivatives Section	Euronext Commodity Derivatives Section
GCM ⁽¹⁾	16	28	18	24	20
ICM ⁽²⁾	48	12	19	9	3
NCM ⁽³⁾	23	43	89	79	48
Total	87	83	126	112	71

Euronext Clearing Members	
Belgium	4
France	12
Germany	10
Italy	46
Ireland	3
Netherlands	4
Norway	2
Portugal	7
Spain	1
Sweden	1
UK	13
Total	103



As of 06 November 2024⁽¹⁾ General Clearing Member – members clearing nonproprietary trading activities.⁽²⁾ Individual Clearing Member – members only clearing their own trading entity.⁽³⁾ Non Clearing Member – Trading clients.

Overview of CCP functions: novation of trades and margining



Overview of CCP functions: risk management

Default Fund

Mutualized default fund with mandatory contributions for clearing member. This default fund is sized to put up with the default of the **two most important clearing members**

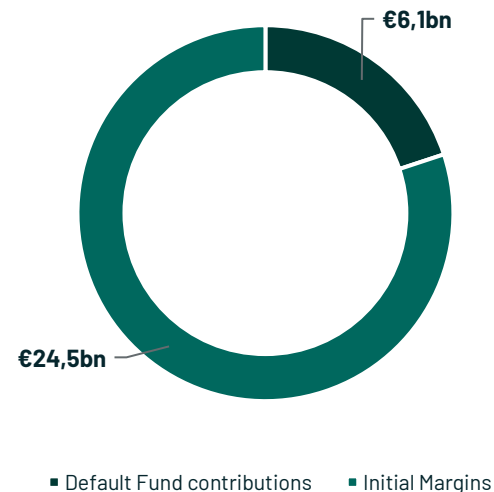
Margins

Clearing members are required to post Initial Margins to cover exposure arising from their transactions. **Several margin calls are managed every day** by the Clearing House.

Skin In The Game

The Clearing House is required to use part of its own regulatory capital to absorb losses associated with a default, ultimately sharing the risk with its members. This amount is called the 'Skin In The Game' and is composed of two layers.

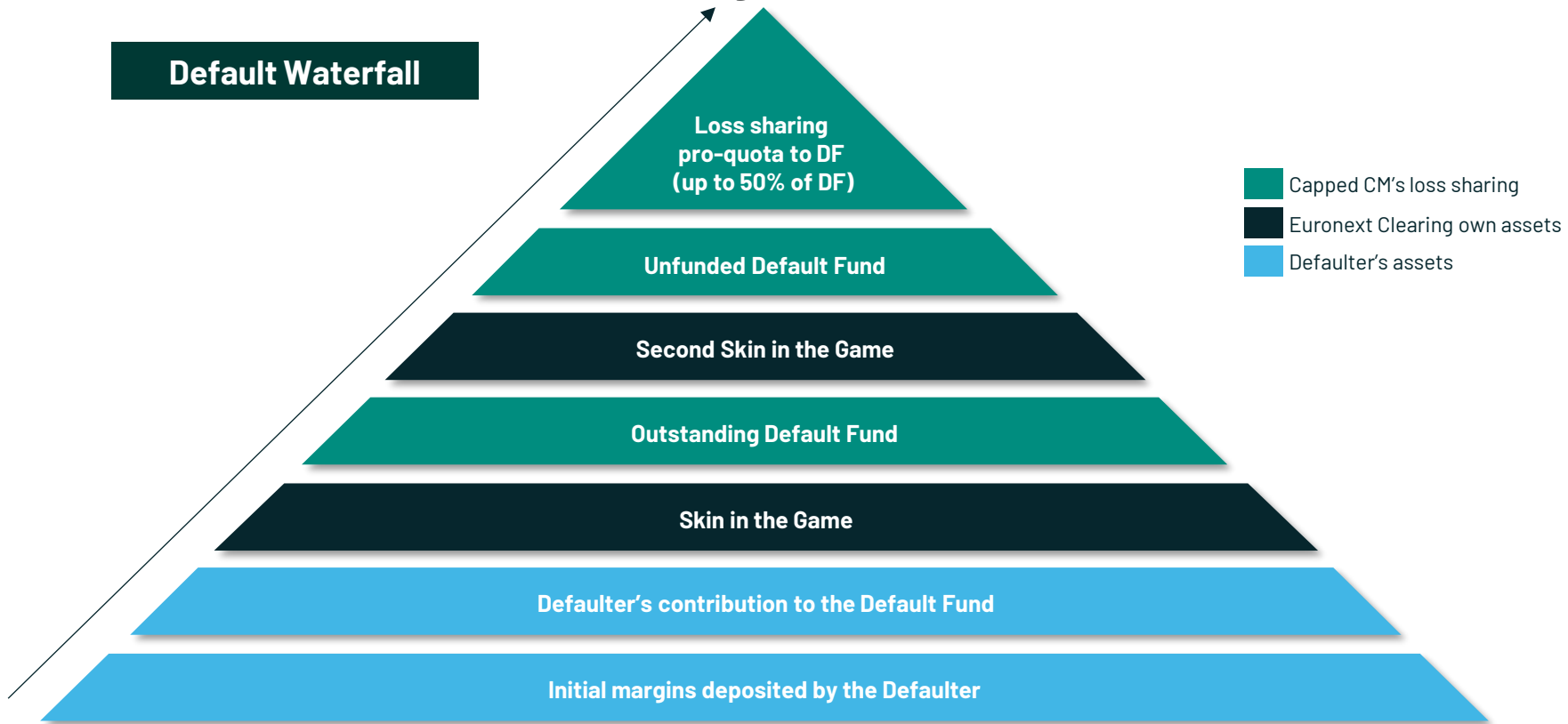
Average amount of margins & default fund contributions at Euronext Clearing



In October 2024

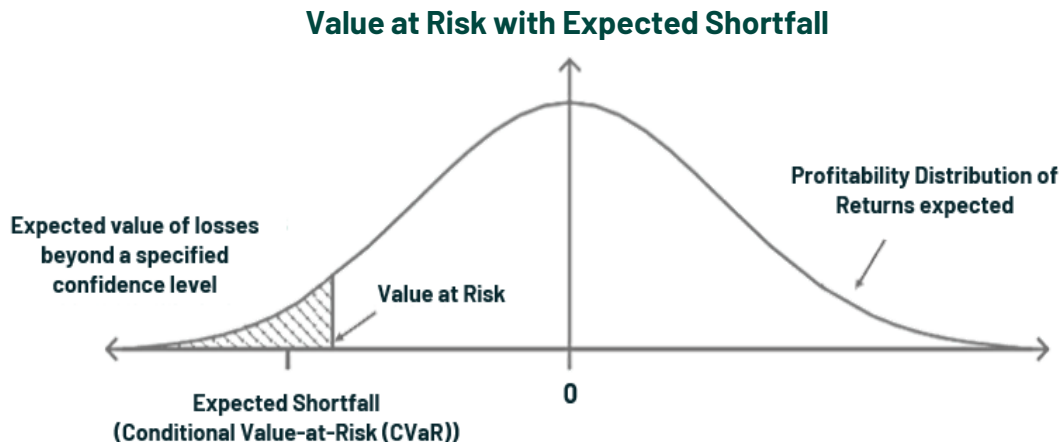
Overview of CCP functions: risk management

Default Waterfall



Overview of CCP functions: Value at Risk model

Euronext Clearing initial margin calculations relies on a Value at Risk (VaR) with Expected shortfall



The VaR is used to cover the maximal loss over a period of time in 99.5% of the cases

VaR model have become an industry standard and have replaced SPAN model as they offer more margin efficiencies

VaR model are also easier to replicate for clients, allowing them predict the level of margins required in specific volatility environment

How do we generate revenue and income with clearing

The overall profitability of the CCP business is determined by the Revenues/Costs dynamics with the following drivers:

Revenues

Main drivers

Fees

Effect

Revenues from fees related to transactions and clearing services.

Charge on

- Number of lots cleared;
- Number of transaction cleared;
- Volume of notional cleared;
- Number of settlements;
- Number of Clearing Members.

Expenses / Cash

Main drivers

OPEX

Definition

Operational expenses reflect the direct running costs of CCP activities.

Main drivers

- Staff costs;
- IT / network costs.

Net Treasury Income

Effect

Income generated from the investment of collateral. For cash, spread with €STR, for securities, management fees.

Metrics

- Volume of collateral;
- Type of collateral;
- Remuneration of collateral / management fees.

Regulatory Capital

Definition

Capital immobilized to offset clearing related risks.

Main Drivers

- 75% of OPEX;
- 15% of revenues;
- Exposure to market risk associated with cash collateral reinvestment.

Tomorrow, Euronext's comprehensive clearing capabilities will fuel further growth in high-potential asset classes

Growth tailwinds

Client need for **balance sheet optimisation** and **counterparty risk reduction** through CCP

Client demand for **European solutions**

Regulatory action mandating clearing for specific products

2027 roadmap

- **Launch a compelling European value proposition for repo clearing and collateral management** and leverage leading positioning on Italian Repos
- **Expand and diversify cash equity, equity derivatives as well as commodities derivatives franchises**
- **Expand the leadership of Nord Pool to derivatives contracts** trading and clearing, leveraging on Euronext's integrated value chain
- **Launch an innovative set of fixed income derivatives** leveraging on our strong fixed income Italian market footprint



II – Power derivatives deep dive

Camille Beudin



Storyline

1. Nord Pool at a glance

2. The power market

3. Nord Pool trading and settlement cycle

4. Energy growth areas

5. Power derivatives

NORD POOL

Nord Pool at a glance

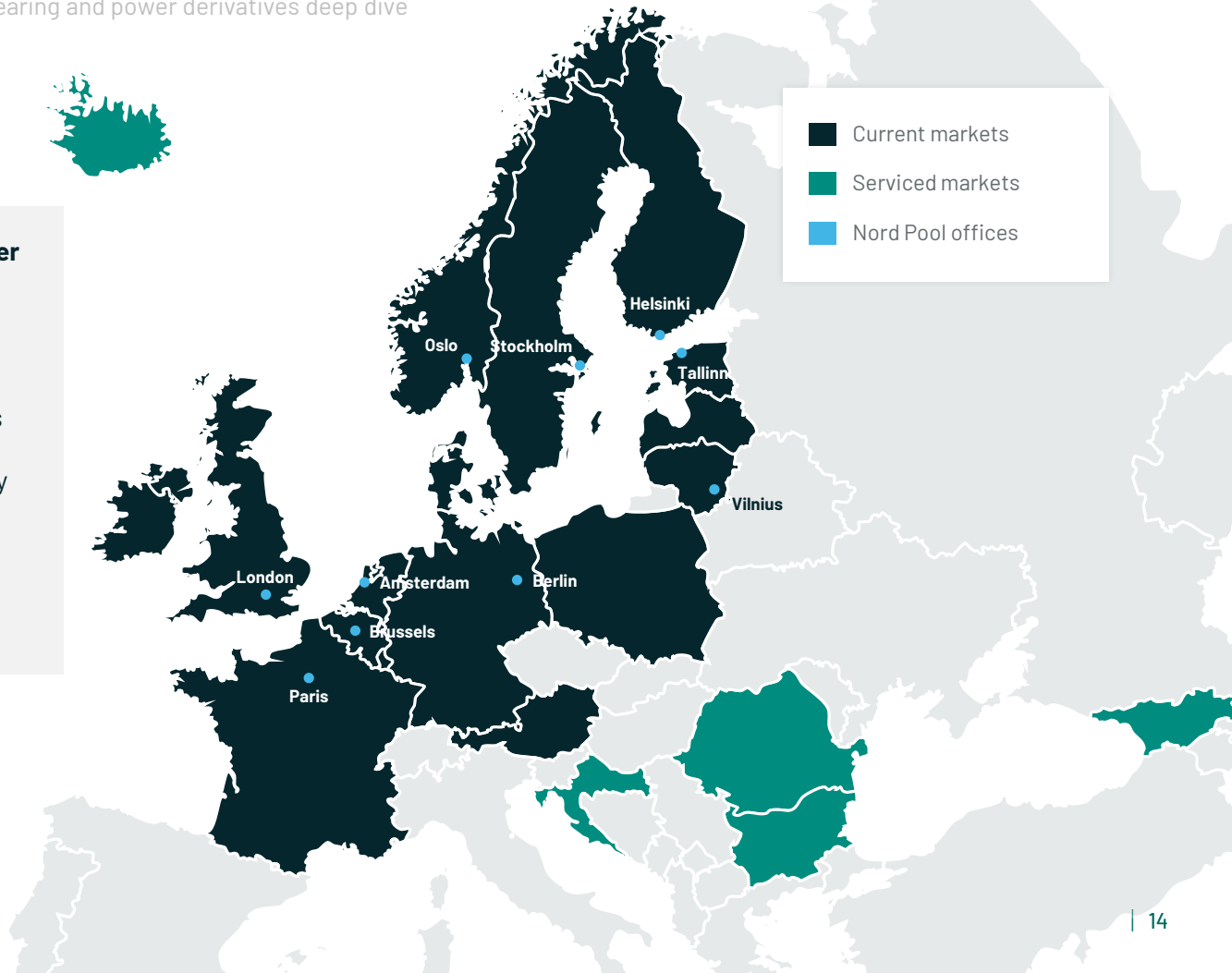
Pan-European marketplace for **power trading**, operating in **16 European countries**

Nord Pool offers:

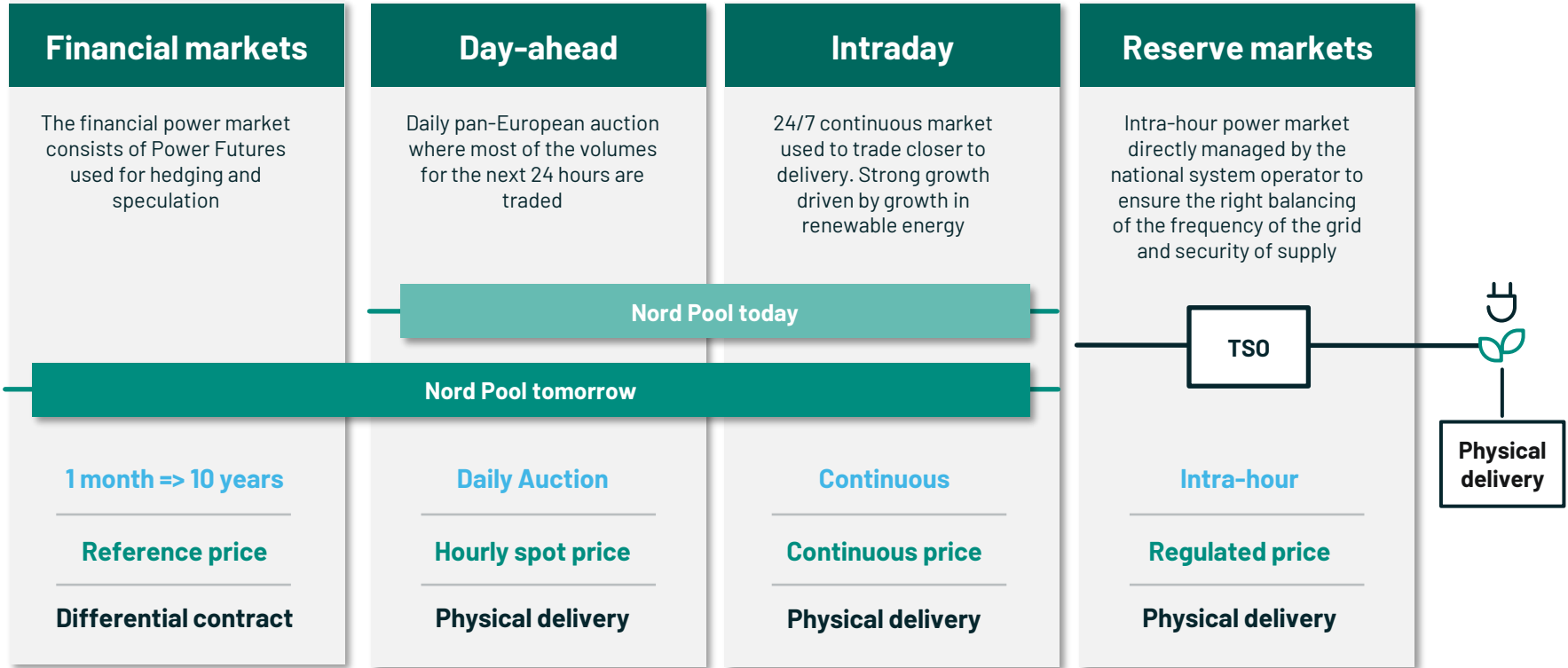
- Day-ahead and intraday **trading**
- **Clearing and settlement** services
- **Data subscriptions**
- **Consulting services** and academy

Nord Pool services **5 additional European countries**

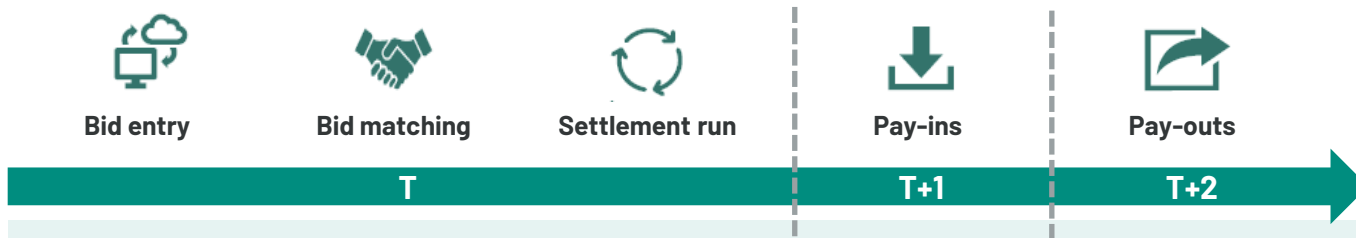
400+ customers from **20 countries** trade on Nord Pool's markets



Nord Pool plays a critical part in the wider electricity market



Nord Pool trading and settlement cycle



- Nord Pool is operating as the central counterparty to all trades
- Daily margin/collateral checks and calls for clients
- Collateral posted via bank guarantee, letter of credit or pledged account
- Cash in transit resulting to the settlement cycle with €65m on average for YTD 2024 as of September 2024, generating financial income and invested in central bank money

Nord Pool will continue to be a growth engine in the years to come

Contribution to the growth expected on all revenue contributors

Physical power trading

- Intraday trading
- Day Ahead trading
- Onboarding of new clients
- Penetration of new European countries

Energy data

- Energy data subscriptions
- Broader industry verticals

Services

- Trading technology solutions
- Services to Transmission System Operators
- Consulting and training services

Financial power trading

- Power derivatives trading and clearing
- Related ancillary revenue streams

Extending the Euronext commodity derivatives product portfolio by listing power derivatives

Cash-settled electricity futures



What it brings to Euronext

- Meaningful **opportunity to expand Nord Pool**, significantly **enlarging our total addressable market** for energy
- Natural combination of **Nord Pool energy expertise** and **Euronext ability to trade derivatives products**, enabled by **Euronext positioning on the entire value chain with Euronext Clearing**
- **New revenue creation** across the trading chain (trading, clearing, net treasury income, and data revenues)
- **Client test** to open in March 2025



Q&A



Anthony Attia

Global Head of
Derivatives and Post-
Trade



Camille Beudin

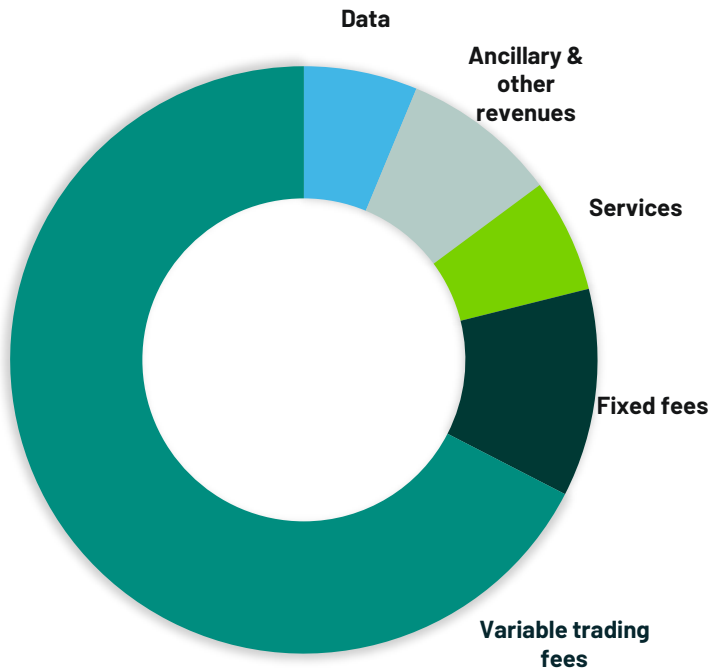
Head of Diversified
Services



Appendix

Nord Pool grew double digit since 2020

2024 LTM revenue and income



2020-2024 LTM performance indicators

12% CAGR
Trading revenue

x2.5
Data revenue

x2
Services revenue

x4
Intraday volume

x4
Data subscriptions

+14 percentage points
Intraday market share in
Western and Central Europe

A supportive outlook to the Nord Pool growth profile

		<i>GROWTH IMPACT</i>
Market dynamics	<ul style="list-style-type: none">• Electrification and energy transition• Renewables penetration• Electricity price volatility	High
Technology	<ul style="list-style-type: none">• Big data and analytics• Algorithmic trading	High
European market integration and regulation	<ul style="list-style-type: none">• Further electricity market integration• European market design harmonization	Moderate
Geopolitics and economies	<ul style="list-style-type: none">• Impact from cost of energy on national economies• Uncertainty around gas supply	High

NORD POOL



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