



EUROPEAN COMMISSION
DG Competition

***Case M.12278 - PARAMOUNT SKYDANCE /
WARNER BROS DISCOVERY***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004
MERGER PROCEDURE**

Article 6(1)(b) in conjunction with Art 6(2)
Date: 22/07/2026

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EUROPEAN COMMISSION

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PUBLIC VERSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

Paramount Skydance Corporation
1515 Broadway
New York, New York 10036
United States

**Subject: Case M.12278 – PARAMOUNT SKYDANCE / WARNER BROS
DISCOVERY**
**Commission decision pursuant to Article 6(1)(b) of Council Regulation
No 139/2004 ⁽¹⁾ and Article 57 of the Agreement on the European Economic
Area ⁽²⁾**

Dear Sir or Madam,

- (1) On 2 June 2026, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Paramount Skydance Corporation (**‘Paramount’** or the **‘Notifying Party’**, United States) intends to acquire sole control of Warner Bros. Discovery (**‘Warner’**, United States) (the **‘Transaction’**). ⁽³⁾ Paramount and Warner are designated hereinafter as the **‘Parties’**.

⁽¹⁾ OJ L 24, 29.1.2004, p. 1 (the **‘Merger Regulation’**). With effect from 1 December 2009, the Treaty on the Functioning of the European Union (**‘TFEU’**) has introduced certain changes, such as the replacement of ‘Community’ by ‘Union’ and ‘common market’ by ‘internal market’. The terminology of the TFEU will be used throughout this decision.

⁽²⁾ OJ L 1, 3.1.1994, p. 3 (the **‘EEA Agreement’**).

⁽³⁾ OJ C 3264, 17.6.2026.

1. THE PARTIES

- (2) **Paramount** is a US publicly listed global media, streaming and entertainment company that creates content and experiences for audiences worldwide, including films, television series, and animated content. Paramount's portfolio of brands and production assets include, among others, Paramount Pictures, Paramount Television, CBS, CBS News, CBS Sports, Nickelodeon, MTV, BET, Comedy Central, Showtime, Paramount+, Pluto TV and Skydance Media, LLC animation, interactive/games and sports divisions. In 2025, Paramount generated worldwide turnover of EUR 25.6 billion, of which EUR [details of the Parties' revenues] billion in the EEA.
- (3) **Warner** is a US publicly listed global media, streaming and entertainment company that creates and distributes a diverse portfolio of content and products across television, film, streaming and interactive gaming. Warner's portfolio of brands and production assets includes, among others, Discovery Channel, CNN, DC Studios, New Line Cinema, TNT Sports, Eurosport, Max, HBO, Warner Bros. Motion Picture Group, Warner Bros. Television Group, and Warner Bros. Games. In 2025, Warner generated worldwide turnover of EUR 33 billion, of which EUR [details of the Parties' revenues] billion in the EEA.

2. THE OPERATION AND CONCENTRATION

- (4) On 27 February 2026, Paramount and Warner executed a merger agreement pursuant to which Paramount will acquire all the shares in Warner for a cash consideration of approximately USD 110 billion (at a price of USD 31 per share). If the Transaction has not closed by 30 September 2026, Warner's shareholders will receive a USD 0.25 per share 'ticking fee' for each quarter (measured daily) until closing.
- (5) As a result of the Transaction, Paramount will acquire sole control over Warner. The Transaction constitutes a concentration within the meaning of Article 3(1)(b) Merger Regulation.

3. UNION DIMENSION

- (6) The undertakings concerned have a combined aggregate worldwide turnover of more than EUR 5 000 million (Paramount: EUR 25.6 billion; Warner: EUR 33 billion). Each of them has an EU-wide turnover in excess of EUR 250 million (Paramount: EUR [details of the Parties' revenues] billion; Warner: EUR [details of the Parties' revenues] billion), and neither of them achieves more than two-thirds of its aggregate EU-wide turnover within the same Member State. The notified operation therefore has a Union dimension.

4. INDUSTRY OVERVIEW

- (7) The audiovisual ('AV') industry has traditionally been split into: (i) the theatrical value chain, centred on feature films and cinema exhibition, and (ii) the AV value chain, focused on television and home entertainment. Content is distributed in each of the theatrical and AV value chains, along three different levels: the upstream, intermediate and downstream. Many operators are vertically integrated and active at more than one level.
- (8) **Theatrical value chain.** The upstream level encompasses the production of films intended for theatrical release and the licensing of those films for exploitation in cinemas, regardless of whether the producer distributes the film itself or licenses the distribution rights to a third-party distributor. The intermediate level covers the wholesale distribution

of films to cinemas, carried out either by independent third-party distributors, or through self-distribution by film producers. The downstream level includes the theatrical exhibition of films by cinemas.

- (9) **AV value chain.** The upstream level encompasses the production of content (e.g. series, TV shows) and the licensing-out of such content to companies active in the intermediate or downstream levels. The intermediate level covers the wholesale supply of TV channels to retail TV distributors. The downstream level includes the retail provision of AV services to end-customers primarily via (i) linear TV channels, and (ii) subscription video-on-demand platforms (**‘SVOD’**).
- (10) The market for AV content constitutes the upstream level of the AV value chain, encompassing both the production of AV content and the licensing of distribution rights to wholesale suppliers of TV channels, as well as retail providers of AV services. At this level of the AV value chain, production studios either produce *new* AV content commissioned and tailored to the needs of other market participants, or license-out *pre-produced* AV content which is available off-the-shelf. ⁽⁴⁾
- (11) The wholesale supply of TV channels constitutes the intermediate level between the upstream creation and licensing of AV content and the downstream retail distribution of AV content to end customers. At this level, wholesalers package AV content and associated broadcasting rights into linear and non-linear offerings for retail TV distributors. ⁽⁵⁾
- (12) The retail provision of AV services to end users constitutes the downstream level of the AV value chain which follows the upstream level for the production and licensing of AV content and the intermediate level for wholesale supply of TV channels. Retail suppliers of AV content include (i) TV distributors, including Multichannel Video Programming Distributors (**‘MVPDs’**), (ii) Over The Top (**‘OTT’**) providers delivering AV content online, and (iii) to a limited extent, in physical formats. ⁽⁶⁾
- (13) The AV value chain has been undergoing a significant structural change over the last years, as linear viewership is shifting towards non-linear services, especially SVOD services. The changing media consumption patterns have resulted in a decline in linear TV viewership and a corresponding increase in non-linear consumption of AV content. ⁽⁷⁾
- (14) The Parties are active on all levels of the theatrical and AV value chains except for theatrical exhibition (as they do not operate their own cinemas).

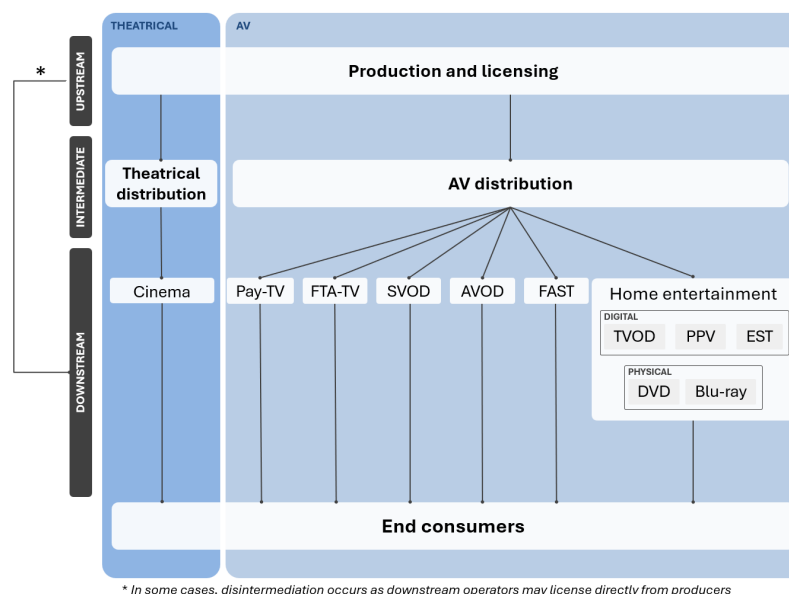
⁽⁴⁾ Form CO, paragraph 113.

⁽⁵⁾ Form CO, paragraph 182.

⁽⁶⁾ Form CO, paragraph 186.

⁽⁷⁾ Form CO, paragraph 183.

Figure 1: Simplified overview of the AV industry



Source: Form CO, paragraph 115

5. RELEVANT MARKETS

5.1. Introduction

- (15) The Parties' activities result in horizontal overlaps that give rise to affected markets in (i) the production and licensing of films for theatrical release, (ii) the distribution of films for theatrical release, (iii) the production and licensing of AV content, (iv) the wholesale supply of TV channels, and (v) the retail supply of AV services. ⁽⁸⁾ ⁽⁹⁾
- (16) The Transaction also results in vertical relationships between the Parties' business activities in some levels of the theatrical value chain and in some levels of the AV value chain. However, these vertical links do not give rise to affected markets in any EEA country. ⁽¹⁰⁾
- (17) Further, the Transaction results in conglomerate links in light of the Parties' activities in neighbouring markets in the AV value chain where the Parties' market share is 30% or more.

5.2. Production and licensing of films for theatrical release

- (18) Both Parties are active in the production and licensing of films for theatrical release.
- (19) Paramount is active in the production and licensing of films for theatrical release through the following studios and labels:
- (a) Paramount Pictures produces theatrical films across different genres. Skydance Live Feature Films – Skydance's former theatrical studio and co-production partner

⁽⁸⁾ The Parties' activities also overlap in the adjacent markets of (i) the supply of advertising space, (ii) the development and publishing of games and merchandise, and (iii) licensing of IP rights for merchandising, but these overlaps do not result in affected markets.

⁽⁹⁾ The Transaction results in affected markets only in the market for retail supply of SVOD services and no affected markets within any other sub-segmentations of the market for the retail supply of AV services.

⁽¹⁰⁾ For completeness, this decision will discuss the vertical link between the production and licensing of AV content (upstream) and retail supply of SVOD services (downstream).

to Paramount Pictures on several feature films – has been consolidated into Paramount Pictures.

- (b) Paramount Animation is the animation division of Paramount Pictures, producing theatrical animated feature films for family audiences.
 - (c) Paramount Primal (working name) is a new, dedicated lower-budget genre label, focused on horror and comedy films.
 - (d) Miramax is a joint venture between beIN Media Group and Paramount, holding 51% and 49%, respectively. Miramax is a film and television studio mainly producing dramas, as well as select commercial genre films, such as the ‘Halloween’ horror franchise. ⁽¹¹⁾
 - (e) Paramount Global Acquisitions may occasionally produce films but primarily identifies and secures third-party films for acquisition and distribution. It operates under the brand Republic Pictures ⁽¹²⁾
- (20) Warner is active in the production and licensing of films for theatrical release through the following studios and labels:
- (a) Warner Bros. Pictures produces theatrical films across different genres
 - (b) New Line Cinema is known for ‘The Lord of the Rings’ trilogy and, more recently, for developing and producing horror films
 - (c) Warner Bros. Pictures Animation produces theatrical animated feature films for family audiences.
 - (d) DC Studios specializes in developing both film and television content based on DC Comics ⁽¹³⁾ properties.
 - (e) specialty film label Clockwork, unveiled in April 2026, focuses on zeitgeist-driven films with innovative marketing campaigns. ⁽¹⁴⁾

5.2.1. *Product market definition*

5.2.1.1. Commission precedents

- (21) In previous decisions, the Commission has considered the question whether the production and licensing of films for theatrical release and the distribution of films for theatrical release constitute a single or two separate product markets. While in some cases the definition of the market was ultimately left open ⁽¹⁵⁾, in others the Commission found that the production/licensing and the distribution of films for theatrical release constitute two separate markets. ⁽¹⁶⁾

⁽¹¹⁾ Form CO, paragraphs 227 and 230-231.

⁽¹²⁾ Form CO, paragraph 229.

⁽¹³⁾ DC Comics is an US comic book publisher owned by Warner. Most of its published stories are set in the fictional DC Universe and feature famous heroic characters, such as Superman, Batman, Wonder Woman and the Flash.

⁽¹⁴⁾ Form CO, paragraphs 361-366.

⁽¹⁵⁾ Commission decision of 20 December 2012 in case M.6791 – *The Walt Disney Company/Lucasfilm*, paragraph 53; and Commission decision of 13 July 2010 in case M.5779 – *Comcast/NBC Universal*, paragraph 55.

⁽¹⁶⁾ Commission decision of 14 June 2013 in case M.6866 – *Time Warner/CME*, paragraph 152; Commission decision of 21 September 1998 in case M.1219 – *Seagram/Polygram*, paragraph 37.

- (22) In particular, in *Time Warner/CME*, the Commission considered that the production/licensing of films for theatrical distribution and the distribution of these films for theatrical release constitute two separate product markets. ⁽¹⁷⁾
- (23) More recently, in *The Walt Disney Company/Twenty-First Century Fox* and *Amazon/MGM*, the Commission defined two separate product markets: one for the production and licensing of distribution rights to third-party distributors, and one for the distribution of films to cinemas. ⁽¹⁸⁾ The Commission noted that simply producing a film cannot constitute a market before a market-based exchange, such as the distribution of a film, takes place. ⁽¹⁹⁾
- (24) The Commission has also considered – but left open – a further segmentation of the market between films produced by US film studios (hereafter also referred to as ‘US films’) and those produced by non-US film studios (hereafter also referred to as ‘non-US films’). ⁽²⁰⁾

5.2.1.2. The Notifying Party’s views

- (25) The Notifying Party does not express a view in the Form CO as regards the existence of a market for the production and licensing of films that would differ from the production and licensing of films to third-party distributors, as discussed in *Amazon/MGM* and *The Walt Disney Company/Twenty-First Century Fox*. ⁽²¹⁾

5.2.1.3. Commission’s assessment

- (26) The Commission found that while there are fully integrated film studios that produce and distribute their own content, not all content producers are distributors. Similarly, there are independent distributors that do not produce content, but operate solely at the distribution level, engaging directly with cinemas where the content producers are either unable or unwilling to do so. ⁽²²⁾ Having regard to the above, the Commission concludes that production and licensing on the one hand, and distribution of films for theatrical release, on the other hand, belong to separate relevant markets.
- (27) As regards a possible further sub-segmentation between US and non-US films, from a demand side most cinema operators consider that films by non-US film studios are never alternatives to films by US film studios. ⁽²³⁾ This is because, as a general matter, films from non-US studios do not generate the same level of admissions, box-office revenue or footfall as films from US studios, with the latter typically accounting for a vast majority of admissions. ⁽²⁴⁾ Further, it appears from the market investigation that films from US studios generally benefit from greater public recognition and substantially larger marketing budgets. ⁽²⁵⁾ Finally, it follows from the market investigation that US studios obtain better commercial terms in their negotiations with cinema operators than non-US

⁽¹⁷⁾ Commission decision of 14 June 2013 in case M.6866 – *Time Warner/CME*, paragraph 152.

⁽¹⁸⁾ Commission decision of 6 November 2018 in case M.8785 – *The Walt Disney Company/Twenty-First Century Fox*; Commission decision of 15 March 2022 in case M.10349 – *Amazon/MGM*,

⁽¹⁹⁾ Commission decision of 6 November 2018 in case M.8785 – *The Walt Disney Company/Twenty-First Century Fox*, paragraph 19; Commission decision of 15 March 2022 in case M.10349 – *Amazon/MGM*, paragraphs 83 and 87-88.

⁽²⁰⁾ Commission decision of 15 March 2022 in case M.10349 – *Amazon/MGM*, paragraph 88; Commission decision of 6 November 2018 in case M.8785 – *The Walt Disney Company/Twenty-First Century Fox*, paragraphs 21-22.

⁽²¹⁾ Form CO, paragraphs 442-443.

⁽²²⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question C.A.1.1.

⁽²³⁾ Replies to Questionnaire ‘Q1b Theatrical distribution value chain – cinemas’, question C.A.2.

⁽²⁴⁾ Replies to Questionnaire ‘Q1b Theatrical distribution value chain – cinemas’, question C.A.2.1.

⁽²⁵⁾ Replies to Questionnaire ‘Q1b Theatrical distribution value chain – cinemas’, question C.A.2.1.

studios, which reflects the two points made immediately above. ⁽²⁶⁾ That asymmetry is borne out by consumption data for the Union as a whole: films of US origin account for around two thirds of cinema admissions in the Union, whereas European films account for less than a third, and films originating in a European country other than that of release for a small fraction of admissions. ⁽²⁷⁾

- (28) Some market participants suggested that, within the market for the production and licensing of films for theatrical release, a narrower segment for high-budget or ‘blockbuster’ films should be distinguished. The Commission considers this is an element of differentiation that will be considered in the competitive assessment (paragraphs (201) and (210) and Table 2).

5.2.1.4. Conclusion

- (29) In light of the above, the Commission considers that, for the purposes of this decision, the production and licensing of films for theatrical release and the distribution of films for theatrical release constitute two separate product markets.
- (30) The question whether the market for the production and licensing of films for theatrical release should be further segmented based on whether the films were produced by US or non-US studios can be left open, since the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.
- (31) The Commission will assess the impact of the Transaction on the narrower market segment, i.e., the market for the production and licensing of US films for theatrical release, since the Parties are not active in the production and licensing of non-US films.

5.2.2. *Geographic market definition*

5.2.2.1. Commission precedents

- (32) In past decisions, the Commission found the geographic market for the production and licensing of films for theatrical release to likely be at least EEA-wide and possibly worldwide. ⁽²⁸⁾

5.2.2.2. The Notifying Party’s views

- (33) As explained at paragraph (25) above, the Notifying Party does not express a view in the Form CO as regards the existence of a market for the production and licensing of films, nor, therefore, on its geographic scope. ⁽²⁹⁾

⁽²⁶⁾ Replies to Questionnaire ‘Q1b Theatrical distribution value chain – cinemas’, questions D.A.4-2 and D.A.5-2.

⁽²⁷⁾ European Commission, Directorate-General for Communications Networks, Content and Technology, ‘*The European Media Industry Outlook 2025*’, Figure 25, page 45. On the basis of European Audiovisual Observatory data, films of US origin accounted for 66% of cinema admissions in the Union in 2023, national European films for 23%, European films originating in another European country for 6%, and films of other origin for 5%. These figures are compiled by origin of the work rather than by the origin of the producing studio, and are relied on here only as a general indication of relative consumption patterns, and not as a basis for the market shares set out in Section 6.3.1. The difference between national and non-national European films also illustrates why this decision does not take a position on whether films from non-US studios constitute a single market (see paragraph (55)).

⁽²⁸⁾ Commission decision of 20 December 2012 in case M.6791 – *The Walt Disney Company/Lucasfilm*, at paragraph 59; Commission decision of 13 July 2010 in case M.5779 – *Comcast/NBC Universal*, at paragraph 53; Commission decision of 21 September 1998 in case M.1219 – *Seagram/Polygram*.

⁽²⁹⁾ Form CO, paragraphs 442-443.

5.2.2.3. Commission's assessment

- (34) Most responding film studios, and all responding US film studios, consider that they compete with one another on a worldwide level, including in the EEA. ⁽³⁰⁾ As also explained by several respondents to the market investigation that expressed a view ('respondents'), studios compete globally for financing, screenplays and talent, as well as for audiences in cinemas. ⁽³¹⁾ No responding studio considered that US studios and non-US studios do not compete with one another. ⁽³²⁾
- (35) The Commission acknowledges that studios frequently license the theatrical rights to their films to third-party distributors on a territory-by-territory basis, and that respondents pointed in this regard to the need for marketing and versioning to reflect local linguistic and cultural specificities. ⁽³³⁾ However, respondents explained that sub-distributors are engaged where the studio does not have a local presence capable of serving a fragmented national exhibition market. ⁽³⁴⁾ The territorial scope of the licences granted therefore reflects the organisation of the downstream distribution of films to exhibitors, which is national in scope (Section 5.3), rather than the conditions of competition prevailing at the upstream level. The choice of the territories for which rights are granted is itself a commercial parameter determined by the studio, and the studios from which distributors in any given Member State source films are the same across the EEA. The Commission therefore considers that territorial licensing does not evidence national conditions of competition for the production and licensing of films for theatrical release from US studios.
- (36) Some respondents indicated that competition also takes place at national or regional level. Several non-US studios explained that, in the territories in which they are active, they compete with local producers as well as with US studios and with producers active in several countries. ⁽³⁵⁾ One US studio likewise explained that, alongside worldwide competition between major studios, local and regional producers compete for local-language and culturally specific content. ⁽³⁶⁾ These responses concern the production of local and local-language films. They are consistent with the segmentation retained in Section 5.2.1, and explain why the geographic scope of this market was left open in past decisions, which concerned an undifferentiated market encompassing both films from US studios and locally produced films. That consideration bears on the market for films from non-US studios and not on the market for films from US studios.

5.2.2.4. Conclusion

- (37) In light of the above, the Commission considers that, for the purposes of this decision, the geographic market for the production and licensing of US films for theatrical release is at least EEA-wide. It will therefore carry out the assessment of this market on an EEA-wide basis.

5.3. Distribution of films for theatrical release

- (38) Both Parties are active in the distribution of films for theatrical release.
- (39) Paramount self-distributes theatrical films to cinemas directly in France, Ireland and Spain, and indirectly (through United International Pictures, 'UIP', a joint venture

⁽³⁰⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question C.B.A.1.

⁽³¹⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question C.B.A.1.1.

⁽³²⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question C.B.A.1.

⁽³³⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', questions C.B.A.2 and C.B.A.2.1.

⁽³⁴⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question C.B.A.2.1.

⁽³⁵⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', questions C.B.A.1 and C.B.A.1.1.

⁽³⁶⁾ Reply to Questionnaire 'Q1a Theatrical distribution value chain', question C.B.A.1.1.

between Paramount and Universal) in Denmark, Hungary, Norway, Poland and Sweden. In the remaining EEA countries, Paramount relies on third-party distributors. ⁽³⁷⁾

- (40) In addition to Paramount's produced films, in some cases, Paramount distributes third-party films to cinemas for theatrical release in EEA countries where it self-distributes, either directly or through UIP. ⁽³⁸⁾
- (41) Warner distributes theatrical films through its in-house distribution arm in Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Poland, Spain, Sweden, Liechtenstein, and Norway.
- (42) In addition, for locally produced titles, Warner distributes titles produced by [details of the Parties' contractual relationship with third parties] (Italy), [details of the Parties' contractual relationship with third parties] (Germany) and [details of the Parties' contractual relationship with third parties] (Germany). In addition, titles produced by the studio [details of the Parties' contractual relationship with third parties] were distributed by Warner in the following EEA countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Poland, Spain, and Sweden and via Warner's licensees in the following countries: Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Portugal, Romania and Slovakia.
- (43) Further, [licensee AF] distributes theatrical films of Paramount in Liechtenstein.
- (44) In territories where Warner does not self-distribute, Warner relies on third-party distributors for the distribution of its feature films. ⁽³⁹⁾

5.3.1. *Product market definition*

5.3.1.1. Commission precedents

- (45) In previous decisions, the Commission has considered the question of whether the production and licensing and distribution of films for theatrical release constitute a single or two separate product markets. While in some cases the definition of the market was ultimately left open ⁽⁴⁰⁾, in others the Commission found that the production and licensing, on the one hand, and the distribution of films for theatrical release, on the other hand, constitute two separate markets. ⁽⁴¹⁾

5.3.1.2. The Notifying Party's views

- (46) For the reasons set out below, the Notifying Party submits that a distinction between self-distribution of films for theatrical release and the licensing thereof to third-party distributors is not warranted.
- (47) From a supply side, studios routinely choose between self-distribution and licensing to third-party distributors on a territory-by-territory basis. In practice, a studio may directly distribute in some countries while appointing a third-party distributor in other countries or may change distribution partners from time to time. Also, distribution agreements typically involve revenue-sharing arrangements (e.g., distribution fees as a share of total box office), aligning incentives across the value chain, recognizing the inherent risky

⁽³⁷⁾ Form CO, paragraphs 246, 258-261 and 271.

⁽³⁸⁾ Form CO, paragraph 272.

⁽³⁹⁾ Form CO, paragraphs 386-392.

⁽⁴⁰⁾ Commission decision of 20 December 2012 in case M.6791 – *The Walt Disney Company/Lucasfilm*, paragraph 53; and Commission decision of 13 July 2010 in case M.5779 – *Comcast/NBC Universal*, paragraph 55.

⁽⁴¹⁾ Commission decision of 14 June 2013 in case M.6866 – *Time Warner/CME*, paragraph 152; Commission decision of 6 November 2018 in case M.8785 – *The Walt Disney Company/Twenty-First Century Fox*, paragraphs 30-32.

nature of film production and distribution, and reflecting economic integration rather than separation.

- (48) From a demand side, first, cinemas seek timely access to titles that will draw audiences. Their decisions turn on expected title performance, not on whether a title is distributed directly by a studio or via a licensed distributor. Second, cinemas apply similar negotiating criteria, commitments and revenue-splits whether dealing with a studio directly or with a licensed distributor, which typically handles the studio's entire slate in a given territory. Third, booking and programming decisions by cinemas respond to the same commercial considerations whether they contract directly with a studio or with a licensed distributor. ⁽⁴²⁾
- (49) The Notifying Party also considers a potential segmentation between films produced by US studios and those produced by non-US studios unwarranted, for the following reasons:
- (50) From the supply-side perspective, US and non-US studios compete in similar ways, for example, releasing films theatrically and using marketing to raise awareness of a new release across the EEA. Further, co-productions and financing partnerships between US and non-US studios are common and further blur any line between US and non-US films.
- (51) From the demand-side perspective, first, the film industry is inherently global. US and non-US films generally compete for the same audience and screen time, with cinemas curating diverse slates and distributors (including local ones) handling films from both US and non-US studios. Second, audience demand is primarily driven by story, genre, cast, rather than the geographic location of the film studio that produced the film. Third, ticket prices at cinemas do not depend on whether a film is produced by a US or non-US studio, demonstrating that consumers view these films as interchangeable. Fourth, box office depends on factors such as quality and marketing spend rather than whether the film originates from a US vs. non-US studio. Fifth, reviews and critical acclaim – which influence consumer choice – are evaluated without regard to production origin. ⁽⁴³⁾
- (52) In any event, the Notifying Party submits that the precise market definition can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition. ⁽⁴⁴⁾

5.3.1.3. Commission's assessment

- (53) Most studios and distributors that responded to the Commission's market investigation consider that there is a separate market for the distribution of films to cinemas. ⁽⁴⁵⁾ Further, the Commission considers that it would be artificial to segment this market per distribution route, that is distribution either directly by film studios or through licenses granted to third-party distributors. In this respect the Commission also notes that in both cases it is the studio that determines the commercial strategy of its films and retains final approval over key parameters, and the distributor implements that strategy at the studio's direction. ⁽⁴⁶⁾ Similarly, from a demand side perspective, it does not matter for a cinema whether it licenses the film from a distributor or the film studio itself.
- (54) As regards a segmentation of the market for the distribution of films to cinemas between films from US studios and films from non-US studios, most studios that responded to the market investigation have indicated that they compete with all film studios, wherever

⁽⁴²⁾ Form CO, paragraphs 444-446.

⁽⁴³⁾ Form CO, paragraphs 447-449.

⁽⁴⁴⁾ Form CO, paragraphs 456-457.

⁽⁴⁵⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question C.A.1.

⁽⁴⁶⁾ Response to RFI 24, Questions 8(a) and 9(b).

they are based. ⁽⁴⁷⁾ Similarly, most distributors that responded to the market investigation consider films produced by US studios to be alternatives to films produced by non-US studios at the distribution level. ⁽⁴⁸⁾ However, as explained above at paragraph (27), from the perspective of cinemas, non-US films are not alternatives to US films because, as a general matter, non-US films do not generate the same level of admissions, box-office revenue or footfall as US films.

5.3.1.4. Conclusion

- (55) In light of the above, the Commission considers that, for the purposes of this decision, the distribution of films to cinemas constitutes a separate market and that this market should be further segmented between US films and non-US films. This decision does not take a position on whether films from non-US studios constitute a single market or several since the Parties are not active on any such market or segment.

5.3.2. *Geographic market definition*

5.3.2.1. Commission precedents

- (56) The Commission has previously considered the market for the distribution of films to cinemas as national, and, in some cases, regional, based on considerations such as language differences or the fact that distribution is often carried out on a national basis. ⁽⁴⁹⁾

5.3.2.2. The Notifying Party's views

- (57) The Notifying Party agrees with the Commission's view. In any event, the Notifying Party submits that the geographic scope of the market can be left open, as the Transaction does not raise serious doubts under any plausible market definition. ⁽⁵⁰⁾

5.3.2.3. Commission's assessment

- (58) Most studios and distributors that responded to the Commission's market investigation have indicated that film distribution takes place on a national basis. ⁽⁵¹⁾ Similarly, most cinemas that responded to the market investigation have indicated that they acquire the right to screen films in their cinemas on a national basis. ⁽⁵²⁾

5.3.2.4. Conclusion

- (59) In light of the above, the Commission considers that, for the purposes of this decision, the market for the distribution of both US films and non-US films to cinemas is national in scope.

5.4. **Production and licensing of AV content**

- (60) Both Paramount and Warner are active in the production and licensing of AV content.
- (61) Paramount is active in the production and licensing of AV content primarily through its TV Media and Studios segments. Paramount supplies films (following theatrical release) and television programming, including scripted and unscripted content. In the EEA,

⁽⁴⁷⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', questions C.A.3 and C.A.4.

⁽⁴⁸⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question C.A.5.

⁽⁴⁹⁾ Commission decision of 6 November 2018 in case M.8785 – *The Walt Disney Company/Twenty-First Century Fox*, paragraphs 34 and 36; Commission decision of 14 June 2013 in case M.6866 – *Time Warner/CME*, paragraph 156.

⁽⁵⁰⁾ Form CO, paragraph 458.

⁽⁵¹⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', questions C.B.A.3 and C.B.A.4.

⁽⁵²⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question C.B.1.

Paramount also licenses news content on a limited basis and has secured certain sports rights. As a vertically integrated player, Paramount produces AV content for captive use through its own wholesale and retail distribution services, while also licensing pre-produced AV content and producing commissioned content for third parties. Its main production activities are carried out through CBS Studios, Paramount Television Studios and Paramount Pictures. Paramount is also active, to a lesser extent, on the demand side through the acquisition of distribution rights to third-party AV content for use on its TV channels and VOD services. ⁽⁵³⁾

- (62) Warner is active in the production and licensing of AV content primarily through its studios business segment. Warner produces AV content primarily for captive use on its own networks and SVOD services, while also licensing pre-produced AV content to and producing commissioned content for third-party broadcasters and streaming platforms. Its main production activities are carried out through Warner Bros. Television, Warner Bros. Unscripted Television, Warner Bros. Animation, Cartoon Network Studios, HBO and Warner Bros. International Television Production. Warner is also active, to a lesser extent, on the demand side through the licensing and commissioning of third-party AV content for its own services. ⁽⁵⁴⁾

5.4.1. Product market definition

5.4.1.1. Commission precedents

- (63) The Commission has previously concluded that there are separate markets for: (i) the production of commissioned AV content (also referred to as *ad hoc* or new content); and (ii) the licensing of pre-produced AV content (available off-the-shelf) ⁽⁵⁵⁾.
- (64) With regard to the market for production of commissioned AV content, the Commission found the product market to be limited to non-captive AV production, thereby excluding captive AV production (*i.e.*, AV content produced by broadcasters for use on their own TV channels), as this AV content is not offered on the market ⁽⁵⁶⁾.
- (65) For both the market for pre-produced AV content and the market for commissioned AV content, the Commission has considered but ultimately left open further segmentations: (i) by content type (*i.e.*, films, sports, and other AV content), and (ii) by exhibition window (free-to-air “FTA”, pay TV/SVOD). ⁽⁵⁷⁾
- (66) The Commission previously also considered a potential distinction between the acquisition of content to be incorporated into linear TV channels and non-linear AV

⁽⁵³⁾ Form CO, paragraph 264-269.

⁽⁵⁴⁾ Form CO, paragraph 381.

⁽⁵⁵⁾ Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, paragraph 86(publication pending); 7 April 2017 in case M.8354 – *Fox/Sky*, paragraph 54; Commission decision of 24 February 2015 in case M.7194 – *Liberty Global/Corelio/W&W/De Vijver Media*, paragraph 69; Commission decision of 6 November 2018 in case M.8785 – *The Walt Disney Company/Twenty-First Century Fox*, paragraph 67; Commission decision of 26 August 2020 in case M.9299 – *Discovery/Polsat/JV*, paragraph 50; Commission decision of 22 December 2021 in case M.10343 – *Discovery/Warner Media*, paragraphs 21 and 22.

⁽⁵⁶⁾ Commission decision of 15 March 2022 in case M.10349 – *Amazon/MGM*, paragraph 24; Commission decision of 22 December 2021 in case M.10343 – *Discovery/Warner Media*, paragraphs 16, 21 and 25; Commission decision of 7 April 2017 in case M.8354 – *Fox/Sky*, paragraph 54; Commission decision of 24 February 2015 in case M.7194 – *Liberty Global/Corelio/W&W/De Vijver Media*, paragraph 69.

⁽⁵⁷⁾ Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, paragraph 86 (publication pending); Commission decision of 22 December 2021 in case M.10343 – *Discovery / Warner Media*, paragraph 22; Commission decision of 30 June 2020 in case M. 9676 – *Lov Group/Banijay/ESG*, paragraphs 24 and 26; Commission decision of 15 March 2022, in case M.10349 – *Amazon/MGM*, paragraph 24 and 26.

services, but the Commission found that such a potential segmentation between linear and non-linear AV content would not be appropriate. ⁽⁵⁸⁾

- (67) In what concerns films, the Commission considered distinguishing between (i) US and non-US films, (ii) premium and non-premium content and (iii) by exhibition window ((i) pay TV/SVOD – first exhibition window; (ii) pay TV/SVOD – second exhibition window; (iii) TVOD; (iv) Pay-per-view “PPV”; and (v) FTA). ⁽⁵⁹⁾

5.4.1.2. The Notifying Party’s views

- (68) The Notifying Party submits that the production and supply of commissioned AV content and the licensing of pre-produced AV content belong to the same product market. ⁽⁶⁰⁾
- (69) From a supply-side perspective, the same studios deploy the same infrastructure and creative talent across both activities and can readily switch between the two models without incurring significant additional costs. ⁽⁶¹⁾ From a demand-side perspective, acquirers of AV content operate a unified content budget and continuously arbitrate between in-house production, co-production, commissioning and licensing based on slate needs, editorial strategy, timing, exclusivity and expected return on investment, with audience demand driven by whether content is new to the viewer rather than by its mode of acquisition. ⁽⁶²⁾ The Notifying Party further notes that the industry has shifted towards greater content ownership, further blurring the boundary between in-house production, commissioning and acquisition of pre-produced content. ⁽⁶³⁾
- (70) Considering a hypothetical market for pre-produced AV content (separate from commissioned content), the Notifying Party considers that the market does not need to be further segmented according to the exhibition window since first and second exhibition windows distinction is increasingly outdated and arrangements vary across studios, countries and over time. ⁽⁶⁴⁾
- (71) Further, the Notifying Party considers that the market does not need to be sub-segmented according to the type of content. The Notifying Party claims that a segmentation between films and TV content is not warranted as both formats increasingly rely on the same talent, production resources and commercial considerations. ⁽⁶⁵⁾
- (72) Further, the Notifying Party does not consider it appropriate to segment further between US and non-US films, given the convergence of distribution channels and production models, and the fact that audience demand is driven primarily by content rather than geographic origin. ⁽⁶⁶⁾
- (73) Finally, as regards a segmentation between premium and non-premium pre-produced AV content, the Notifying Party submits that such a segmentation is not warranted. The Notifying Party considers that the distinction is inherently subjective and that both categories compete for the same customers, are supplied by the same studios and are

⁽⁵⁸⁾ Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, paragraph 86 (publication pending).

⁽⁵⁹⁾ Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, paragraph 86 (publication pending); Commission decision of 15 March 2022 in case M.10349 – *Amazon/MGM*, paragraph 25; Commission decision of 22 December 2021, in case M.10343 – *Discovery/Warner Media*, paragraph 23; and Commission decision of 7 April 2017, in case M.8354 – *Fox/Sky*, paragraph 55.

⁽⁶⁰⁾ Form CO, paragraph 403.

⁽⁶¹⁾ Form CO, paragraph 404.

⁽⁶²⁾ Form CO, paragraph 405.

⁽⁶³⁾ Form CO, paragraph 406.

⁽⁶⁴⁾ Response to RFI 8, paragraph 21.

⁽⁶⁵⁾ Form CO, paragraphs 411-413.

⁽⁶⁶⁾ Form CO, paragraphs 414-416.

consumed alongside one another, with audience demand driven primarily by content characteristics rather than any premium classification. ⁽⁶⁷⁾

- (74) In any event, the Notifying Party considers that it is not necessary for the Commission to reach a conclusion on the exact market definition as the Transaction does not raise serious doubts as to its compatibility with the internal market under any hypothetical market definition.

5.4.1.3. Commission's assessment

- (75) Given that affected markets arise only on narrow markets for the licensing of pre-produced US films to FTA on the one hand, and to pay TV/SVOD on the other hand, the Commission's market investigation focused on whether the licensing of pre-produced AV content constitutes a separate market from the production of commissioned AV content and to what extent these segmentations are relevant.
- (76) The Commission's market investigation confirmed that the product market for production and licensing of AV content should be further segmented, having confirmed the possible market segmentations in the Commission precedents (as per Section 5.4.1.1.) as explained below.
- (77) First, the majority of respondents who expressed a view considered there are separate markets for commissioned AV content and pre-produced AV content. ⁽⁶⁸⁾ Respondents noted that both markets are characterised by different pricing mechanisms and competitive conditions. One respondent explained that *'these two types of content differ in terms of pricing, negotiation processes, exclusivity, and competitive conditions'* and that *'treating them as separate product markets is appropriate'*. ⁽⁶⁹⁾ Nevertheless, some respondents noted that the emergence of vertically integrated streaming services and the increasing importance of exclusive rights have significantly blurred the boundary between the two categories. ⁽⁷⁰⁾ The involvement of an acquirer in the creation of a work also occurs along a spectrum, from a limited pre-sales contribution to full financing with ownership of the intellectual property, so that the characterisation of a work under either heading is not always clear-cut. ⁽⁷¹⁾
- (78) Second, the majority of respondents considers that the market for the licensing of pre-produced AV content should be limited to non-captive content. ⁽⁷²⁾ As one respondent explained, *'a significant and increasing share of pre-produced content is now held back for exclusive, in-house exploitation by vertically integrated players'*.
- (79) Third, the majority of respondents to the market investigation indicated that the market for the licensing of pre-produced AV content should be further segmented by content type: (i) films, (ii) sports, and (iii) other AV content (including series, reality shows, kids shows, etc.) ⁽⁷³⁾ as well as between (i) FTA, and (ii) pay TV, including SVOD. ⁽⁷⁴⁾ Respondents noted that FTA broadcasters and pay TV/SVOD operators continue to rely on different business models, acquisition strategies and monetisation mechanisms. At the same time, some respondents observed an increasing convergence between certain

⁽⁶⁷⁾ Form CO, paragraphs 418-420.

⁽⁶⁸⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.B.1.

⁽⁶⁹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.B.1.1.

⁽⁷⁰⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.B.1.1.

⁽⁷¹⁾ European Commission, Directorate-General for Communications Networks, Content and Technology, *'The European Media Industry Outlook 2023'*, Publications Office of the European Union, Luxembourg, 2023, reporting the results of a targeted consultation of over 300 producers and over 50 broadcasters and streaming services in the Union on commissioning and acquisition practices.

⁽⁷²⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.B.2.

⁽⁷³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.B.3.

⁽⁷⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.B.4.

SVOD services and traditional FTA offerings. Several respondents observed that hybrid business models combining advertising-funded and subscription-based revenues have become increasingly common and that content is frequently exploited across both segments through windowing strategies. ⁽⁷⁵⁾

- (80) Fourth, as regards the licensing of pre-produced films, the majority of respondents consider both US and non-US films are part of the same market. The majority of respondents explained that US and non-US films are broadly substitutable, noting that they are often acquired through similar licensing processes and evaluated according to audience appeal, editorial fit, window availability and price rather than origin alone. Nevertheless, some respondents also submitted that US films and non-US films fulfil different strategic functions for broadcasters and SVOD providers. In particular, they argued that major US studio productions often benefit from substantial production budgets, extensive international marketing campaigns and proven commercial success, making them especially valuable for audience attraction and subscription acquisition. One respondent submitted that US films and non-US films serve ‘*entirely different strategic purposes for broadcasters and SVOD platforms*’ and that the absence of premium US films ‘*cannot readily be offset by acquiring more local or European films*’. Other respondents highlighted differences in international appeal, pricing, audience expectations and regulatory requirements applicable to European works. However, some of those respondents also indicated that the distinction has become increasingly blurred. ⁽⁷⁶⁾
- (81) Fifth, as regards the licensing of pre-produced films, the majority of respondents considered that a segmentation based on exhibition windows ((i) pay TV/SVOD – first exhibition window; (ii) pay TV/SVOD – second exhibition window; (iii) TVOD; (iv) PPV; and (v) FTA) remains either entirely or at least partially accurate. For those respondents that considered the windows were only partially accurate, the results of the market investigation remain inconclusive as regards what alternative windows would be more suitable. ⁽⁷⁷⁾
- (82) Respondents generally considered that different exhibition windows continue to have distinct economic value, marketing characteristics and exclusivity conditions. For instance, one respondent indicated ‘*The distinction remains broadly accurate, as different windows (first vs second pay-TV/SVoD, TVoD, PPV, FTA) still reflect distinct licensing strategies, pricing models, and degrees of exclusivity*’. ⁽⁷⁸⁾
- (83) At the same time, respondents pointed to important changes in content distribution strategies. In particular, respondents highlighted that the growing role of (vertically integrated) SVOD platforms, the shortening of theatrical exclusivity periods (in favour of other windows in the AV value chain) and the increasing (flexibility of the) exploitation of content across multiple distribution channels, have significantly blurred the boundaries between these traditional sequential windows as well as lead to some overlaps between windows. As one respondent noted, ‘*major content owners increasingly license and exploit content across multiple distribution channels and windows throughout the content lifecycle*’. ⁽⁷⁹⁾ For instance, a content provider may choose to align a film release on TVOD with availability on its own streaming platform. Another respondent indicated, ‘*[...] the rise of vertically integrated direct-to-consumer ("D2C") SVoD services has significantly eroded the traditional windowing sequence: films are increasingly released directly (or very shortly) on the rights owner's own SVoD*

⁽⁷⁵⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.B.4.1.

⁽⁷⁶⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.B.5.

⁽⁷⁷⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.B.6.

⁽⁷⁸⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.B.6.1.

⁽⁷⁹⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.B.6.1.

service (e.g. Netflix, HBO Max, SkyShowtime, Paramount+), bypassing or drastically compressing the classic windows. The distinction between a "first" and a "second" pay-TV/SVoD exhibition window in particular has become increasingly blurred. A segmentation built on a rigid sequence of exhibition windows therefore no longer fully reflects current market reality'.⁽⁸⁰⁾

- (84) Several respondents confirmed that SVOD and pay TV would be part of the same exhibition window.⁽⁸¹⁾

5.4.1.4. Conclusion

- (85) In light of the above, the Commission considers that, for the purposes of this decision, it is appropriate to consider a potential segmentation between the licensing of pre-produced AV content and the production of commissioned AV content.
- (86) Concerning all other potential segmentations, the Commission considers that the precise product market definition for the production and licensing of AV content may be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any potential product market definition, as the below assessment considering each of the potential market segmentations presented above shows.

5.4.2. Geographic market definition

5.4.2.1. Commission precedents

- (87) The Commission has previously considered the geographic market for the licensing of AV content (including potential segmentations) as either national or regional, based on linguistically homogeneous areas.⁽⁸²⁾

5.4.2.2. The Notifying Party's views

- (88) The Notifying Party submits that the precise scope of the geographic market for the production and licensing of AV content can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition.⁽⁸³⁾

5.4.2.3. Commission's assessment

- (89) The majority of respondents to the market investigation that expressed a view consider that competition in the production and licensing of AV content market takes place at the national level.⁽⁸⁴⁾

5.4.2.4. Conclusion

- (90) In light of the above, the Commission considers that, for the purposes of this decision, the geographic scope of the market for the production and licensing of AV content can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any potential geographic market definition, whether national

⁽⁸⁰⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.B.6.1.

⁽⁸¹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.B.6.1.

⁽⁸²⁾ Commission decision of 7 April 2017 in case M.8354 – *Fox/Sky*, paragraph 69; Commission decision of 26 August 2020 in case M.9299 – *Discovery/Polsat/JV*, paragraph 54; Commission decision of 22 December 2021 in case M.10343 – *Discovery/Warner Media*, paragraphs 28-29; and Commission decision of 15 March 2022 in case M.10349 – *Amazon/MGM*, paragraphs 39-40.

⁽⁸³⁾ Form CO, paragraph 525.

⁽⁸⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.B.1.

or EEA-wide.⁽⁸⁵⁾ However, for the purposes of this decision, the Commission will conduct an assessment considering potential national markets.

5.5. Wholesale supply of TV channels

- (91) Both Paramount and Warner are active in the wholesale supply of TV channels.
- (92) Paramount's TV channels feature a mix of entertainment, films, and children's programming. In the EEA, Paramount's TV channels include, among others, Nickelodeon, Nick Jr., Nicktoons, Comedy Central, MTV, Super!, and SkyShowtime (a joint venture between Paramount and Comcast).⁽⁸⁶⁾
- (93) Warner offers a number of TV channels, including films, sports, children's, lifestyle, and factual programming. In the EEA, Warner's main channels include HBO, Cinemax, CNN International, Discovery Channel, Discovery History, Discovery Life, Animal Planet, Travel Channel, Food Network, HGTV, TLC, Cartoon Network, Cartoonito, Boomerang, Eurosport, and TNT Sports.⁽⁸⁷⁾

5.5.1.1. Commission precedents

- (94) In previous decisions, the Commission identified a separate product market for the wholesale supply of TV channels,⁽⁸⁸⁾ consisting in the packaging of AV content (produced or acquired) into TV channels, which are supplied by wholesale suppliers of TV channels to retail TV distributors/MVPDs.
- (95) Within this market, the Commission has considered a distinction between FTA TV channels and pay TV channels.⁽⁸⁹⁾ In addition, the Commission considered that the segment for pay TV channels may be sub-segmented into premium pay TV channels and basic pay TV channels.⁽⁹⁰⁾ In certain cases, the Commission considered that FTA channels might form part of the same market as basic pay TV channels.⁽⁹¹⁾
- (96) Furthermore, the Commission also examined, but ultimately left open, whether the following additional segmentations would be appropriate: (i) by genre/thematic content

⁽⁸⁵⁾ At EEA-wide level, the Parties' combined shares do not give rise to any affected markets in any possible sub-segmentations of the market for the production of AV content.

⁽⁸⁶⁾ Form CO, paragraph 326.

⁽⁸⁷⁾ Form CO, paragraph 419-420.

⁽⁸⁸⁾ Commission decision of 18 July 2019 in case M.8864 – *Vodafone/Certain Liberty Global Assets*, paragraphs 269-276; Commission decision of 30 May 2018 in case M.7000 – *Liberty Global/Ziggo*, paragraphs 99-115; Commission decision of 7 April 2017 in case M.8354 – *Fox/Sky*, paragraphs 76-85; Commission decision of 20 September 2013 in case M.6990 – *Vodafone/Kabel Deutschland*, paragraphs 30-41.

⁽⁸⁹⁾ Commission decision of 20 September 2013 in case M.6990 – *Vodafone/Kabel Deutschland*, paragraphs 34, 39 and 41; Commission decision of 18 July 2019 in case M.8864 – *Vodafone/Certain Liberty Global Assets*, paragraphs 271 and 273; Commission decision of 6 February 2018 in case M.8665 – *Discovery/Scripps*, paragraphs 18-21; Commission decision of 1 December 2022 in case M.10456 – *Sky/Viacom/JV*, paragraphs 42, 47 and 52.

⁽⁹⁰⁾ Commission decision of 12 November 2019 in case M.9064 – *Telia Company/Bonnier Broadcasting Holding*, paragraph 157; Commission decision of 30 May 2018 in case M.7000 – *Liberty Global/Ziggo*, paragraphs 112-115; Commission decision of 7 April 2017 in case M.8354 – *Fox/Sky*, paragraphs 76, 81 and 85.

⁽⁹¹⁾ Commission decision of 18 August 2014 in case M.7194 – *Liberty Global/Corelio/W&W/De Vijver Media*, paragraphs 90-91 and 101; Commission decision of 12 November 2019 in case M.9064 – *Telia Company/Bonnier Broadcasting Holding*, paragraphs 158-159.

(films, sports, news, children and general entertainment), ⁽⁹²⁾ and (ii) between linear and non-linear services. ⁽⁹³⁾ ⁽⁹⁴⁾

5.5.1.2. The Notifying Party's views

- (97) The Notifying Party submits that there is, at least, a single overall market for the wholesale supply of TV channels, and that no segmentation should be made between (i) FTA and pay TV channels; (ii) basic and premium pay TV channels; (iii) genre; or (iv) linear and non-linear services. ⁽⁹⁵⁾
- (98) Furthermore, the Notifying Party submits that, even the overall market for the wholesale supply of TV channels does not accurately capture the competitive dynamics in the industry. This is because the popularity of linear TV is in sustained decline as linear consumption is shifting at scale to non-linear viewing alternatives, mainly SVOD/VOD services. SVOD/VOD services are now routinely promoted and offered by retail TV distributors/MVPDs alongside linear TV channel portfolios. Equally, retail TV distributors/MVPDs increasingly integrate, and weigh SVOD/VOD offers in wholesale carriage negotiations. As a result, the delineation of a relevant product market including only linear TV channels substantially understates the competitive constraints by SVOD/VOD services under which wholesale suppliers of linear TV channel operate. ⁽⁹⁶⁾
- (99) As regards the potential segmentation of the overall market for the wholesale supply TV channels into pay TV channels and FTA TV channels, the Notifying Party submits that such a segmentation is not warranted. From a supply side perspective: *first*, pay TV and FTA TV channels compete for and show similar content, such that FTA TV wholesale operators frequently acquire AV content rights in competition with pay TV wholesale operators; *second*, often the same channel brand (with substantially the same programming) can be broadcasted in either FTA TV or pay TV form; *third*, often the same wholesale supplier of TV channels offers both FTA TV and pay TV channels within the same EEA country. From a demand side perspective: *first*, negotiations for the acquisition of TV channels often cover both FTA TV and pay TV channel portfolios; *second*, pay TV subscribers generally have access to FTA TV channels, which constrains the willingness of retail TV distributors/MVPDs to pay for pay TV channels when strong FTA TV channels address the same audience needs. ⁽⁹⁷⁾

⁽⁹²⁾ Commission decision of 15 March 2022 in case M.10349 – *Amazon/MGM*, paragraphs 51 and 54; Commission decision of 21 December 2021 in case M.10475 – *United Group/Wind Hellas*, paragraph 88; Commission decision of 30 May 2018 in case M.7000 – *Liberty Global/Ziggo*, paragraph 112; Commission decision of 7 April 2017 in case M.8354 – *Fox/Sky*, paragraphs 82-85; Commission decision of 12 August 2020 in case M.9802 – *Liberty Global/DPG Media/JV*, paragraph 51; Commission decision of 24 February 2015 in case M.7194 – *Liberty Global/Corelio/W&W/De Vijver Media*, paragraph 92; Commission decision of 6 October 2020 in case M.9669 – *PPF Group/Central European Media Enterprises*, paragraphs 38-39.

⁽⁹³⁾ Commission decision of 15 March 2022 in case M.10349 – *Amazon/MGM*, paragraphs 52 and 54; Commission decision of 18 August 2014 in case M.7194 – *Liberty Global/Corelio/W&W/De Vijver Media*, paragraph 94.

⁽⁹⁴⁾ In addition, the Commission has previously examined a potential segmentation of the market for the wholesale supply of TV channels between the different means of infrastructure/distribution technology used to deliver channels to the viewer (digital terrestrial transmission, direct-to-home (i.e., via satellite), cable, or via the internet (referred to as ‘over-the-top’ or ‘Internet Protocol Television’ services). However, the Commission has found that such segmentation would not be appropriate (Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, paragraph 114 (publication pending); Commission decision of 12 November 2019 in case M.9064 – *Telia Company/Bonnier Broadcasting Holding*, paragraph 162; Commission decision of 12 August 2020 in case M.9802 – *Liberty Global/DPG Media/JV*, paragraphs 53-54).

⁽⁹⁵⁾ Form CO, paragraph 530.

⁽⁹⁶⁾ Form CO, paragraph 531.

⁽⁹⁷⁾ Form CO, paragraph 533-538.

- (100) Further, the Notifying Party submits that a distinction of pay TV channels between ‘premium’ and ‘basic’ would not be appropriate. There is no industry-wide definition as to what constitutes ‘premium’ and ‘basic’. The distinction is further blurred due to the rise of bundled packages. From a supply side perspective, channel programming sits on a continuum of quality. The same TV channel may be re-tiered or repositioned across retail TV distributors/MVPDs, further undermining any split. From a demand side perspective, retail TV distributors/MVPDs build channel lineups to meet audience preferences for variety, quality, and convenience. They substitute among channels based on price, audience appeal and terms. For viewers, the value is the overall bundle and experience, including the ability to access diverse content via a single subscription. ⁽⁹⁸⁾
- (101) In addition, the Notifying Party submits that a distinction by genre is not warranted. From a supply side perspective, wholesale suppliers of TV channels typically package channels of different genres together and negotiate them with retail TV distributors/MVPDs using the same commercial levers (e.g., carriage fees, minimum guarantees, marketing commitments). Wholesale negotiations are typically conducted on a portfolio basis (including multiple TV channels and VOD content) rather than on channel-by-channel basis or genre-by-genre basis, and often a single fee is charged across all channels in the package. From a demand side perspective, retail TV distributors/MVPDs routinely swap TV channels within and across genres. The retailers’ decision to acquire a particular channel does not turn on whether a channel could be identified as belonging to a particular ‘genre’. Retailers build diverse bundles of channels across different genres to offer consumers a wide selection of content in one subscription. Therefore, they buy portfolios, not isolated genre silos, and carriage negotiations occur on ratings and brand equity rather than genre. ⁽⁹⁹⁾
- (102) Last, the Notifying Party notes that a segmentation between linear and non-linear services does not reflect market dynamics as much of the same content is available in both linear and non-linear form. Most retail suppliers of AV services acquire both linear and non-linear rights together (e.g., linear rights plus non-linear rights such as TV Everywhere and catch-up services), rather than purchasing them separately. Similarly, the majority of wholesale suppliers supply both linear and non-linear rights to retailers of AV services (with most wholesale TV channel licencing agreements including non-linear catch-up and catalogue rights as standard). ⁽¹⁰⁰⁾

5.5.1.3. Commission’s assessment

- (103) The results of the market investigation confirmed the Commission’s precedent of identifying a separate market for the wholesale supply of TV channels. ⁽¹⁰¹⁾ Within such market, the majority of respondents to the market investigation consider that the distinction between the supply of FTA channels and pay TV channels remains appropriate. ⁽¹⁰²⁾
- (104) However, the results of the market investigation yielded mixed results on whether a distinction should be made between ‘basic’ and ‘premium’ pay TV channels. While the majority of respondents indicated that a distinction between ‘basic’ and ‘premium’ pay TV channels would be relevant ⁽¹⁰³⁾, most respondents submitted that there does not exist a consistent definition of ‘basic’ and ‘premium’ pay TV channels. ⁽¹⁰⁴⁾ Furthermore, the

⁽⁹⁸⁾ Form CO, paragraph 540-552.

⁽⁹⁹⁾ Form CO, paragraph 553-559.

⁽¹⁰⁰⁾ Form CO, paragraph 565-567.

⁽¹⁰¹⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.A.1.

⁽¹⁰²⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.1.

⁽¹⁰³⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.2.

⁽¹⁰⁴⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.3.

majority of respondents indicated that there are TV programmes distributed to different types of channels that market themselves both as ‘basic’ and ‘premium’ (for example, the same TV programme would be accessible through both ‘basic’ and ‘premium’ TV channels). ⁽¹⁰⁵⁾ In addition, the majority of respondents noted that there are TV channels being carried as part of a basic-tier package of one retail TV distributor/MVPD and offered within a premium-tier package of another retail TV distributor/MVPD. ⁽¹⁰⁶⁾

- (105) As regards the potential distinction between the wholesale supply of linear and non-linear services (e.g. TV everywhere, catch-up services, etc.), the majority of respondents to the market investigation consider that linear and non-linear services belong to the same product market. In this regard, the majority of respondents confirmed that non-linear services have gradually been associated to TV channels in order to complement the TV offering and enhance the viewer experience of traditional linear TV channels without such non-linear services constituting a separate offering. ⁽¹⁰⁷⁾
- (106) In relation to a potential segmentation of the market for the wholesale supply of TV channels by genre, the majority of respondents to the market investigation indicated that generally a distinction by genre would be relevant. ⁽¹⁰⁸⁾ The majority of respondents also stated that if a retail TV distributor/MVPD were to drop a channel from its retail offering, it would typically replace such channel with another channel of the same genre. ⁽¹⁰⁹⁾
- (107) However, at the same time the results of the market investigation point towards a broader market definition potentially encompassing TV channels of different genres. In particular:
- (108) From a demand side perspective, the majority of respondents to the market investigation submitted that the decision of retail TV distributors/MVPDs to acquire one or several TV channels is not typically based on the channel’s genre. Rather their acquisition decision is based on a multi-genre approach, namely acquiring a diverse blend of TV channels irrespective of their genre. ⁽¹¹⁰⁾ In addition, the majority of respondents indicated that retail TV distributors/MVPDs do not typically have a fixed investment budget allocated to particular genres. ⁽¹¹¹⁾
- (109) Specifically, respondents explained that *‘[t]he viewer is a household that needs diversity’*. Therefore, *‘[r]etail TV distributors typically aim to build a balanced and diversified portfolio of channels in order to meet the expectations of a broad audience’*. Generally, acquisitions of TV channels *‘may serve multiple objectives, including audience diversification, strengthening of attractive or reputed content offerings, achieving economies of scale, or targeting specific viewer segments. In this context, the selection of TV channels is guided not only by genre but also by their complementarity within the existing portfolio and their contribution to broader objectives such as growth, profitability, and market positioning’*. Another respondent stated that *‘[a]s a cable operator, we aim to offer a balanced and attractive channel portfolio that addresses the diverse preferences of our subscribers. While genre remains an important consideration for content selection and packaging, our acquisition decisions are made with a view to maintaining a balanced overall portfolio rather than following a single genre-based*

⁽¹⁰⁵⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.4.
⁽¹⁰⁶⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.5.
⁽¹⁰⁷⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.18.
⁽¹⁰⁸⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.6.
⁽¹⁰⁹⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.9.
⁽¹¹⁰⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.7.
⁽¹¹¹⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.8.

strategy. We therefore adopt a multi-genre approach that reflects subscriber demand, commercial conditions and the overall attractiveness of our retail offering'. ⁽¹¹²⁾

- (110) Against this background, respondents noted that retail TV distributors/MVPDs do not typically 'allocate fixed budgets to specific genres and instead focus on the overall value of content portfolios and distribution agreements'. In practice, 'investment decisions are made holistically, based on the need to build an attractive and competitive overall channel portfolio. Budgets are therefore flexible and can be reallocated depending on strategic priorities, market conditions, and content availability. In the same vein, another respondent indicated that retail TV distributors/MVPDs 'try to allocate investment (acquisition) budgets to a mix of genres, optimising the financials with consumer value across genres and wholesale suppliers'. ⁽¹¹³⁾
- (111) From a supply side perspective, an overwhelming majority of respondents indicated that, negotiations between wholesale suppliers of TV channels and retail TV distributors/MVPDs are typically conducted on a portfolio basis, including multiple TV channels of different genres (as opposed to a genre-by-genre basis, or channel-by-channel basis). ⁽¹¹⁴⁾ The licence/carriage fee structure for the portfolio varies, whereby sometimes a single fee across the package is charged, and other times separate fees are allocated per channel. ⁽¹¹⁵⁾
- (112) In this respect a respondent explained that portfolio-negotiations 'reflect common commercial practice as content providers seek to distribute their channel portfolios as a package. While commercial terms may be influenced by the value or popularity of specific channels, negotiations are generally carried out for the portfolio as a whole rather than on a genre-by-genre or channel-by-channel basis'. Another respondent noted that 'wholesale negotiations are most commonly conducted on a portfolio basis, particularly where media groups supply multiple channels across different genres. In such cases, commercial discussions often cover a bundle of channels, which may include a mix of genres (e.g. entertainment, news, children's and thematic channels), together with associated commercial terms'. ⁽¹¹⁶⁾ A further respondent noted that '[w]hile negotiations are often conducted on a portfolio basis, the underlying pricing structure is not uniform across the market. Some channel suppliers operate under traditional carriage fee arrangements, whereby fees are allocated to individual channels or channel groups. Other agreements may be based on broader portfolio-level commercial arrangements. [...]. As a result, both portfolio-based and channel-specific pricing structures can coexist within the same retail distribution platform. Accordingly, neither a package-level fee nor a channel-specific fee can be regarded as universally representative of current market practice'. ⁽¹¹⁷⁾
- (113) In light of the above considerations, a market definition potentially encompassing TV channels of different genres cannot be excluded.
- (114) Concerning children's TV channels in particular, when asked about the importance/relevance of children's TV channels in wholesale portfolio-negotiations, the majority of respondents indicated, either that children's TV channels are an important but not decisive factor in wholesale negotiations, or that they have no or minimal relevance in driving wholesale negotiations (including the price of the bundle). ⁽¹¹⁸⁾

⁽¹¹²⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.7.1.

⁽¹¹³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.8.1.

⁽¹¹⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.10.

⁽¹¹⁵⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.11.

⁽¹¹⁶⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.10.1.

⁽¹¹⁷⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.11.1.

⁽¹¹⁸⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.12.

- (115) In light of the above market feedback, the Commission considers that there are indications that competition in the market for the wholesale supply of TV channels does not take place on a genre-by-genre basis and, therefore, that the delineation of narrow genre-specific product markets may not be warranted. In any event, for completeness, in this decision the Commission carried out its competitive assessment on the basis of the narrowest genre-specific product market segmentations (namely: children, films, sports, news, and general entertainment).
- (116) With regard to a potential narrowly delineated product market for the wholesale supply of children's TV channels, the results of the market investigation demonstrate that SVOD services, to the extent they offer children's content, may form part of the same relevant product market as dedicated children's TV channels.
- (117) In this respect the majority of respondents to the market investigation consider that SVOD services offering children's content (such as Disney+, Netflix, and Amazon Prime Video) constitute alternatives to dedicated children's TV channels.⁽¹¹⁹⁾⁽¹²⁰⁾ In particular, a respondent indicated that *'SVOD is a different consumption method of the same content, which is highly popular and can replace linear viewing of the same content'*. Similarly, another respondent noted that *'[v]iewership trends and customer behaviour clearly show that these services are becoming highly relevant substitutes for dedicated children's TV channels'*. A further respondent stated that *'from the perspective of viewers and retail distributors, both types of services compete to satisfy demand for children's entertainment and educational content. The growth of services such as Disney+, Netflix, Amazon Prime Video and Apple TV+ has increased the availability of children's content through on-demand consumption models, which are particularly well suited to younger audiences. As a result, these services can exert competitive pressure on traditional linear children's channels. That said, the degree of substitutability may vary depending on the specific channel, content offering, brand strength and consumer preferences. While SVOD services and dedicated children's channels are not necessarily identical products, they are increasingly viewed as alternative ways of accessing children's content. Therefore, while dedicated children's TV channels still have a role in pay-TV packages, their importance is decreasing due to the growing popularity and availability of children's content on SVOD and OTT platforms'*.⁽¹²¹⁾
- (118) Furthermore, the majority of respondents indicated that commercial/pricing negotiations between wholesale suppliers of TV channels and retail TV distributors/MVPDs (very) often cover access to both linear TV channels and non-linear SVOD services.⁽¹²²⁾ In this respect, respondents noted that to the extent wholesale suppliers offer both TV channels and SVOD services, then *'usually the negotiations cover [...] both services'*. Equally, retail TV distributors/MVPDs *'typically seek a range of ways of delivering content to their customers, which includes linear and on-demand services (whether catch up or a separate SVOD environment)'*.⁽¹²³⁾
- (119) In addition, when asked about switching possibilities in case the price of a children's TV channel is increased or offered on less favourable terms, almost an equal number of market participants responded that switching could happen to either another children's TV channel or to SVOD services.⁽¹²⁴⁾ Respondents indicated that the main factors that

⁽¹¹⁹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.14.

⁽¹²⁰⁾ Furthermore, the majority of respondents indicated that other non-linear services (other than SVOD) can also be considered as alternatives to children's TV channels (Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.16).

⁽¹²¹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.14.1.

⁽¹²²⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.15.

⁽¹²³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.15.1.

⁽¹²⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.13.

may prevent viewers of a children's TV channel from switching to viewing children's content on a SVOD platform include subscription costs for SVOD platforms, viewer preferences and the lack of curated viewing environment. ⁽¹²⁵⁾

- (120) Based on the market feedback set out above, the Commission considers that a broader relevant product market for children's programming encompassing both dedicated children's TV channels and SVOD services offering children's content is plausible. In any event, on a conservative basis, in this decision the Commission carried out its competitive assessment on the basis of the narrowest product market including only dedicated children's TV channels.

5.5.1.4. Conclusion

- (121) In light of the above, the Commission considers that, for the purposes of this decision, it is not appropriate to consider a potential segmentation in the market for the wholesale supply of TV channels between linear and non-linear services. In what concerns all other potential segmentations, the Commission considers that the precise product market definition for the wholesale supply of TV channels may be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any potential product market definition. For the purposes of this decision, the Commission conducted a competitive assessment considering each of the potential market segmentations presented above (i.e., distinction between FTA and pay TV channels, between premium and basic pay TV channels, and by genre).

5.5.2. *Geographic market definition*

5.5.2.1. Commission precedents

- (122) The Commission previously considered that the market for the wholesale supply of TV channels is either national in scope or comprises a linguistically homogeneous area (which can be either broader or narrower than a national market). ⁽¹²⁶⁾

5.5.2.2. The Notifying Party's views

- (123) The Notifying Party submits that the precise scope of the geographic market for the wholesale supply of TV channels can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition. ⁽¹²⁷⁾

5.5.2.3. Commission's assessment

- (124) The majority of respondents to the market investigation confirmed that competition in the market for the wholesale supply of TV channels takes place at national level. ⁽¹²⁸⁾

⁽¹²⁵⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.17.

⁽¹²⁶⁾ Commission decision of 21 December 2021 in case M.10475 – *United Group/Wind Hellas*, paragraph 94; Commission decision of 21 December 2010 in case M.5932 – *News Corp/BSkyB*, paragraphs 86-88; Commission decision of 18 July 2019 in case M.8864 – *Vodafone/Certain Liberty Global Assets*, paragraphs 277-281; Commission decision of 30 May 2018 in case M.7000 – *Liberty Global/Ziggo*, paragraph 121; Commission decision of 1 December 2022 in case M.10456 – *Sky/Viacom/JV*, paragraphs 53 and 55-56; Commission decision of 15 March 2022 in case M.10349 – *Amazon/MGM*, paragraphs 57-58.

⁽¹²⁷⁾ Form CO, paragraph 570.

⁽¹²⁸⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.B.1.

5.5.2.4. Conclusion

- (125) In light of the above, the Commission considers that, for the purposes of this decision, the relevant geographic market for the wholesale supply of TV channels and all its possible subsegments is national in scope.

5.6. Retail supply of AV services

- (126) Both Paramount and Warner are active in the retail supply of AV services.
- (127) Paramount is active in the retail supply of AV services through its direct-to-consumer ('DTC') activities. In the EEA, Paramount offers non-linear AV services through the SVOD services Paramount+ and SkyShowtime, as well as the FAST service Pluto TV, which are available in several EEA countries. ⁽¹²⁹⁾
- (128) Warner is active in the retail supply of AV services through its DTC activities. In the EEA, Warner offers non-linear AV services primarily through the SVOD services HBO Max and Discovery+, as well as the Polish streaming service Player.pl. ⁽¹³⁰⁾

5.6.1. Product market definition

5.6.1.1. Commission precedents

- (129) In its past decisional practice, the Commission considered a split of the market for the retail supply of AV services into (i) FTA retail services and (ii) pay TV retail services. ⁽¹³¹⁾ The Commission has also examined whether the market for the retail supply of AV services could be segmented further (i) between premium and basic pay TV services; ⁽¹³²⁾ (ii) between linear and non-linear services (pay per view, video on demand); ⁽¹³³⁾ and (iii) between distribution technologies (cable, satellite, terrestrial or IPTV). ⁽¹³⁴⁾

⁽¹²⁹⁾ Form CO, paragraph 334.

⁽¹³⁰⁾ Form CO, paragraph 426.

⁽¹³¹⁾ Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, paragraph 133 (publication pending); Commission decision of 22 December 2021 in case M.10343 – *Discovery/Warner Media*, paragraph 63; Commission decision of 6 November 2018 in case M.8785 – *The Walt Disney Company/Twenty First Century Fox*, paragraph 94 and 98; Commission decision of 7 April 2017 in case M.8354 – *Fox/Sky*, paragraphs 90, 97 and 101; Commission decision of 29 April 2025 in case M.11807 – *United Group/Motor Oil (Hellas)/Alpha Satellite TV*, paragraph 41.

⁽¹³²⁾ Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, paragraph 136 (publication pending); Commission decision of 24 February 2015 in case M.7194 – *Liberty Global/Corelio/W&W/De Vijver Media*, paragraph 119; Commission decision of 18 July 2019 in case M.8864 – *Vodafone/certain Liberty Global assets*, paragraphs 79 and 83; Commission decision of 15 June 2018 in case M.8861 – *Comcast/Sky*, paragraphs 57 and 59; Commission decision of 30 May 2018 in case M.7000 – *Liberty Global/Ziggo*, paragraphs 135; Commission decision of 29 April 2025 in case M.11807 – *United Group/Motor Oil (Hellas)/Alpha Satellite TV*, paragraph 41.

⁽¹³³⁾ Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, paragraph 136 (publication pending); Commission decision of 6 November 2018 in case M.8785 – *Disney/Fox*, paragraph 98; Commission decision of 8 October 2018 in case M.8842 – *Tele2/ComHem*, paragraph 37; Commission decision of 15 June 2018 in case M.8861 – *Comcast/Sky*, paragraphs 58 and 59; Commission decision of 30 May 2018 in case M.7000 – *Liberty Global/Ziggo*, paragraph 137; Commission decision of 7 April 2017 in case M.8354 – *Fox/Sky*, paragraphs 98; Commission decision of 24 February 2015 in case M.7194 – *Liberty Global/Corelio/W&W/De Vijver Media*, paragraph 124; Commission decision of 29 April 2025 in case M.11807 – *United Group/Motor Oil (Hellas)/Alpha Satellite TV*, paragraph 41.

⁽¹³⁴⁾ Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, paragraph 136 (publication pending); Commission decision of 24 February 2015 in case M.7194 – *Liberty Global/Corelio/W&W/De Vijver Media*, paragraph 127; Commission decision of 21 December 2010 in case M.5932 – *News Corp/BskyB*, paragraph 105; Commission decision of 29 April 2025 in case M.11807 – *United Group/Motor Oil (Hellas)/Alpha Satellite TV*, paragraph 41.

(130) In *Amazon/MGM*, the Commission assessed SVOD services separately. ⁽¹³⁵⁾

5.6.1.2. The Notifying Party's views

(131) The Notifying Party submits that the market definition can be left open, as the Transaction does not raise any competitive concerns on any potential plausible market. However, the Parties note that linear services exert a declining competitive pressure on non-linear services, particularly on SVOD services. ⁽¹³⁶⁾

(132) In particular, the Notifying Party submits that SVOD services are not substitutable with linear television and other non-linear services, such as advertising-funded video-on-demand ('AVOD'), transactional video-on-demand ('TVOD'), PPV and free ad-supported streaming television ('FAST'). ⁽¹³⁷⁾

(133) First, the Notifying Party submit that, from a supply perspective, the SVOD services business model differs fundamentally from linear television, which offers scheduled programming, and from non-linear retail services like AVOD, TVOD, and PPV services, which rely on different monetization models, offer a different consumer value proposition, and exhibit different consumption patterns. These differences translate into distinct pricing structures, content strategies and investment incentives. ⁽¹³⁸⁾

(134) Second, from a demand perspective, SVOD services provide on-demand access to content libraries across devices and are primarily based on subscription revenues, whereas linear television is based on scheduled programming and is often oriented towards live content, including news and sports. ⁽¹³⁹⁾

(135) Third, SVOD services are not constrained by AVOD and FAST services, given the absence of a subscription fee and the presence of ads. SVOD users may complement their viewing experiences with AVOD/FAST services but would not generally replace their SVOD subscriptions with ad-funded free alternatives. ⁽¹⁴⁰⁾

(136) Fourth, SVOD services also differ from TVOD and PPV services, which are based on one-off transactions for individual titles or specific events (often live) rather than recurring subscriptions. TVOD/PPV viewers will not typically expand one-off purchases into recurring subscription fees absent a broader change in viewing needs. ⁽¹⁴¹⁾

(137) Finally, the Notifying Party submits that video sharing platforms and user generated platforms like YouTube, TikTok or Instagram, are not substitutes for SVOD services. Most content on those services is user generated, not commissioned or overseen. That is a stark difference from the highly produced, scripted, longform programming that drives SVOD subscriptions. ⁽¹⁴²⁾

5.6.1.3. Commission's assessment

(138) Given that affected markets arise only in the narrowest possible market for the retail supply of SVOD services, the Commission's market investigation focused on whether

⁽¹³⁵⁾ Commission decision of 15 March 2022 in case M.10349 – *Amazon/MGM*, paragraph 132.

⁽¹³⁶⁾ Form CO, paragraph 577.

⁽¹³⁷⁾ Form CO, paragraph 580.

⁽¹³⁸⁾ Form CO, paragraph 578.

⁽¹³⁹⁾ Form CO, paragraph 580.

⁽¹⁴⁰⁾ Form CO, paragraph 581.

⁽¹⁴¹⁾ Form CO, paragraph 584.

⁽¹⁴²⁾ Form CO, paragraph 582.

SVOD constitutes a separate product market to other non-linear services, such as AVOD, FAST, TVOD and PPV. ⁽¹⁴³⁾

- (139) The majority of respondents to the Commission's market investigation that expressed a view consider the retail supply of SVOD services to be a separate market from other types of offerings, e.g., AVOD, FAST, TVOD or PPV. ⁽¹⁴⁴⁾ Several respondents pointed to differences across the relevant commercial and consumer-facing aspects of the services. In particular, they noted that SVOD services are characterised by recurring subscription payments and continuous access to a catalogue of content, whereas *'AVOD and FAST are primarily advertising-funded and free-to-access, while TVOD and PPV are based on individual transactions for specific content'*. Respondents further considered that these differences affect *'pricing, monetisation, content offering, consumer expectations and the way in which users access and consume the services'*. Similarly, another respondent noted that *'SVOD, AVOD, FAST, TVOD and PPV continue to differ significantly in terms of business model, consumer behaviour, pricing structure and content consumption patterns'*. ⁽¹⁴⁵⁾
- (140) At the same time, some respondents argued that the distinction between SVOD and other non-linear audiovisual services has become less clear-cut. These respondents highlighted the increasing convergence of business models across AV content services, noting in particular that *'the traditional distinction between SVOD and AVOD has become increasingly blurred'* as *'[m]any major SVOD providers now offer advertising-supported subscription tiers, including services such as Netflix and Disney+'. As a result, consumers are increasingly accessing content through hybrid business models that combine subscription revenues with advertising. From a consumer perspective, content availability, price, user experience and brand recognition are often more important than the underlying monetisation model'*.
- (141) Some respondents also pointed to technological developments, noting that the widespread adoption of connected devices enables consumers to access different types of audiovisual services through the same interface and on the same devices. ⁽¹⁴⁶⁾

5.6.1.4. Conclusion

- (142) In light of the above, the Commission considers that, for the purposes of this decision, the question whether there should be an overall market for the retail supply of AV content or whether there should be a separate product market for the retail supply of SVOD services can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible product market definition (i.e., an overall market for the retail supply of AV content or a separate product market for the retail supply of SVOD services).

5.6.2. Geographic market definition

5.6.2.1. Commission precedents

- (143) The Commission has previously considered the market for the retail supply of AV services to be national in scope since suppliers compete on a nation-wide basis to supply

⁽¹⁴³⁾ Accordingly, the Commission's market investigation did not focus on distinctions of the retail AV market (i) between FTA TV channels and pay TV channels; (ii) between basic and premium pay TV channels; (iii) between linear and non-linear TV channels (and further sub-segmentations thereof); or (iv) between different distribution technologies.

⁽¹⁴⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.D.1.

⁽¹⁴⁵⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.D.1.1.

⁽¹⁴⁶⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.D.1.1.

their AV services to end-users. ⁽¹⁴⁷⁾ The Commission also found that the market could be based, at most, on linguistically homogeneous areas ⁽¹⁴⁸⁾, or be limited to the coverage of a supplier's infrastructure. ⁽¹⁴⁹⁾

5.6.2.2. The Notifying Party's views

- (144) The Notifying Party submits that the precise scope of the geographic market for the retail supply of AV services can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible market definition. ⁽¹⁵⁰⁾

5.6.2.3. Commission's assessment

- (145) The majority of respondents to the market investigation indicated that the relevant market definition for AV markets, including retail supply of AV services is national. ⁽¹⁵¹⁾

5.6.2.4. Conclusion

- (146) In light of the above, the Commission considers that, for the purposes of this decision, the relevant geographic market for the retail supply of AV services, including all its possible sub-segments (including SVOD), is national in scope.

6. COMPETITIVE ASSESSMENT

6.1. Introduction

- (147) Under Article 2(2) and (3) of the Merger Regulation, the Commission must assess whether a proposed concentration would significantly impede effective competition in the internal market or in a substantial part of it, in particular through the creation or strengthening of a dominant position.
- (148) In this respect, a merger may entail horizontal and/or non-horizontal (namely, vertical or conglomerate) effects. Horizontal effects are those deriving from a concentration where the undertakings concerned are actual or potential competitors of each other in one or more of the relevant markets concerned. Vertical effects are those deriving from a concentration where the undertakings concerned are active on different levels of the supply chain. Conglomerate effects are those deriving from a concentration where the undertakings concerned are in a relationship which is neither horizontal nor vertical. A concentration may involve all three types of effects. In such a case, the Commission will appraise horizontal and non-horizontal effects in accordance with the guidance set out in

⁽¹⁴⁷⁾ Commission decision of 21 December 2021 in case M.10475 – *United Group/Wind Hellas*, paragraphs 49-52; Commission decision of 15 March 2022 in case M.10349 – *Amazon/MGM*, paragraphs 75-78; Commission decision of 15 July 2019 in case M.9370 – *Telenor/DNA*, paragraphs 25-26; Commission decision of 6 October 2020 in case M.9669 – *PPF Group/Central European Media Enterprises*, paragraphs 51-54; Commission decision of 1 December 2022 in case M.10456 – *Sky/Viacom/JV*, paragraphs 77-78; Commission decision of 29 April 2025 in case M.11807 – *United Group/Motor Oil (Hellas)/Alpha Satellite TV*, paragraphs 50-52.

⁽¹⁴⁸⁾ Commission decision of 15 April 2013 in case M.6880 – *Liberty Global/Virgin Media*, paragraphs 51- 54; Commission decision of 21 December 2010 in case M.5932 – *News Corp/BSkyB*, paragraphs 110; Commission decision of 29 April 2025 in case M.11807 – *United Group/Motor Oil (Hellas)/Alpha Satellite TV*, paragraph 50.

⁽¹⁴⁹⁾ Commission decision of 6 November 2018 in case M.8785 – *The Walt Disney Company/TwentyFirst Century Fox*, paragraphs 100-103; Commission decision of 15 June 2018 in case M.8861 – *Comcast/Sky*, paragraphs 62-63; Commission decision of 29 April 2025 in case M.11807 – *United Group/Motor Oil (Hellas)/Alpha Satellite TV*, paragraph 50.

⁽¹⁵⁰⁾ Form CO, paragraph 586.

⁽¹⁵¹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.B.1.

the relevant notices, that is to say the Horizontal Merger Guidelines ⁽¹⁵²⁾ and the Non-Horizontal Merger Guidelines. ⁽¹⁵³⁾

6.2. Rationale of the Transaction

- (149) The Notifying Party submits that the Transaction will enable the merged entity to reach more consumers, increase output and compete more effectively across streaming, filmed entertainment, and television media.
- (150) In streaming, the merged entity will provide a broader platform offering across Paramount+, HBO Max, Discovery+, and Pluto TV (Free Ad-Supported Streaming Television, ‘FAST’), which has the required scale to effectively compete with Netflix, the dominant SVOD incumbent. Paramount intends on creating a scaled streaming platform by integrating Paramount+ and HBO Max and plans to increase content spend.
- (151) In filmed entertainment, the merged entity will maintain the studios as distinct creative organisations, growing the scaled supply of high-quality content for their combined services and third-party distribution. Post-Transaction, Paramount expects studios’ revenues to grow as the merged entity’s combined film slate ⁽¹⁵⁴⁾ increases to [>30] films with larger average worldwide box office estimates [details of the Parties’ strategy and business activities] and growth in the TV licensing to third parties [details of the Parties’ strategy and business activities]. In television media, the Transaction brings together Paramount’s and Warner’s complementary content across linear broadcasting and will offer a more compelling proposition to advertisers.
- (152) The Notifying Party further submits that the merged entity will operate on a more than USD 6 billion cost synergy opportunity, in addition to the more than USD 3 billion in standalone cost efficiencies that Paramount expects to achieve in its current internal transformational plans. These efficiencies will help the merged entity to compete against major industry players like Netflix and Disney. These cost savings opportunities will be generated in (i) labour, via the elimination of overlapping roles ([details of anticipated synergies]), (ii) non-labour savings, from overlapping non-labour spend in areas like [details of anticipated synergies] and (iii) [details of anticipated synergies]. ⁽¹⁵⁵⁾

6.3. Market shares

- (153) According to the Horizontal Merger Guidelines and the Non-Horizontal Merger Guidelines, ⁽¹⁵⁶⁾ in the assessment of the effects of a merger, market shares constitute a useful first indication of the structure of the markets at stake and of the competitive importance of the relevant players.
- (154) In this Section, the Commission presents the Parties’ market shares in all the relevant markets described in Section 5 above where the Parties have horizontally overlapping activities that give rise to affected markets, as well as the Parties’ market shares of 30%

⁽¹⁵²⁾ Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings (‘**Horizontal Merger Guidelines**’), OJ C 31, 5.2.2004, p. 5.

⁽¹⁵³⁾ Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings (‘**Non-Horizontal Merger Guidelines**’), OJ C 265, 190.2008.

⁽¹⁵⁴⁾ A film slate refers to a collection of films that a film studio plans to produce or distribute within a specific period. It is essentially a lineup of upcoming films.

⁽¹⁵⁵⁾ Form CO, paragraphs 1603 and 1604.

⁽¹⁵⁶⁾ Horizontal Merger Guidelines, paragraph 14; Non-Horizontal Merger Guidelines, paragraph 24.

or above in neighbouring markets giving rise to newly created conglomerate links ⁽¹⁵⁷⁾ ⁽¹⁵⁸⁾.

6.3.1. Theatrical value chain ⁽¹⁵⁹⁾

6.3.1.1. Production and licensing of films for theatrical release

(155) The Notifying Party submitted box office revenue-based market share estimates for the market for the production and licensing of films for theatrical release for 2025 and for 2023-2025. ⁽¹⁶⁰⁾

(156) Tables 1 and 2 provide an overview of the Parties' and their main competitors' market shares for the affected market. ⁽¹⁶¹⁾

Table 1: Production and licensing of US films for theatrical release (2023-2025), EEA-wide ⁽¹⁶²⁾

Country	Market shares (box office revenues)			
	Paramount	Warner	Combined	Competitors
EEA	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%), Universal ([10-20]%), Sony ([5-10]%), Lionsgate ([0-5]%), Apple ([0-5]%), Amazon/MGM ([0-5]%), A24 ([0-5]%), Others ([5-10]%)

Source: Annex 1 to RFI 20. ⁽¹⁶³⁾

Table 2: Production and licensing of films with global production budgets greater than or equal to USD 100 million, (2023-2025), EEA-wide ⁽¹⁶⁴⁾

Country	Market shares (box office revenues)			
	Paramount	Warner	Combined	Competitors
EEA	[5-10]%	[20-30]%	[30-40]%	Disney ([30-40]%), Universal ([10-20]%), Sony ([0-5]%), Apple ([0-5]%), Lionsgate ([0-5]%), Amazon/MGM ([0-5]%), Others ([0-5]%)

Source: Annex 1 to RFI 31

⁽¹⁵⁷⁾ As discussed further in Section 6.6.2, a number of conglomerate relationships between neighbouring markets can be found in light of the activities of the Parties in the AV value chain. However, the vast majority of such conglomerate links are pre-existing. This decision focuses on the assessment of the markets which have no pre-existing links.

⁽¹⁵⁸⁾ As discussed further in Section 6.5, the Transaction establishes vertical relationships between the Parties' business activities throughout some levels of the theatrical and AV value chains, however, these vertical links do not give rise to affected markets in any EEA country.

⁽¹⁵⁹⁾ The Parties indicate in Annex 1 to RFI 20 that reliable market data is not available for Cyprus, Malta, and Liechtenstein.

⁽¹⁶⁰⁾ The Parties provide market shares for 2025, as well as on average market shares for the period 2023-2025, to account for lumpiness in the Parties' revenues due to variability of films' box office performance. See Annex 1 to RFI 20.

⁽¹⁶¹⁾ Only the market based on the average for the period 2023 - 2025 is affected; the year 2025, when regarded on a standalone basis, is not.

⁽¹⁶²⁾ Only the market shares for the EEA are presented, as the Commission's assessment is confined to this narrower market.

⁽¹⁶³⁾ Sony's market share was updated following the Parties' response to RFI 30. The marginal increase from [5-10]% to [5-10]% reflects the inclusion of Bulgaria, Czechia, Estonia, Latvia and Slovakia, which were previously missing.

⁽¹⁶⁴⁾ Only the market shares for the EEA are presented, as the Commission's assessment is confined to this narrower market.

6.3.1.2. Distribution of films to cinemas

(157) Tables 3 to 5 provide an overview of the Parties' and their main competitors' market shares for 2025, as well as an average market share for 2023-2025, in the affected markets.

(158) Table 6 below provides an overview of the distributors used by US studios and their position in the market in 2024.

Table 3: Distribution of films to cinemas (2025)

Country	Market shares (box office revenues)			
	Paramount	Warner	Combined	Competitors
Iceland	[10-20]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([10-20]%; Sony ([5-10]%; Netop Films ([0-5]%; Apple ([0-5]%; Others ([20-30]%)

Source: Annex 1 to RFI 20.

Table 4: Distribution of US films to cinemas (2025)

Country	Market shares (box office revenues)			
	Paramount	Warner	Combined	Competitors
Croatia	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([10-20]%; Apple ([0-5]%; Sony ([0-5]%; Lionsgate ([0-5]%; A24 ([0-5]%; Amazon/MGM ([0-5]%; Others ([10-20]%)
Czechia	[5-10]%	[20-30]%	[20-30]%	Disney ([30-40]%; Universal ([10-20]%; Sony ([5-10]%; Apple ([5-10]%; Lionsgate ([0-5]%; Amazon / MGM ([0-5]%; Others ([0-5]%)
Denmark	[5-10]%	[10-20]%	[20-30]%	Disney ([30-40]%; Universal ([20-30]%; Sony ([5-10]%; Apple ([0-5]%; A24 ([0-5]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Others ([5-10]%)
Estonia	[5-10]%	[20-30]%	[30-40]%	Disney ([20-30]%; Universal ([10-20]%; Sony ([5-10]%; Apple ([5-10]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Others ([5-10]%)
Finland	[5-10]%	[10-20]%	[20-30]%	Universal ([20-30]%; Disney ([20-30]%; Sony ([5-10]%; A24 ([0-5]%; Apple ([0-5]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Others ([10-20]%)
Greece	[5-10]%	[20-30]%	[20-30]%	Disney ([20-30]%; Universal ([10-20]%; Apple ([5-10]%; Sony ([0-5]%; A24 ([0-5]%; Amazon/MGM ([0-5]%; Lionsgate ([0-5]%; Others ([10-20]%)
Iceland	[10-20]%	[20-30]%	[30-40]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([5-10]%; Apple ([0-5]%; Lionsgate ([0-5]%; A24 ([0-5]%; Amazon / MGM ([0-5]%; Others ([5-10]%)
Ireland	[5-10]%	[10-20]%	[20-30]%	Universal ([20-30]%; Disney ([20-30]%; Sony ([5-10]%; Lionsgate ([0-5]%; Apple ([0-5]%; A24 ([0-5]%; Amazon / MGM ([0-5]%; Others ([5-10]%)
Latvia	[5-10]%	[20-30]%	[30-40]%	Disney ([20-30]%; Universal ([10-20]%; Sony ([5-10]%; Apple ([5-10]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Others ([5-10]%)

Country	Market shares (box office revenues)			
	Paramount	Warner	Combined	Competitors
Lithuania	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([10-20]%; Sony ([5-10]%; Apple ([0-5]%; A24 ([0-5]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Others ([10-20]%)
Luxembourg	[5-10]%	[10-20]%	[20-30]%	Disney ([30-40]%; Universal ([10-20]%; Sony ([5-10]%; Apple ([5-10]%; Lionsgate ([0-5]%; A24 ([0-5]%; Amazon/MGM ([0-5]%; Others ([5-10]%)
Norway	[5-10]%	[20-30]%	[30-40]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([5-10]%; Apple ([0-5]%; A24 ([0-5]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Others ([5-10]%)
Poland	[5-10]%	[20-30]%	[30-40]%	Disney ([30-40]%; Universal ([10-20]%; Sony ([5-10]%; Apple ([0-5]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Others ([5-10]%)
Romania	[5-10]%	[10-20]%	[20-30]%	Disney ([30-40]%; Universal ([10-20]%; Apple ([5-10]%; Sony ([0-5]%; Lionsgate ([0-5]%; A24 ([0-5]%; Amazon/MGM ([0-5]%; Others ([10-20]%)
Slovakia	[5-10]%	[20-30]%	[20-30]%	Disney ([30-40]%; Universal ([10-20]%; Sony ([5-10]%; Apple ([5-10]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Others ([0-5]%)
Sweden	[5-10]%	[20-30]%	[20-30]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([10-20]%; Apple ([0-5]%; A24 ([0-5]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Others ([5-10]%)

Source: Annex 1 to RFI 20.

Table 5: Distribution of US films to cinemas (2023-2025)

Country	Market shares (box office revenues)			
	Paramount	Warner	Combined	Competitors
Austria	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([10-20]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Apple ([0-5]%; A24 ([0-5]%; Others ([5-10]%)
Belgium	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([10-20]%; Sony ([10-20]%; Lionsgate ([0-5]%; Apple ([0-5]%; Amazon/MGM ([0-5]%; A24 ([0-5]%; Others ([5-10]%)
Bulgaria	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([10-20]%; Lionsgate ([0-5]%; Apple ([0-5]%; Amazon/MGM ([0-5]%; A24 ([0-5]%; Others ([0-5]%)
Croatia	[10-20]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([10-20]%; Sony ([5-10]%; Lionsgate ([0-5]%; Apple ([0-5]%; Amazon/MGM ([0-5]%; A24 ([0-5]%; Others ([10-20]%)

Country	Market shares (box office revenues)			
	Paramount	Warner	Combined	Competitors
Czechia	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([10-20]%; Apple ([0-5]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; A24 ([0-5]%; Others ([0-5]%)
Denmark	[10-20]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([5-10]%; Lionsgate ([0-5]%; A24 ([0-5]%; Apple ([0-5]%; Amazon/MGM ([0-5]%; Others ([5-10]%)
Estonia	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([10-20]%; Lionsgate ([0-5]%; Apple ([0-5]%; Amazon/MGM ([0-5]%; A24 ([0-5]%; Others ([0-5]%)
Finland	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([5-10]%; A24 ([0-5]%; Apple ([0-5]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Others ([10-20]%)
France	[10-20]%	[10-20]%	[20-30]%	Disney ([30-40]%; Universal ([10-20]%; Sony ([5-10]%; Lionsgate ([0-5]%; Apple ([0-5]%; A24 ([0-5]%; Amazon/MGM ([0-5]%; Others ([10-20]%)
Greece	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([10-20]%; Sony ([5-10]%; Lionsgate ([0-5]%; A24 ([0-5]%; Apple ([0-5]%; Amazon/MGM ([0-5]%; Others ([10-20]%)
Iceland	[10-20]%	[10-20]%	[30-40]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([10-20]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; Apple ([0-5]%; A24 ([0-5]%; Others ([5-10]%)
Ireland	[5-10]%	[10-20]%	[20-30]%	Universal ([20-30]%; Disney ([20-30]%; Sony ([5-10]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; A24 ([0-5]%; Apple ([0-5]%; Others ([5-10]%)
Latvia	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([10-20]%; Lionsgate ([0-5]%; Apple ([0-5]%; Amazon/MGM ([0-5]%; A24 ([0-5]%; Others ([0-5]%)
Luxembourg	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([5-10]%; Apple ([0-5]%; Lionsgate ([0-5]%; Amazon/MGM ([0-5]%; A24 ([0-5]%; Others ([5-10]%)
Norway	[10-20]%	[20-30]%	[30-40]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([5-10]%; Lionsgate ([0-5]%; A24 ([0-5]%; Apple ([0-5]%; Amazon/MGM ([0-5]%; Others ([0-5]%)
Poland	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([20-30]%; Sony ([10-20]%; Lionsgate ([0-5]%; Apple ([0-5]%; Amazon/MGM ([0-5]%; A24 ([0-5]%; Others ([0-5]%)
Romania	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30]%; Universal ([10-20]%; Sony ([10-20]%; Lionsgate ([0-5]%; Apple ([0-5]%; Amazon/MGM ([0-5]%; A24 ([0-5]%; Others ([10-20]%)

Country	Market shares (box office revenues)			
	Paramount	Warner	Combined	Competitors
Slovakia	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30] %); Universal ([20-30] %); Sony ([10-20] %); Lionsgate ([0-5] %); Apple ([0-5] %); Amazon/MGM ([0-5] %); A24 ([0-5] %); Others ([0-5] %)
Sweden	[5-10]%	[10-20]%	[20-30]%	Disney ([20-30] %); Universal ([20-30] %); Sony ([5-10] %); Lionsgate ([0-5] %); Apple ([0-5] %); A24 ([0-5] %); Amazon/MGM ([0-5] %); Others ([5-10] %)

Source: Annex 1 to RFI 20.

Table 6: Distributors of films of US-studios (2024)

Country	Market shares (box office revenues)				
	Paramount	Warner	Disney	Universal	Sony
Austria	[LICENSEE A] ([20-30] %)	[LICENSEE A] ([20-30] %)	Own Office ([10-20] %)	Own Office ([10-20] %)	Own Office ([10-20] %)
Belgium	[LICENSEE B] ([20-30] %)	Own Office ([10-20] %)	Own Office ([10-20] %)	[LICENSEE B] ([20-30] %)	Own Office ([20-30] %)
Bulgaria	[LICENSEE C] ([40-50] %)	[LICENSEE E] ([5-10] %)	[LICENSEE C] ([40-50] %)	[LICENSEE C] ([40-50] %)	[LICENSEE C] ([40-50] %)
Croatia	[LICENSEE D] ([40-50] %)	[LICENSEE D] ([40-50] %)	[LICENSEE D] ([40-50] %)	[LICENSEE F] ([10-20] %)	[LICENSEE G] ([10-20] %)
Czechia	[LICENSEE H] ([10-20] %)	[LICENSEE I] ([5-10] %)	[LICENSEE J] ([20-30] %)	[LICENSEE H] ([10-20] %)	[LICENSEE J] ([20-30] %)
Denmark	UIP Office ([10-20] %)	Own Office ([10-20] %)	Own Office ([10-20] %)	UIP ([10-20] %)	[LICENSEE K] ([10-20] %)
Estonia	[LICENSEE L] ([30-40] %)	[LICENSEE M] ([10-20] %)	[LICENSEE L] ([30-40] %)	[LICENSEE L] ([30-40] %)	[LICENSEE M] ([10-20] %)
Finland	[LICENSEE N] ([20-30] %)	Own Office ([10-20] %)	Own Office ([10-20] %)	[LICENSEE N] ([20-30] %)	[LICENSEE K] ([10-20] %)
France	Own Office ([0-5] %)	Own Office ([5-10] %)	Own Office ([10-20] %)	Own Office ([5-10] %)	Own Office ([0-5] %)
Germany	[LICENSEE B] ([10-20] %)	Own Office ([10-20] %)	Own Office ([10-20] %)	Own Office ([10-20] %)	Own Office ([10-20] %)
Greece	[LICENSEE O] ([30-40] %)	[LICENSEE P] ([20-30] %)	[LICENSEE O] ([30-40] %)	[LICENSEE P] ([20-30] %)	[LICENSEE O] ([30-40] %)
Hungary	UIP Office ([10-20] %)	[LICENSEE Q] ([20-30] %)	[LICENSEE C] ([20-30] %)	UIP ([10-20] %)	[LICENSEE Q] ([20-30] %)
Iceland	[LICENSEE R] ([30-40] %)	[LICENSEE R] ([30-40] %)	[LICENSEE R] ([30-40] %)	[LICENSEE S] ([20-30] %)	[LICENSEE T] ([10-20] %)
Ireland	Own Office ([10-20] %)	Own Office ([10-20] %)	Own Office ([10-20] %)	Own Office ([10-20] %)	Own Office ([5-10] %)
Italy	[LICENSEE U] ([10-20] %)	Own Office ([10-20] %)	Own Office ([20-30] %)	Own Office ([5-10] %)	[LICENSEE U] ([10-20] %)
Latvia	[LICENSEE V] ([30-40] %)	[LICENSEE M] ([10-20] %)	[LICENSEE V] ([30-40] %)	[LICENSEE V] ([30-40] %)	[LICENSEE M] ([10-20] %)
Lithuania	[LICENSEE W] ([30-40] %)	[LICENSEE M] ([20-30] %)	[LICENSEE W] ([30-40] %)	[LICENSEE W] ([30-40] %)	[LICENSEE M] ([20-30] %)
Luxembourg	[LICENSEE B] ([10-20] %)	Own Office ([10-20] %)	Own Office ([10-20] %)	[LICENSEE B] ([10-20] %)	Own Office ([10-20] %)
Netherlands	[LICENSEE AE] ([20-30] %)	Own Office ([10-20] %)	Own Office ([10-20] %)	Own Office ([20-30] %)	[LICENSEE AE] ([20-30] %)
Norway	UIP Office ([10-20] %)	Own Office ([10-20] %)	Own Office ([10-20] %)	UIP ([10-20] %)	[LICENSEE K] ([10-20] %)
Poland	UIP Office ([20-30] %)	Own Office ([5-10] %)	Own Office ([10-20] %)	UIP ([20-30] %)	[LICENSEE AH] ([20-30] %)
Portugal	[LICENSEE X] ([40-50] %)	[LICENSEE Y] ([20-30] %)	[LICENSEE X] ([40-50] %)	[LICENSEE Y] ([20-30] %)	[LICENSEE Z] ([10-20] %)
Romania	[LICENSEE AA] ([10-20] %)	[LICENSEE I] ([10-20] %)	[LICENSEE C] ([10-20] %)	[LICENSEE AA] ([10-20] %)	[LICENSEE Q] ([10-20] %)

Country	Market shares (box office revenues)				
	Paramount	Warner	Disney	Universal	Sony
Slovakia	[LICENSEE H] ([20-30]%)	[LICENSEE AB] ([10-20]%)	[LICENSEE H] ([20-30]%)	[LICENSEE H] ([20-30]%)	[LICENSEE AB] ([10-20]%)
Slovenia	[LICENSEE AC] ([30-40]%)	[LICENSEE D] ([20-30]%)	[LICENSEE D] ([20-30]%)	[LICENSEE AC] ([30-40]%)	[LICENSEE G] ([10-20]%)
Spain	Own Office ([5-10]%)	Own Office ([10-20]%)	Own Office ([20-30]%)	Own Office ([10-20]%)	Own Office ([10-20]%)
Sweden	UIP Office ([10-20]%)	Own Office ([10-20]%)	Own Office ([10-20]%)	UIP ([10-20]%)	[LICENSEE K] ([10-20]%)

Source: Annex 1 to RFI 29.

Note: The table is based solely on ComScore data, due to the limitations of the Lumiere database discussed in paragraph (286) below. ComScore does not report box office revenues for Cyprus, Liechtenstein and Malta.

6.3.2. Audiovisual value chain ⁽¹⁶⁵⁾

6.3.2.1. Production and licensing of AV content

(159) The Notifying Party submitted revenue-based market share estimates for the market for the production and licensing of AV content.

(160) Tables 7 to 9 provide an overview of the Parties' and their main competitors' market shares for 2024, as well as an average market share for 2022-2024, in the affected markets.

Table 7: Production and licensing of pre-produced US films to FTA TV (2024)

Country	Market shares (revenues)			
	Paramount	Warner	Combined	Competitors
France	[10-20]%	[20-30]%	[30-40]%	Sony ([10-20]%; Disney ([10-20]%; Universal ([10-20]%; Amazon ([5-10]%; Lionsgate ([0-5]%; TSG Entertainment ([0-5]%; Amblin Partners ([0-5]%; Malpas Productions ([0-5]%; Imagine Entertainment ([0-5]%; Others ([5-10]%)
Germany	[5-10]%	[20-30]%	[30-40]%	Sony ([10-20]%; Disney ([10-20]%; Universal ([10-20]%; Amazon ([0-5]%; Others ([10-20]%)
Netherlands	[0-5]%	[20-30]%	[20-30]%	Disney ([20-30]%; Sony ([10-20]%; Universal ([5-10]%; Others ([20-30]%)

Source: Annex 8.1 to the Form CO.

Table 8: Production and licensing of pre-produced US films to FTA TV (2022-2024)

Country	Market shares (revenues)			
	Paramount	Warner	Combined	Competitors
France	[5-10]%	[10-20]%	[20-30]%	Universal ([10-20]%; Disney ([10-20]%; Sony ([10-20]%; Lionsgate ([5-10]%; Amazon ([5-10]%; Amblin Partners ([0-5]%; Others ([10-20]%)
Germany	[5-10]%	[20-30]%	[20-30]%	Disney ([20-30]%; Universal ([10-20]%; Sony ([10-20]%; Amazon ([5-10]%; Others ([10-20]%)

⁽¹⁶⁵⁾ The Parties indicate in Annex 1 to RFI 20 that reliable market data is not available for: (i) production and supply of commissioned and pre-produced AV content in Luxembourg, Iceland, and Liechtenstein; and (ii) wholesale supply of TV channels in Luxembourg, Liechtenstein, and Malta.

Country	Market shares (revenues)			
	Paramount	Warner	Combined	Competitors
Netherlands	[5-10]%	[20-30]%	[30-40]%	Sony ([10-20]%; Disney ([5-10]%; Universal ([5-10]%; Others ([40-50]%)

Source: Annex 8.1 to the Form CO.

Table 9: Production and licensing of pre-produced US films to pay TV (2022-2024)

Country	Market shares (revenues)			
	Paramount	Warner	Combined	Competitors
Italy	[5-10]%	[10-20]%	[20-30]%	Universal ([10-20]%; Disney ([10-20]%; Sony ([5-10]%; Others ([30-40]%)

Source: Annex 8.1 to the Form CO.

6.3.2.2. Wholesale supply of TV channels

- (161) The Notifying Party submitted audience-based market share estimates for the market for the wholesale supply of TV channels.
- (162) Tables 10 to 13 also provide an overview of the Parties' and their main competitors' market shares for 2024 in the affected markets.

Table 10: Wholesale supply of pay TV channels (2024)

Country	Market shares (audience)			
	Paramount	Warner	Combined	Competitors
Ireland	[5-10]%	[10-20]%	[20-30]%	Sky ([30-40]%; UKTV ([5-10]%; SPI International ([0-5]%; Disney ([0-5]%; Narrative Entertainment Uk Ltd ([0-5]%; Others ([20-30]%)
Poland	[5-10]%	[30-40]%	[30-40]%	Polsat ([10-20]%; TVP ([5-10]%; Disney ([0-5]%; Canal + Group ([0-5]%) SPI International ([0-5]%; Others ([30-40]%)

Source: Annex 8.1 to the Form CO.

Table 11: Wholesale supply of children's TV channels (2024)

Country	Market shares (audience)			
	Paramount	Warner	Combined	Competitors
Belgium	[20-30]%	[10-20]%	[30-40]%	Disney ([30-40]%; VRT ([10-20]%; Studio 100 ([5-10]%; RTL Group ([5-10]%; Canal + Group ([0-5]%; Others ([0-5]%)
Bulgaria	[50-60]%	[20-30]%	[70-80]%	Disney ([5-10]%; Kedoo Entertainment ([0-5]%; Your Family Entertainment ([0-5]%; Channel One ([0-5]%; AMC Network ([0-5]%; Others ([5-10]%)

Country	Market shares (audience)			
	Paramount	Warner	Combined	Competitors
Croatia	[20-30]%	[0-5]%	[30-40]%	RTL Group ([30-40]%; United Group ([5-10]%; Disney ([5-10]%; AMC Network ([0-5]%; Bravo CBC ([0-5]%; Others ([10-20]%)
Estonia	[10-20]%	[10-20]%	[20-30]%	Disney ([10-20]%; RTL Group ([10-20]%; Duo Media Networks ([5-10]%; Mega Max Media ([5-10]%; RTVI ([0-5]%; Others ([10-20]%)
Finland	[30-40]%	[20-30]%	[60-70]%	MTV Oy ([10-20]%; Disney ([10-20]%; Svt1 ([10-20]%)
Hungary	[30-40]%	[10-20]%	[40-50]%	AMC Network ([20-30]%; Disney ([10-20]%; Duna Media ([10-20]%; Tv2 Group ([5-10]%; ARD/ZDF ([0-5]%; Others ([5-10]%)
Ireland	[30-40]%	[10-20]%	[40-50]%	RTE ([10-20]%; BBC ([5-10]%; Disney ([5-10]%; Narrative Entertainment Uk Ltd ([5-10]%; Sky ([0-5]%; Others ([5-10]%)
Italy	[10-20]%	[60-70]%	[70-80]%	Rai ([20-30]%; De Agostini ([0-5]%; First Media ([0-5]%)
Lithuania	[20-30]%	[10-20]%	[30-40]%	Duo Media Networks ([20-30]%; Disney ([20-30]%; Mega Max Media ([5-10]%; RTVI ([5-10]%; AMC Network ([5-10]%; Others ([5-10]%)
Netherlands	[30-40]%	[10-20]%	[40-50]%	Disney ([20-30]%; TRT ([5-10]%; Mega Max Media ([5-10]%; Candle Media ([5-10]%; RTL Group ([5-10]%; Others ([5-10]%)
Poland	[20-30]%	[5-10]%	[30-40]%	Disney ([10-20]%; Mwe Networks ([10-20]%; TVP ([10-20]%; Canal + Group ([5-10]%; AMC Network ([5-10]%; Others ([5-10]%)
Portugal	[10-20]%	[10-20]%	[20-30]%	Disney ([30-40]%; Dreamia ([20-30]%; Impresa ([0-5]%; Kanuca Tv ([0-5]%; Mimyumi Media ([0-5]%; Others ([5-10]%)
Romania	[30-40]%	[20-30]%	[50-60]%	Disney ([20-30]%; Tralala Studio ([5-10]%; AMC Network ([5-10]%; Cosmoblue Media ([0-5]%; Mega Max Media ([0-5]%)
Slovakia	[10-20]%	[10-20]%	[20-30]%	Disney ([10-20]%; AMC Network ([10-20]%; Joj Group ([5-10]%; Duna Media ([5-10]%; ČT ([5-10]%; Others ([20-30]%)
Slovenia	[20-30]%	[5-10]%	[30-40]%	Pro Plus ([10-20]%; Disney ([10-20]%; AMC Network ([5-10]%; IDJ World ([0-5]%; RTL Group ([0-5]%; Others ([20-30]%)
Spain	[5-10]%	[20-30]%	[30-40]%	Disney ([20-30]%; Tve ([20-30]%; Selectavision ([0-5]%; ETB ([0-5]%; Animaj ([0-5]%; Others ([5-10]%)

Source: Annex 8.1 to the Form CO.

Table 12: Wholesale supply of children's pay TV channels (2024)

Country	Market shares (audience)			
	Paramount	Warner	Combined	Competitors
Austria	[20-30]%	[10-20]%	[40-50]%	Disney ([20-30]%; YFE ([10-20]%; Mega Max Media ([5-10]%; RTL Group ([5-10]%)
Belgium	[30-40]%	[10-20]%	[40-50]%	Disney ([30-40]%; Studio 100 ([5-10]%; RTL Group ([5-10]%; Canal+ Group ([0-5]%; Comcast ([0-5]%)
Bulgaria	[50-60]%	[20-30]%	[70-80]%	Disney ([5-10]%; Kedoo Entertainment ([0-5]%; Your Family Entertainment ([0-5]%; AMC Network ([0-5]%; Channel One ([0-5]%; Others ([5-10]%)
Croatia	[40-50]%	[5-10]%	[40-50]%	United Group ([5-10]%; Disney ([5-10]%; AMC Network ([5-10]%; Cosmoblue Media ([0-5]%; Bravo CBC ([0-5]%; Others ([10-20]%)
Czechia	[50-60]%	[5-10]%	[60-70]%	Disney ([10-20]%; AMC Network ([5-10]%; ARD/ZDF ([0-5]%; Duna Media ([0-5]%; Mega Max Media ([0-5]%; Others ([5-10]%)
Denmark	[10-20]%	[40-50]%	[50-60]%	Disney ([40-50]%)
Estonia	[10-20]%	[10-20]%	[20-30]%	Disney ([10-20]%; RTL Group ([10-20]%; Duo Media Networks ([10-20]%; Mega Max Media ([5-10]%; RTVI ([5-10]%; Others ([20-30]%)
Finland	[30-40]%	[20-30]%	[60-70]%	Disney ([10-20]%; Svt1 ([10-20]%; MTV Oy ([10-20]%)
France	[40-50]%	[5-10]%	[40-50]%	Disney ([20-30]%; Canal+ Group ([5-10]%; Groupe M6 ([5-10]%; Pitchoun Medias ([0-5]%; Groupe Tfl ([0-5]%; Others ([5-10]%)
Germany	[40-50]%	[40-50]%	[80-90]%	YFE ([20-30]%)
Hungary	[30-40]%	[10-20]%	[40-50]%	AMC Network ([20-30]%; Disney ([10-20]%; Tv2 Group ([5-10]%; Mega Max Media ([0-5]%; RTL Group ([0-5]%; Da Vinci Media ([0-5]%)
Ireland	[40-50]%	[20-30]%	[70-80]%	Disney ([10-20]%; SPI International ([5-10]%; Sky ([5-10]%)
Italy	[40-50]%	[20-30]%	[60-70]%	De Agostini ([30-40]%)
Lithuania	[20-30]%	[10-20]%	[30-40]%	Duo Media Networks ([20-30]%; Disney ([20-30]%; AMC Network ([5-10]%; Mega Max Media ([5-10]%; RTVI ([5-10]%; Others ([5-10]%)
Netherlands	[30-40]%	[10-20]%	[40-50]%	Disney ([20-30]%; TRT ([5-10]%; RTL Group ([5-10]%; Mega Max Media ([5-10]%; Candle Media ([5-10]%; Others ([5-10]%)
Norway	[40-50]%	[20-30]%	[70-80]%	Disney ([20-30]%; Candle Media ([0-5]%)
Poland	[30-40]%	[5-10]%	[40-50]%	Disney ([20-30]%; AMC Network ([5-10]%; Canal+ Group ([5-10]%; Rai ([0-5]%; MWE Networks ([0-5]%; Others ([0-5]%)

Country	Market shares (audience)			
	Paramount	Warner	Combined	Competitors
Portugal	[10-20]%	[10-20]%	[20-30]%	Disney ([30-40]%; Dreamia ([20-30]%; Impresa ([0-5]%; Kanuca Tv ([0-5]%; Mimyumi Media ([0-5]%; Others ([5-10]%)
Romania	[30-40]%	[20-30]%	[50-60]%	Disney ([20-30]%; Tralala Studio ([5-10]%; AMC Network ([5-10]%; Cosmoblue Media ([0-5]%; Mega Max Media ([0-5]%)
Slovakia	[10-20]%	[10-20]%	[20-30]%	Disney ([10-20]%; AMC Network ([10-20]%; JOJ Group ([5-10]%; ČT ([5-10]%; Duna Media ([5-10]%; Others ([20-30]%)
Slovenia	[20-30]%	[5-10]%	[30-40]%	Pro Plus ([10-20]%; Disney ([10-20]%; AMC Network ([5-10]%; Candle Media ([0-5]%; Cosmoblue Media ([0-5]%; Others ([20-30]%)
Sweden	[40-50]%	[20-30]%	[70-80]%	Disney ([20-30]%; Candle Media ([0-5]%)

Source: Annex 8.1 to the Form CO.

Table 13: Wholesale supply of general entertainment pay TV channels (2024)

Country	Market shares (audience)			
	Paramount	Warner	Combined	Competitors
Finland	[10-20]%	[10-20]%	[30-40]%	Svt1 ([5-10]%; Viasat ([5-10]%; MTV Oy ([0-5]%; France Televisions ([0-5]%; Canal + Group ([0-5]%; Others ([40-50]%)
Ireland	[10-20]%	[10-20]%	[30-40]%	Sky ([20-30]%; UKTV ([10-20]%; QVC Group ([0-5]%; SPI International ([0-5]%; Disney ([0-5]%; Others ([20-30]%)

Source: Annex 8.1 to the Form CO.

6.3.2.3. Retail supply of SVOD services

(163) The Notifying Party submitted revenue-based and subscription-based market share estimates for the market for the retail supply of SVOD services.

(164) Tables 14 to 15 provide an overview of the Parties' and their main competitors' market shares for 2024 in this affected market by revenues and by subscriptions.

Table 14: Retail provision of SVOD services by revenues (2024)

Country	Market shares (revenues)			
	Paramount	Warner	Combined	Competitors
Finland	[0-5]%	[20-30]%	[30-40]%	Netflix ([40-50]%; Disney ([10-20]%; Ruutu+ ([10-20]%; Amazon ([0-5]%; Apple ([0-5]%; Crunchyroll ([0-5]%; Rakuten Viki ([0-5]%)

Country	Market shares (revenues)			
	Paramount	Warner	Combined	Competitors
Sweden	[0-5]%	[30-40]%	[30-40]%	Netflix ([30-40]%; Tv4 Play ([10-20]%; Disney ([10-20]%; Amazon ([0-5]%; Apple ([0-5]%; Crunchyroll ([0-5]%; Shahid ([0-5]%; Rakuten Viki ([0-5]%)

Source: Annex 8.1 to the Form CO.

Table 15: Retail provision of SVOD services by subscriptions (2024)

Country	Market shares (subscriptions)			
	Paramount	Warner	Combined	Competitors
Denmark	[5-10]%	[10-20]%	[20-30]%	Netflix ([20-30]%; Tv2 Group ([20-30]%; Disney ([10-20]%; Amazon ([0-5]%; Apple ([0-5]%; Crunchyroll ([0-5]%; Rakuten Viki ([0-5]%)
Finland	[5-10]%	[20-30]%	[30-40]%	Netflix ([30-40]%; Disney ([10-20]%; Ruutu+ ([10-20]%; Amazon ([0-5] %); Apple ([0-5]%; Crunchyroll ([0-5]%; Rakuten Viki ([0-5]%)
Hungary	[20-30]%	[10-20]%	[30-40]%	Netflix ([20-30]%; Disney ([20-30]%; Amazon ([5-10]%; Apple ([0-5]%; Crunchyroll ([0-5]%; Rakuten Viki ([0-5]%)
Ireland	[10-20]%	[10-20]%	[20-30]%	Netflix ([40-50]%; Disney ([10-20]%; Amazon ([5-10]%; Apple ([0-5]%; Crunchyroll ([0-5]%; Rakuten Viki ([0-5]%)
Norway	[10-20]%	[10-20]%	[30-40]%	Netflix ([20-30]%; Disney ([10-20]%; Tv2 Group ([10-20]%; Amazon ([0-5]%; Apple ([0-5]%; Crunchyroll ([0-5]%; Rakuten Viki ([0-5]%)
Poland	[10-20]%	[20-30]%	[30-40]%	Netflix ([40-50]%; Disney ([10-20]%; Amazon ([5-10]%; Apple ([0-5]%; Crunchyroll ([0-5]%; Rakuten Viki ([0-5]%)
Sweden	[10-20]%	[10-20]%	[30-40]%	Netflix ([30-40]%; Disney ([10-20]%; Tv4 Play ([5-10]%; Amazon ([5-10]%; Apple ([0-5]%; Crunchyroll ([0-5]%; Shahid ([0-5]%; Rakuten Viki ([0-5]%)

Source: Annex 8.1 to the Form CO.

6.3.3. Conglomerate relationships

- (165) The Notifying Party submitted audience-based market share estimates for the conglomerate relationships in the neighbouring markets for the wholesale supply of TV channels.
- (166) Table 16 provides an overview of the Parties' and their main competitors' market shares for 2024 in the neighbouring markets – giving rise to non-preexisting conglomerate links – where the Parties' individual or combined shares are 30% or more. ⁽¹⁶⁶⁾

⁽¹⁶⁶⁾ A conglomerate link is preexisting if one of the Parties was active in the conglomerate linked market pre-merger. Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, footnote 869 (publication pending).

Table 16: Conglomerate links (2024)

Country	Market with combined market share >30% (audience)					Neighbouring market (audience)			
	Product market	Paramount	Warner	Comb.	Competitors	Product market	Paramount	Warner	Comb.
Czechia	Wholesale supply of Pay TV sport channels	-	[30-40]%	[30-40]%	Atresmedia ([10-20]%; Canal+ ([10-20]%; Sky ([10-20]%; AMC Networks ([5-10]%; Foxtel ([5-10]%; Other ([5-10]%)	Wholesale supply of FTA TV general entertainment channels	[0-5]%	-	[0-5]%
Germany	Wholesale supply of Pay TV film channels	-	[30-40]%	[30-40]%	Sky ([60-70]%; AMC Networks ([0-5]%)	Wholesale supply of FTA TV children's channels	[5-10]%	-	[5-10]%
Germany	Wholesale supply of FTA TV sport channels	-	[40-50]%	[40-50]%	Sport1 Medien AG ([50-60]%)	Wholesale supply of FTA TV children's channels	[5-10]%	-	[5-10]%
Spain	Wholesale supply of FTA TV children's channels	-	[30-40]%	[30-40]%	TVE ([30-40]%; Disney ([20-30]%; ETB ([0-5]%; Televisio de Catalunya ([0-5]%)	Wholesale supply of Pay TV children's channels	[20-30]%	-	[20-30]%

Source: Annex 8.3 to the Form CO.

6.4. Horizontal effects

6.4.1. Legal framework

(167) The Horizontal Merger Guidelines describe two main ways in which horizontal mergers may significantly impede effective competition. In particular, the proposed concentration might be creating or strengthening a dominant position: (i) by eliminating important competitive constraints on one or more firms, which consequently would have increased market power, without resorting to coordinated behaviour (non-coordinated effects); and (ii) by changing the nature of competition in such a way that firms that previously were not coordinating their behaviour, are significantly more likely to coordinate and raise prices or otherwise harm effective competition (coordinated effects). ⁽¹⁶⁷⁾

6.4.1.1. Non-coordinated effects

(168) A merger giving rise to horizontal non-coordinated effects might significantly impede effective competition by creating or strengthening the dominant position of a single firm, one which, typically, would have an appreciably larger market share than the next competitor post-merger. Moreover, also mergers that do not lead to the creation or the strengthening of a single firm's dominant position may create competition concerns under the substantive test set out in Article 2(2) and Article 2(3) of the Merger Regulation. Regarding mergers in oligopolistic markets, the Merger Regulation clarifies that *'under certain circumstances, concentrations involving the elimination of important competitive constraints that the merging parties exerted upon each other, as well as a*

⁽¹⁶⁷⁾ Horizontal Merger Guidelines, paragraph 22.

reduction of competitive pressure on the remaining competitors, may, even in the absence of a likelihood of coordination between the members of the oligopoly, result in a significant impediment to effective competition’. ⁽¹⁶⁸⁾

- (169) The Horizontal Merger Guidelines list a number of factors which may influence whether or not significant horizontal non-coordinated effects are likely to result from a merger, such as the large market shares of the merging firms, the fact that the merging firms are close competitors, the limited possibilities for customers to switch suppliers, or the fact that the merger would eliminate an important competitive force. Not all those factors need to be present to make significant non-coordinated effects likely and it is not an exhaustive list. ⁽¹⁶⁹⁾
- (170) The Horizontal Merger Guidelines acknowledge that a merger that creates or strengthens the market power of a buyer may also significantly impede effective competition, in particular by creating or strengthening a dominant position. In certain circumstances, competition in the downstream markets could be adversely affected if, in particular, the merged entity was likely to use its buyer power vis-à-vis its suppliers to foreclose its rivals. ⁽¹⁷⁰⁾
- (171) To assess whether a merger that creates or strengthens buyer power would significantly impede effective competition, the Commission must analyse the competitive conditions in the upstream markets and to evaluate the possible positive and negative effects of the merger. ⁽¹⁷¹⁾
- (172) In this context, paragraphs 24-36 of the Horizontal Merger Guidelines apply *mutatis mutandis* to the buyer side of the market, to investigate whether the Transaction would result in an increase in buyer power, as a result of the elimination of important competitive constraints that the merging Parties exerted upon each other prior to the Transaction.
- (173) These principles apply to all upstream purchasing markets, including markets for the purchase of labour. The Market Definition Notice applies to purchasing markets, with the substitution assessment focusing on the alternatives available to suppliers i.e., the workers. ⁽¹⁷²⁾ Effects impacting workers but unrelated to the loss of competition resulting from the merger — such as corporate restructuring — fall outside the scope of this assessment under Article 2 of the Merger Regulation.

6.4.1.2. Coordinated effects

- (174) A merger in a concentrated market may also significantly impede effective competition due to horizontal coordinated effects where, through the creation or the strengthening of a dominant position, it increases the likelihood that firms are able to coordinate their behaviour and raise prices, even without entering into an agreement or resorting to a concerted practice within the meaning of Article 101 TFEU. A merger may also make coordination easier, more stable or more effective for firms that were already coordinating before the merger, either by making the coordination more robust or by permitting to coordinate on even higher prices. ⁽¹⁷³⁾

⁽¹⁶⁸⁾ Merger Regulation, recital 25. Similar wording is also found in paragraph 25 of the Horizontal Merger Guidelines.

⁽¹⁶⁹⁾ Horizontal Merger Guidelines, paragraphs 26-36.

⁽¹⁷⁰⁾ Horizontal Merger Guidelines, paragraph 61.

⁽¹⁷¹⁾ Horizontal Merger Guidelines, paragraph 63.

⁽¹⁷²⁾ Commission Notice on the definition of the relevant market for the purposes of Union competition law, C/2023/6789, OJ C, C/2024/1645, 22.2.2024 (‘Market Definition Notice’), paragraph 7.

⁽¹⁷³⁾ Horizontal Merger Guidelines, paragraph 39.

- (175) To assess whether a merger gives rise to horizontal coordinated effects, the Commission should examine, firstly, whether it would be possible to reach terms of coordination and, secondly, whether the coordination would likely be sustainable. These criteria are elaborated further below.
- (176) As regards the possibility of reaching terms of coordination, coordination is more likely to emerge in markets where it is relatively simple to reach a common understanding on the terms of coordination. ⁽¹⁷⁴⁾ Coordination may take various forms, including keeping prices above the competitive level, limiting output or capacity, limiting product features, delaying innovation, or dividing the market, for instance by geographic area, by customer characteristics or by allocating contracts in bidding markets. Firms may also coordinate by following the market leader in its commercial strategy, such as a price increase or a change to other commercial or supply terms. ⁽¹⁷⁵⁾
- (177) Moreover, in examining the possibility and sustainability of coordination, the Commission should specifically consider the changes that the Transaction brings about, focusing on whether those changes are likely to create or strengthen an environment conducive to coordination, rather than on establishing that coordination will actually occur. The reduction in the number of firms in a market may in itself be a factor that facilitates coordination. A merger may also increase the risk of coordinated effects in other ways, for example by eliminating a firm with a disruptive presence on the market, by increasing similarities between the remaining firms, or by creating structural or commercial links between competitors, including through joint ventures.
- (178) As regards the sustainability of coordination, coordination is sustainable where three further conditions are met, in addition to reaching a shared understanding on the terms of coordination. ⁽¹⁷⁶⁾ Firstly, the coordinating undertakings must be able to monitor to a sufficient degree whether the terms of the coordination are being adhered to; there must be sufficient market transparency for each undertaking concerned to be aware, sufficiently precisely and quickly, of the way in which the market conduct of each of the other participants in the coordination is evolving. Secondly, there must be some form of credible deterrent mechanism that can come into play if deviation from the terms of coordination is detected. Thirdly, the reactions of outsiders, such as current or future competitors, and also the reactions of customers, should not be such as to jeopardise the results expected from the coordination. ⁽¹⁷⁷⁾ In applying these conditions, it is necessary to avoid a mechanical approach involving the separate verification of each of them in isolation, without taking account of the overall economic mechanism of a hypothetical tacit coordination. ⁽¹⁷⁸⁾

6.4.2. Overview of horizontally affected markets

- (179) Based on the market shares provided in Section 6.3, the Transaction results in several horizontally affected markets and potential market segments at different levels of the theatrical and AV value chains, considering all potential product market segmentations and their geographic scope.

⁽¹⁷⁴⁾ Horizontal Merger Guidelines, paragraphs 40–41.

⁽¹⁷⁵⁾ Commission decision of 24 May 2016 in case M.7881 – *AB InBev/SABMiller*, paragraphs 72–84; Commission decision of 7 May 2018 in case M.8444 – *ArcelorMittal/Ilva*, paragraphs 1123 et seq.

⁽¹⁷⁶⁾ These conditions were set out by the General Court judgment of 6 June 2002, *Airtours v Commission*, T-342/99, EU:T:2002:146, and validated by the Court of Justice judgment of 10 July 2008, *Bertelsmann AG, Sony Corporation of America v Commission*, C-413/06 P, EU:C:2008:392.

⁽¹⁷⁷⁾ *Bertelsmann and Sony*, paragraph 123.

⁽¹⁷⁸⁾ *Bertelsmann and Sony*, paragraph 125.

- (180) As regards the theatrical distribution value chain, the Parties' activities lead to the following **horizontally affected markets**:
- i. Production and licensing of films for theatrical release:
 - **US films**: EEA (2023-2025).
 - ii. Distribution of films to cinemas:
 - **All films**: Iceland (2025).
 - **US films**: Austria (2023-2025), Belgium (2023-2025), Bulgaria (2023-2025), Croatia (2023-2025 / 2025), Czechia (2023-2025 / 2025), Denmark (2023-2025 / 2025), Estonia (2023-2025 / 2025), Finland (2023-2025 / 2025), France (2023-2025), Greece (2023-2025 / 2025), Iceland (2023-2025 / 2025), Ireland (2023-2025 / 2025), Latvia (2023-2025 / 2025), Lithuania (2025), Luxembourg (2023-2025 / 2025), Norway (2023-2025 / 2025), Poland (2023-2025 / 2025), Romania (2023-2025 / 2025), Slovakia (2023-2025 / 2025), and Sweden (2023-2025 / 2025).
- (181) As regards the AV value chain, based on 2024 market data the Parties' activities lead to the following horizontally affected markets:
- i. Production and licensing of AV content:
 - **Licensing of pre-produced US films to FTA**: France, Germany and the Netherlands.
 - **Licensing of pre-produced US films to pay TV**: Italy.
 - ii. Wholesale supply of TV channels: ⁽¹⁷⁹⁾
 - **Wholesale supply of children's channels (pay TV and FTA)**: Belgium, Bulgaria, Croatia, Estonia, Finland, Hungary, Ireland, Italy, Lithuania, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, and Spain.
 - **Wholesale supply of pay TV children's channels**: Austria, Belgium, Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Lithuania, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, and Sweden.
 - **Wholesale supply of pay TV channels**: Ireland and Poland.
 - **Wholesale supply of general entertainment pay TV channels**: Ireland and Finland.
 - iii. Retail supply of AV services:
 - **Retail supply of SVOD services (2024)**: ⁽¹⁸⁰⁾ Finland (based on revenue and subscriptions), Sweden (based on revenue and subscriptions); Denmark, Hungary, Ireland, Norway, and Poland (only when based on subscriptions).
- (182) The Transaction also results in horizontal overlaps for a number of other markets or segments. However, none of these overlaps or links give rise to affected markets within the meaning of recital 25(g) of Annex I to Regulation (EU) 2023/914 ⁽¹⁸¹⁾, as they meet

⁽¹⁷⁹⁾ An affected market also arose in relation to the potential segment for the wholesale supply of children's FTA channels in Italy. However, Paramount sold to De Agostini S.p.A. the only children's FTA channel it offered in Italy (Super!). The formal closure of the sale on [Date] July 2026 removed any overlap between the Parties in the supply of children's FTA TV channels in Italy.

⁽¹⁸⁰⁾ The Parties' market shares in the supply of SVOD services for 2022 and 2023 do not give rise to newly affected national markets.

⁽¹⁸¹⁾ Commission Implementing Regulation (EU) 2023/914 of 20 April 2023 implementing Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings and repealing Commission Regulation (EC) No 802/2004, OJ L 119, 5.5.2023, p. 22.

the conditions for review under point 5 or benefit from the flexibility clauses of point 8 of the Notice on Simplified Treatment ⁽¹⁸²⁾. Therefore, these overlaps will not be further discussed in this decision.

6.4.3. *The theatrical distribution value chain - Assessment of unilateral effects*

- (183) As set out in Sections 5.2 and 5.3 above, the Commission has previously found that separate markets exist for (i) the production and licensing of films for theatrical release, and (ii) the distribution of films to cinemas.
- (184) The impact of the Transaction on the market for the production and licensing of US films for theatrical release will be assessed in Section 6.4.3.1. The impact of the Transaction on the market for the distribution of US films to cinemas will be assessed in Section 6.4.3.2. ⁽¹⁸³⁾

6.4.3.1. Production and licensing of US films for theatrical release

6.4.3.1.1 *The Notifying Party's views*

- (185) The Notifying Party submits that the horizontal overlap between Paramount and Warner as regards the production and licensing of films for theatrical release will not lead to any competition concerns for the following reasons.
- (186) First, the Notifying Party submits that the rise of subscription streaming services and the entry of large technology companies into content production and distribution have expanded competition. As a result of this, the concepts of a 'big five' / 'legacy' studio would be outdated.
- (187) Second, the Notifying Party submits that the model by which studios distributed most of their films through cinemas, before turning to rental and other windows, has changed by the shift in audience consumption habits. According to the Notifying Party, streaming has surpassed cinemas in 2022 and many consumers now view new feature films on a small screen (e.g. TV, tablet) via streaming services.
- (188) Third, the Notifying Party submits that the dynamics in the market mean that no film studio can accumulate or sustain market power over time. Film performance is inherently uncertain, and all films would be substitutable. According to the Notifying Party, competition takes place film-by-film and consumers do not base purchasing and viewing decisions based on the name of the studio. This is reflected in box office revenues of film studios, which are inherently volatile. ⁽¹⁸⁴⁾
- (189) In relation to complaints that the Transaction may result in a reduction of theatrical output by the Parties post-merger, the Notifying Party submits that the Transaction will not lead to any competition concerns for the following reasons.
- (190) Firstly, the Notifying Party submits that a hypothesis of a reduction in theatrical output does not accurately reflect the economics of the film industry. The Notifying Party argues that the idea that a studio could withhold a film and recapture its audience through other releases presumes close substitutability and predictable performance, which does not reflect the nature of the film industry. The Parties' profit maximization strategy involves

⁽¹⁸²⁾ Commission Notice on a simplified treatment for certain concentrations under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings 2023/C 160/01, OJ C 160, 5.5.2023, p. 1 ('**Notice on Simplified Treatment**').

⁽¹⁸³⁾ As set out at paragraph 180 above, on an overall market for the distribution of films to cinemas, the only affected market is Iceland. Iceland will hereafter be covered when discussing the narrower market for the distribution of US studios' films to cinemas, where the Parties' shares are higher. An absence of concern on such market logically extends to the wider market for the distribution of films to cinemas.

⁽¹⁸⁴⁾ Reply to RFI 20, paragraph 31; reply to RFI 24, paragraph 4.

having a portfolio of theatrical releases across a broad range of genres, as (i) the performance and profitability of a film are ex ante uncertain; (ii) consumer preferences are themselves highly heterogeneous and differentiated; and (iii) releasing films theatrically is a key milestone or signal of a film's revenue-generating prospects.⁽¹⁸⁵⁾

- (191) Secondly, the Notifying Party submits that the Parties have no incentive to decrease theatrical output to benefit their own SVOD offerings. The Parties do not treat these two distribution channels as substitutes; they form part of an integrated value chain in which each window reinforces the others. The decision to move forward with a film is based on the anticipated revenue from each window. Therefore, releasing a film straight to streaming fundamentally undermines the lifetime profitability prospects of a title. A theatrical release functions as a critical promotional mechanism and a signal of quality that supports other windows.⁽¹⁸⁶⁾
- (192) Thirdly, the Notifying Party submits that the theatrical production market is and will remain vibrantly competitive post-merger, which reinforces investment incentives. There is a broad range of rival studios who are capable of delivering in-demand theatrical content to both theatres and audiences, including major US studios, as well as other US and non-US film production firms.⁽¹⁸⁷⁾
- (193) Fourthly, the Notifying Party submits that any comparison to the acquisition by The Walt Disney Company of sole control of parts of Twenty-First Century Fox, Inc. (M.8785, Disney/Fox), and the supposed reduction in film output resulting from this transaction is misplaced.⁽¹⁸⁸⁾

6.4.3.1.2 *Commission's assessment*

- (194) The Commission considers that, for the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal unilateral effects on the market for the production and licensing of US films for theatrical release for the following reasons:
- (195) First, the Commission notes that the Parties' combined market share in the EEA will remain just above [20-30]% and post-Transaction the merged entity's market shares will be comparable to Disney [20-30]% and Universal [10-20]% (Table 1). The Commission considered average market shares for the years 2023-2025, given that market shares are inherently volatile as they reflect the box office success of film studios' film slate in any given year. Taking into account an average market share for the years 2023-2025, the Transaction gives rise to an affected market in the EEA [20-30]% (Table 1)⁽¹⁸⁹⁾. On a market for the production and licensing of US films for theatrical release, the Transaction does not give rise to an affected EEA market in 2025.⁽¹⁹⁰⁾ Said market shares are based on annual box office revenue, which, according to the majority of film studios,

⁽¹⁸⁵⁾ RBB Economics, 'Economic assessment of potential competition concerns in the theatrical value chain,' 10 May 2026, page 2.

⁽¹⁸⁶⁾ RBB Economics, 'Economic assessment of potential competition concerns in the theatrical value chain,' 10 May 2026, page 3.

⁽¹⁸⁷⁾ RBB Economics, 'Economic assessment of potential competition concerns in the theatrical value chain,' 10 May 2026, page 3.

⁽¹⁸⁸⁾ RBB Economics, 'Economic assessment of potential competition concerns in the theatrical value chain,' 10 May 2026, page 4.

⁽¹⁸⁹⁾ Response to RFI 20, Annex 1.

⁽¹⁹⁰⁾ The combined market share of the Parties in 2025 is [20-30]%. Therefore, the flexibility clause of Article 8(a) of the Notice on Simplified Treatment applies. In addition, the HHI delta remains below 250 (Response to RFI 20, Annex 1).

- distributors and cinemas, is the best metric to compare the competitive strength of a film studio ⁽¹⁹¹⁾.
- (196) The Commission further notes that the post-merger HHI amounts to [1800-2000] ⁽¹⁹²⁾ and the HHI delta amounts to [200-400] on the affected market for the period 2023-2025. The Commission considers, in line with paragraphs 19-21 of the Horizontal Merger Guidelines, that this does not in itself indicate that the Transaction would not give rise to competition concerns. Therefore, a further analysis of the structural indicators of the Parties' market power is required.
- (197) Second, the Commission considers that the Parties' market power would not be different if one were to focus on the three parameters that are most important for a film studio to be successful. According to film studios and distributors, the three most important parameters are, respectively, (i) the access to valuable IP; (ii) the ability to attract talent; and (iii) the overall production budget for the slate of film releases. ⁽¹⁹³⁾ For these parameters, the Commission considered the Parties' market power on a worldwide basis. Market participants indicate that, on their own, neither Paramount nor Warner are considered to be the main competitor on any of these three parameters.
- (198) In the first place, as regards the films based on existing IP (franchises), which is important as it may lead to spin-offs and (further) development of franchises, film studios and distributors rank Warner and Paramount as respectively 3rd and 5th strongest players on the market. ⁽¹⁹⁴⁾ When considering the top 100 highest-grossing films in the EEA between 2023 and 2025, Warner ranks 2nd in terms of the number of franchise films, while Paramount ranks 4th. However, 10 other studios also produced franchise films that featured among the top 100 highest-grossing films. Additionally, focusing only on franchise films released during the 2023-2025 period may overlook important franchise IP that was not exploited during that timeframe (e.g. the James Bond franchise). It should also be noted that the definition of a franchise, although widely used in the industry, is not clear-cut and may be applied differently across market participants. Furthermore, beyond film franchise IP (such as for example the Star Wars franchise), studios may rely on a range of other IP, including video games, comics and novels, as the basis for franchise films. ⁽¹⁹⁵⁾
- (199) In the second place, as regards the ability to attract talent (such as directors, actors, screenwriters etc.), film studios and distributors rank Warner as 3rd strongest competitor. In addition to Universal, Disney and Warner, film studios and distributors also rank A24 and Apple ahead of Paramount. The results of the market investigation are unclear whether Sony or Paramount should be considered as the 6th strongest player when it comes to its ability to attract talent. ⁽¹⁹⁶⁾
- (200) In the third place, as regards the overall production budget for the slate of film releases, film studios and distributors rank Warner and Paramount as respectively 3rd and 4th strongest players on the market. ⁽¹⁹⁷⁾ The Parties have provided worldwide market shares based on the overall theatrical production budget of film studios. These figures indicate that, on average between 2023 and 2025, Warner and Paramount are respectively the 2nd and 4th strongest film studio based on production budget. In any event, both in 2025 and

⁽¹⁹¹⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.1; and Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question D.B.1.

⁽¹⁹²⁾ Response to RFI 20, Annex 1.

⁽¹⁹³⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.2.

⁽¹⁹⁴⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.2.

⁽¹⁹⁵⁾ Response to RFI 25, Question 8.

⁽¹⁹⁶⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.2.

⁽¹⁹⁷⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.2.

over the period 2023-2025, the combined theatrical production budget of the Parties remains smaller than that of Disney. ⁽¹⁹⁸⁾

- (201) Third, the Commission assessed whether the Parties' market power would be different if one were to focus on the production budget that film studios have available for the production of so-called blockbusters. Blockbusters are particularly important for cinemas. The International Union of Cinemas ('UNIC') explained that *'for blockbuster titles, even the largest exhibitors cannot credibly refuse supply without incurring substantial and unrecoverable losses in attendance and revenue given the importance of every single blockbuster to cinema revenues'*. ⁽¹⁹⁹⁾ However, there is no universally accepted definition of what constitutes a blockbuster. UNIC indicated that, from a forward-looking perspective, it is general industry understanding that blockbusters are films with a production budget of USD 100 million and above. ⁽²⁰⁰⁾ The Parties provided worldwide market shares based on the total production budget for films with a production budget greater than or equal to USD 100 million. For the period 2023-2025, Warner and Paramount rank respectively as the 2nd and 4th strongest competitor based on films with a production budget greater than or equal to USD 100 million. Combined, the Parties' market share in 2025 and average market share for 2023-2025 would remain smaller than that of the strongest competitor, Disney. ⁽²⁰¹⁾
- (202) Fourth, the Commission considers that the Parties will continue to face competition from several well-established major US studios (Disney, Universal and Sony). Further, so-called mini-major studios (e.g. A24 and Lionsgate) as well as tech companies (Amazon and Apple) that have recently entered the market (in the case of Amazon, by acquiring film studio MGM), will also continue to exert a competitive constraint on the Parties.
- (203) In the first place, the Commission considers that several US film studios have been able to compete with the Parties in the last three years. The majority of film studios and distributors that responded to the market investigation indicated that Universal, Disney, Sony, local film studios and Amazon have competed with the Parties. In addition, a significant number of respondents indicate that Lionsgate and A24 also competed with the Parties in the last three years. ⁽²⁰²⁾ The majority of cinemas that responded to the market investigation also indicated that Universal, Disney and Sony competed with the Parties in the last three years. ⁽²⁰³⁾ In addition, a significant number of responding cinemas indicated that Amazon, Lionsgate, A24 and Apple also competed with the Parties. ⁽²⁰⁴⁾
- (204) In the second place, the Commission considers that the same competitors will continue to compete with the Parties in the next three years. The majority of film studios and distributors that responded to the market investigation indicated that Universal, Disney, Sony and Amazon MGM will continue to compete with the Parties in the three years following the Transaction. A significant number of film studios and distributors also mention Lionsgate and A24 as players that will continue to exert a competitive constraint on the Parties. ⁽²⁰⁵⁾ The majority of cinemas that responded to the market investigation also indicated that Universal, Disney and Sony competed with the Parties in the next three years. In addition, a significant number of responding cinemas indicated that

⁽¹⁹⁸⁾ Response to RFI 6, Annex 1.

⁽¹⁹⁹⁾ UNIC, White Paper, 13 May 2026, paragraph 26.

⁽²⁰⁰⁾ UNIC, Follow-up submission, 9 June 2026, paragraph 6.

⁽²⁰¹⁾ Response to RFI 6, Annex 2.

⁽²⁰²⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.3.

⁽²⁰³⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question D.B.2.

⁽²⁰⁴⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question D.B.2.

⁽²⁰⁵⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.4.

Amazon, A24, Apple, and Lionsgate will continue to exert a competitive constraint on the Parties. ⁽²⁰⁶⁾

- (205) In the third place, the Commission assessed for each of the competitors mentioned above what their individual market position is as well as their strength on the main competitive parameters. This confirms the results from the market investigation that these film studios exert competitive pressure on the Parties.

- (1) ***The Walt Disney Company*** is a global entertainment company that produces and distributes films for theatrical release, and it owns its own streaming platform Disney+. Its film studios and brands include Walt Disney Pictures, 20th Century Studios, Searchlight Pictures, Marvel Studios, Lucasfilm, Walt Disney Animation Studios and Pixar.

Considering the average 2023-2025 market share in the EEA, Disney is bigger than the Parties combined. Moreover, most film studios and distributors responding to the market investigation indicate that Disney is the strongest competitor on the most important parameter for a studio to be successful: films based on existing IP (franchises). ⁽²⁰⁷⁾ Disney's franchises include, among others, the Marvel Cinematic Universe, Star Wars, Toy Story and Avatar. Notable film releases from the past three years include Inside Out 2, Zootopia 2, Deadpool & Wolverine, Moana 2, Lilo & Stitch, Guardians of the Galaxy vol. 3 and Avatar: Fire and Ash. The market investigation further reveals that film studios and distributors rank Disney and Universal as the strongest film studios in their ability to attract talent. Finally, Disney is considered to be the strongest competitor with regard to the size of its average production budget. ⁽²⁰⁸⁾ Indeed, Disney's total theatrical production budget is the largest of any competitor in 2025 and on average for 2023-2025, and larger than that of the Parties combined (Table 2). ⁽²⁰⁹⁾ Also when looking at the production of blockbuster movies (see paragraph (201) above), Disney is the largest competitor in each of the last three years and will remain larger than the Parties combined. ⁽²¹⁰⁾

- (2) ***NBC Universal*** is a global media and entertainment group that, among others, produces and distributes films for theatrical release. Its film studios include Universal Pictures, Focus Features, Working Title Films and the animation studios Illumination and DreamWorks Animation (hereafter together referred to as 'Universal').

Following the Transaction, Universal will be the third largest player after Disney and the merged entity in the EEA for the period 2023-2025, based on market shares by box office revenues. The results of the market investigation show that film studios and distributors consider that Universal is the second strongest competitor, after Disney, when it relates to films based on IP (franchises). Universal's franchises include Jurassic Park, Fast & Furious, Despicable Me (including Minions), and Mario. Notable film releases from the past three years, apart from films in the beforementioned franchises, include Oppenheimer, Wicked (and Wicked: For Good), Kung Fu Panda 4, Bridget Jones: Mad About the Boy, Downton Abbey: the Grand Finale and How to Train Your Dragon. Moreover, film studios and distributors consider that Universal is the strongest competitor, together with Disney, in its ability to attract talent. Finally, Universal is considered to be the

⁽²⁰⁶⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question D.B.3.

⁽²⁰⁷⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²⁰⁸⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²⁰⁹⁾ Response to RFI 6, Annex 1.

⁽²¹⁰⁾ Response to RFI 6, Annex 2.

second strongest competitor with regard to the size of its average production budget. ⁽²¹¹⁾ Universal's total theatrical production budget in 2025 was the second biggest of any film studio. The size of Universal's production budget is also reflected in its output. In 2025, and for the period from 2023-2025, Universal produced the most film titles in the EEA. ⁽²¹²⁾

- (3) **Sony** is a global group that encompasses various businesses, including electronics, imaging and sensing, film and television (Sony Pictures Entertainment), music and video games. Sony Pictures Entertainment produces feature films through several film studios. These include Columbia Pictures studio, TriStar Pictures, Screen Gems, Sony Pictures Animation, Sony Pictures Classics, 3000 Pictures and Stage 6 Films.

For the period 2023-2025, Sony was the fourth largest competitor in the EEA (after Disney, Universal and Warner) when looking at market shares based on box office revenues (Table 1). Moreover, film studios and distributors consider that Sony is the fourth strongest player when it relates to films based on IP (franchises). ⁽²¹³⁾ Sony's most important franchises are the Spiderman universe and Ghostbusters. Notable film releases from the past three years, apart from films in the beforementioned franchises, include *Anyone but you*, *Insidious: The Red Door*, *It Ends With Us*, *Anaconda* and *I Know What You Did Last Summer*. The results of the market investigation are unclear whether Sony or Paramount should be considered as the 6th strongest player when it comes to its ability to attract talent. ⁽²¹⁴⁾ Finally, Sony is considered to be the fifth strongest competitor with regard to the size of its average production budget. ⁽²¹⁵⁾ However, over the period 2023 to 2025, Sony produced the second most titles in the EEA after Universal. ⁽²¹⁶⁾

- (4) **Lionsgate** is a global studio active in the production, licensing and distribution of films for theatrical release. Lionsgate's core label is Lionsgate Films which produces a wide range of films, alongside the specialty label Summit Entertainment.

While Lionsgate has a small market share on average for the period 2023-2025 ([0-5]% in the EEA overall) based on box office revenues (Table 1), film studios and distributors consider that Lionsgate is the strongest film studio after the 'big five' studios ⁽²¹⁷⁾ when it relates to films based on IP (franchises). ⁽²¹⁸⁾ Lionsgate's franchises include the Hunger Games, the Twilight Saga, John Wick, Saw and The Expendables. Notable releases in the past three years include *The Expendables 4*, *Saw X*, *The Hunger Games: The Ballad of Songbirds & Snakes*, *John Wick: Chapter 4*, *The Long Walk* and *Now You See Me: Now You Don't*. Lionsgate's biopic *Michael* is the second-highest grossing film worldwide in 2026 so far. ⁽²¹⁹⁾ *Michael* has become Lionsgate's highest-grossing film ever and it is the highest-

⁽²¹¹⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²¹²⁾ Response to RFI 6, Annex 1.

⁽²¹³⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²¹⁴⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²¹⁵⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²¹⁶⁾ Response to RFI 6, Annex 1.

⁽²¹⁷⁾ The term 'big five' studios refers to the US majors Disney, Universal, Warner, Paramount and Sony.

⁽²¹⁸⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²¹⁹⁾ Box Office Mojo, "2026 Worldwide Box Office", available at <https://www.boxofficemojo.com/year/world/> (last accessed on 28 June 2026).

grossing music biopic of all time.⁽²²⁰⁾ As regards Lionsgate's strength in relation to its ability to attract talent, the results of the market investigation are unclear. Finally, Lionsgate has the highest worldwide share of overall theatrical production budget for the period 2023-2025 after the 'big five' studios.⁽²²¹⁾

- (5) **A24** is an independent American entertainment company, founded in 2012, that produces and distributes films for theatrical release. Since its foundation, it has released over 180 films. Notable film releases from the past three years include *Civil War*, *Babygirl*, *Eddington*, *Materialists*, *Marty Supreme* and *Backrooms*.

While A24 has a small market share on average for the period 2023-2025 ([0-5]% in the EEA overall based on box office revenues) (Table 1)⁽²²²⁾, the Commission considers that it exerts a stronger competitive constraint than its market share suggests, for the following reasons. First, film studios and distributors rank A24 as the fourth strongest competitor (after Disney, Universal and Warner) in its ability to attract talent.⁽²²³⁾ Second, over the period 2023 to 2025, it has produced the highest number of titles after the 'big five' studios.⁽²²⁴⁾ Third, A24 starts producing films with bigger budgets. In 2026, it was reported that A24 started the production of its most expensive project yet, an adaptation of the video game *Elden Ring*, with a budget of well over USD 100 million.⁽²²⁵⁾

- (6) **Amazon** acquired MGM in 2022. MGM produces and finances films for theatrical release under the Amazon MGM Studios banner and through the revived Orion Pictures and United Artists-heritage labels (hereafter together referred to as 'Amazon/MGM').

Amazon/MGM's market share, based on box office revenues, for the period 2023-2025 is currently small ([0-5]% in the EEA overall) (Table 1)⁽²²⁶⁾. The Commission notes however that Amazon only closed the acquisition of MGM in 2022 at the end of the Covid-19 pandemic and a year before the writers' strike that impacted the American film industry in 2023. Film studios and distributors consider that Amazon/MGM ranks behind the 'big five' studios and Lionsgate when it relates to films based on IP (franchises).⁽²²⁷⁾ Amazon/MGM's franchises include in particular James Bond, as well as Rocky, Creed and Legally Blonde. Notable releases in the past three years include *American Fiction*, *Challengers* and *After the Hunt*. Most recently, Amazon/MGM released the film *Project Hail Mary*. As a non-sequel and non-franchise film, it currently ranks as the third highest-grossing film worldwide in 2026.⁽²²⁸⁾ While Amazon/MGM only announced its first full theatrical slate after the acquisition of MGM in 2026, its ability to attract talent is demonstrated by the fact that *Project Hail Mary* is starring and produced by Ryan Gosling. In relation to the size of the average production budget, film

⁽²²⁰⁾ Billboard, "'Michael' surpasses 'Bohemian Rhapsody' as highest-grossing music biopic of all time", 14 June 2026, available at <https://www.billboard.com/culture/tv-film/michael-jackson-highest-grossing-biopic-all-time-1236272605/> (last accessed on 28 June 2026).

⁽²²¹⁾ Response to RFI 6, Annex 1.

⁽²²²⁾ Response to RFI 20, Annex 1.

⁽²²³⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²²⁴⁾ Response to RFI 6, Annex 1.

⁽²²⁵⁾ The Hollywood Reporter, "'Elden Ring' live-action movie adds Tom Burke, Havana Rose Liu, Sonoya Mizuno, Emma Laird as production begins", 20 April 2026, available at <https://www.hollywoodreporter.com/movies/movie-news/elden-ring-movie-cast-1236569064/> (last accessed on 28 June 2026).

⁽²²⁶⁾ Response to RFI 20, Annex 1.

⁽²²⁷⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²²⁸⁾ Box Office Mojo, '2026 Worldwide Box Office'. Last accessed on 28 June 2026, available at: <https://www.boxofficemojo.com/year/world/>.

studios and distributors rank Amazon/MGM to be approximately as strong as Paramount (behind Disney, Universal, Warner and Sony).⁽²²⁹⁾ Amazon/MGM's strength in relation to its production budget is also demonstrated through Project Hail Mary, which had a production budget of USD 200 million.⁽²³⁰⁾ Finally, Amazon has announced that it aims to release 14 films in theatres in 2026⁽²³¹⁾ and 15 films per year by 2027.⁽²³²⁾

- (7) *Apple* produces original films under the Apple Original Films label. While it produces TV series and films primarily for Apple TV+, Apple also produces films for theatrical release.

Apple has a small market share on average for the period 2023-2025 in the EEA overall ([0-5]%) (Table 1)⁽²³³⁾. Film studios and distributors do not consider Apple to be a strong competitor in relation to films based on existing IP (franchises).⁽²³⁴⁾ This is also clear from Apple's notable releases in the past three years which are not based on existing IP: Killers of the flower moon, Napoleon, Argylle and F1: The Movie. Apple is ranked as the fifth strongest competitor (after Disney, Universal, Warner and A24) in its ability to attract talent.⁽²³⁵⁾ This is reflected in the fact that Brad Pitt is the main actor in F1: The Movie, whereas Killers of the flower moon and Napoleon are directed by respectively Martin Scorsese and Ridley Scott.⁽²³⁶⁾ Finally, film studios and distributors do not consider Apple to be a strong competitor in relation to the size of the average production budget.⁽²³⁷⁾ However, Apple had the biggest theatrical production budget for the period 2023-2025 after the 'big five' studios and Lionsgate. In addition, when focussing on films with a theatrical production budget over USD 100 million (see paragraph (201) above), Apple was the largest competitor in the period 2023-2025 after the 'big five' studios.⁽²³⁸⁾

- (206) Based on the above, the Commission considers that the Parties will continue to face competition from several players on an EEA-wide market for the production and licensing of US films for theatrical release.
- (207) Fifth, the Commission considers that, while the Parties are close competitors, there is no indication that they would compete more closely with one another than with other major US studios, for the reasons set out below.
- (208) In the first place, and as set out in paragraph 199, above, film studios and distributors indicated in the market investigation that the access to valuable IP, the ability to attract talent and the overall production budget for the slate of film releases are the most

⁽²²⁹⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²³⁰⁾ Variety, "Project Hail Mary" shatters box office expectations with USD 140.9 million globally, 22 March 2026. Last accessed on 29 June 2026, available at: <https://variety.com/2026/film/box-office/project-hail-mary-global-box-office-shatters-expectations-1236696281/>.

⁽²³¹⁾ Amazon, "Amazon aims to release 14 films in theaters in 2026", available at: <https://www.aboutamazon.com/news/entertainment/amazon-movies-cinemacon> (last accessed on 29 June 2026).

⁽²³²⁾ Amazon, "Amazon MGM Studios unveils its ambitious theatrical slate for 2026 and beyond at CinemaCon", 15 April 2026, available at: <https://www.aboutamazon.com/news/entertainment/amazon-mgm-studios-films> (last accessed on 29 June 2026).

⁽²³³⁾ Response to RFI 20, Annex 1.

⁽²³⁴⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²³⁵⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²³⁶⁾ Variety, "'F1' overtakes 'Napoleon' as Apple's highest-grossing film with USD 293 million", 6 July 2025, available at <https://variety.com/2025/film/box-office/f1-movie-apple-highest-grossing-film-napoleon-1236448149/> (last accessed on 29 June 2026).

⁽²³⁷⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.B.5.

⁽²³⁸⁾ Response to RFI 6, Annex 2.

- important parameters for a film studio to be successful. ⁽²³⁹⁾ On each of these three parameters, film studios and distributors consider that Disney, Universal and Warner are the three strongest competitors. ⁽²⁴⁰⁾ In relation to films based on existing IP and the average production budget, Paramount and Sony rank closely as the fourth and fifth strongest competitor, whereas Paramount is considered to be a much weaker competitor than Disney, Universal, Warner and Sony in relation to its ability to attract talent. ⁽²⁴¹⁾
- (209) In the second place, at least each of the ‘big five’ film studios as well as Lionsgate and Amazon (can) rely on existing IP.
- (210) In the third place, in relation to the frequency of output, the Commission notes that all ‘big five’ studios released between 10 and 18 films in the EEA in each year between 2023 and 2025 (with Universal releasing 19 films in 2023 and 23 films in 2025). In addition, A24 released 9 films in 2024 and 9 films in 2025. ⁽²⁴²⁾ Further, as set out in paragraph (205) above, Amazon MGM has announced that it aims to release 14 films in theatres in 2026 ⁽²⁴³⁾ and 15 films per year by 2027. ⁽²⁴⁴⁾ The Commission sees no reason why these films would not also be released in the EEA.
- (211) In the fourth place, while the Parties both invest in blockbusters, this applies to all competitors that are discussed in paragraph 205 above. Further, the production of blockbusters is not limited to said competitors. For example, Lightstorm Entertainment, which produces in particular the Avatar franchise, also produced several films in the last years that classify as blockbusters. ⁽²⁴⁵⁾
- (212) Sixth, the Commission considers that, while the market for the production and supply of films for theatrical release is characterised by significant barriers to entry and expansion, the following evidence shows that these barriers are not insurmountable.
- (213) In the first place, while (branches of) the ‘big five’ film studios are all at least 100 years old, the founding and subsequent success of ‘mini-majors’ such as Lionsgate (founded in 1997) and A24 (founded in 2012) show that entry into the market for the production and supply of films for theatrical release is possible.
- (214) In the second place, several large tech companies that were active in adjacent markets have recently entered the market. Amazon acquired MGM in 2022. Apple founded Apple Studios in 2019 and has produced films for theatrical release since 2023.
- (215) In the third place, the Commission considers that while access to valuable IP (franchises) is the most important parameter to be successful, companies such as Apple and A24 show that successful entry without access to such IP is possible.
- (216) In the fourth place, the Commission tested in its market investigation whether vertical integration, that is, having one’s own distribution arm, is an important parameter to be successful. Film studios and distributors consider that vertical integration is a less important parameter for a film studio to be successful than the access to valuable IP, the ability to attract talent and the overall production budget. ⁽²⁴⁶⁾

⁽²³⁹⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.B.2.

⁽²⁴⁰⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.B.5.

⁽²⁴¹⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.B.5.

⁽²⁴²⁾ Response to RFI 6, Annex 1.

⁽²⁴³⁾ Amazon, “Amazon aims to release 14 films in theaters in 2026”, 2 April 2025, available at: <https://www.aboutamazon.com/news/entertainment/amazon-movies-cinemacon> (last accessed on 29 June 2026).

⁽²⁴⁴⁾ Amazon, “Amazon MGM Studios unveils its ambitious theatrical slate for 2026 and beyond at CinemaCon”, 15 April 2026, available at: <https://www.aboutamazon.com/news/entertainment/amazon-mgm-studios-films> (last accessed on 29 June 2026).

⁽²⁴⁵⁾ Response to RFI 6, Annex 1.

⁽²⁴⁶⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.B.2.

6.4.3.1.2.1. Reduction of output

During its investigation, the Commission received complaints from cinemas that the Transaction may result in a reduction of the number of films that the Parties would release in cinemas. For example, one cinema stated: ⁽²⁴⁷⁾ *‘Industry experience suggests that consolidation among major studios can lead to a reduction in overall theatrical output over time. For example, following the Disney-20th Century Fox transaction, the number of theatrical releases from the acquired studio significantly decreased compared to historical levels. A similar dynamic may occur in this case, although the extent and timing of any such effect remain uncertain’.*

- (217) These concerns contradict the repeated public statements by Paramount to the opposite. During CinemaCon 2026, the largest annual industry gathering, its CEO stated in a presentation: *‘The second reason I came here today is I wanted to look every single one of you in the eye and give you my word: once we combine with Warner Bros., we are going to make a minimum of 30 films annually, across both studios. And every film – every film – will receive a full theatrical release, with a minimum 45-day window starting today’* (emphasis added). ⁽²⁴⁸⁾ In the first quarter Earnings Call for Paramount, its CEO similarly stated: *‘We are firmly committed to 30 theatrical films per year. If you look at the schedule, we have 15 films [sic] on the calendar to release this year, up from 8 last year. So we’ve come close to basically doubling the output of our film studio, Paramount. If you look at the great job that the team at WBD has done, they have 15 films on the release calendar for this year. So the 2 companies are actually making 30 films to date, which I think [sic] is important to note and accelerating’* (emphasis added). ⁽²⁴⁹⁾
- (218) Despite Paramount CEO’s public statements, and in light of the complaints it received, the Commission assesses whether the merged entity will have the incentive to reduce the number of films released as a result of the Transaction. ⁽²⁵⁰⁾
- (219) While cinemas have expressed concerns that the Parties may reduce their combined film output following the proposed Transaction, the responses of film studios and distributors are more nuanced. While most of them indicated that the Parties have the incentive to do so, many were of the opposite view or considered that it would depend on the conditions of the merger. ⁽²⁵¹⁾
- (220) In view of the respondents’ replies, the Commission’s assessment focuses on the following elements: (i) Disney’s reduction of film output following its acquisition of Twenty-First Century Fox in 2019 ⁽²⁵²⁾; (ii) the fact that the merged entity would carry a significant amount of debt, which may force the Parties to reduce film output ⁽²⁵³⁾; and (iii) whether the combined current annual film output of Paramount and Warner would exceed what is economically optimal for the merged entity.

⁽²⁴⁷⁾ Replies to Questionnaire ‘Q1b Theatrical distribution value chain – cinemas’, question E.2.1.

⁽²⁴⁸⁾ Paramount, “Paramount Pictures goes all in on theatrical at CinemaCon”, 17 April 2026, available at <https://www.paramount.com/news/paramount-pictures-goes-all-in-on-theatrical-at-cinemaconr> (last accessed on 30 June 2026).

⁽²⁴⁹⁾ Paramount, Q1 2026 Earnings Transcript, 4 May 2026, available at <https://ir.paramount.com/> (last accessed on 30 June 2026).

⁽²⁵⁰⁾ Paragraph 32 of the Horizontal Merger Guidelines states in this regard: *‘When market conditions are such that the competitors of the merging parties are unlikely to increase their supply substantially if prices increase, the merging firms may have an incentive to reduce output below the combined pre-merger levels, thereby raising market prices. The merger increases the incentive to reduce output by giving the merged firm a larger base of sales on which to enjoy the higher margins resulting from an increase induced by the output reduction’.*

⁽²⁵¹⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, questions D.B.6 and D.B.6.1.

⁽²⁵²⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question E.2.1.

⁽²⁵³⁾ UNIC, White Paper, 13 May 2026, paras. 153-155.

- (221) First, the Commission considers that Disney's reduction of film output following its acquisition of Twenty-First Century Fox does not in itself constitute proof that the Parties would have the incentive to reduce film output following the Transaction.
- (222) In the first place, the Commission notes that Disney has a significantly different business model than the Parties. Disney is part of The Walt Disney Company. In addition to The Walt Disney Company's entertainment business segment, which includes its activities in the theatrical distribution and AV value chains, a large part of The Walt Disney Company's revenues is generated by the Parks, Experiences and Products business segment which includes its entertainment parks, cruise line and consumer products. ⁽²⁵⁴⁾ Hence, The Walt Disney Company has many more ways to monetize its IP than the Parties. As a result, the Parties are more dependent on film revenue than The Walt Disney Company.
- (223) In the second place, Disney's acquisition of Twenty-First Century Fox had a different business rationale. As Bob Iger, Disney's CEO at the time, explained, Disney evaluated the acquisition '*through the lens of [its] future business*' with the objective of '*accelerating [its] transformation into the DTC space on a global basis*'. To achieve this, Disney intended to use Fox's content library to '*further enrich the content mix on [its] DTC platforms*' and refocus Fox's studios on producing films for theatrical release as well as for Disney+ and Hulu. ⁽²⁵⁵⁾
- (224) In the third place, the acquisition of Twenty-First Century Fox in 2019 was followed by the Covid-19 pandemic and later by the US writers' strike in 2023. This has influenced the output of US films in general but also had an influence on the production and release strategies of said studios. These two exogenous shocks make it hard to isolate any potential merger-driven reduction in theatrical output.
- (225) Firstly, the Covid-19 pandemic had a consequential negative impact on the industry for a significant period, as regards both film shootings and their release in cinemas, given the strict rules that applied in terms of masks, vaccination and social distancing. When studios were recovering from the adverse impacts of the pandemic, they were hit by the industry strikes in 2023. These have impacted all film studios, including Disney.
- (226) Secondly, the Commission notes that the Covid-19 pandemic also resulted in Disney deciding to release certain films directly on its streaming platform, which was launched in late 2019 and early 2020, depending on the market. In this regard, it is important to note that Disney has a significantly stronger position in the retail supply of SVOD services than the Parties, as set out in paras. (454) and (459) below. More importantly, Disney has reversed course after the Covid-19 pandemic. As noted by UNIC, '*Disney is committed to theatrical releases, and while it released its films directly on its streaming service Disney+ during COVID-19, now the release of their new films starts with an exclusive theatrical window in cinemas*' ⁽²⁵⁶⁾.
- (227) Thirdly, the considerations set out above make it difficult to isolate and assess any potential merger-driven reduction in output, as any observed reduction could equally reflect a strategic business decision by Disney rather than an anticompetitive effect of the merger. Indeed, when considering the overall number of film releases (rather than just theatrical releases), Disney's output increased by 10% in the post-merger period

⁽²⁵⁴⁾ The Walt Disney Company, 2025 Annual Report, available at <https://investors.thewaltdisneycompany.com/financials/annual-reports/default.aspx> (last accessed on 26 June 2026).

⁽²⁵⁵⁾ The Walt Disney Company, Q3 FY19 Earnings Conference Call Transcript, available at https://s206.q4cdn.com/979796730/files/doc_events/2019/08/q3-fy19-earnings-transcript.pdf (last accessed on 7 July 2026).

⁽²⁵⁶⁾ Non-confidential version of the minutes of a call with UNIC, dated 15 January 2026, paragraph 8a.

(2019-2025) compared to the pre-merger period (2012-2018).⁽²⁵⁷⁾ Moreover, sensitivity analyses of Disney's theatrical output before and after the merger highlight the difficulty of isolating any merger-specific effects, given the significant disruptions that affected the film industry during the relevant period and their impact on both production and release schedules. Given the long production cycles of theatrical films, the effects of these disruptions may persist for several years.⁽²⁵⁸⁾

- (228) Second, the Commission considers that the merged entity's high level of indebtedness does not in itself mean that the merged entity will have the incentive to reduce its film output.
- (229) In the first place, the merged entity is dependent on the commercial success of its films for a large part of its revenues. In this respect, most film studios that responded to the market investigation indicated that a theatrical release is profitable in itself and will result in higher revenues from subsequent licensing than a direct-to-consumer release.⁽²⁵⁹⁾ Therefore, a reduction in output of films for theatrical release appears unlikely as it would not make economic sense. Further, a review of the internal deal documents did not reveal any plans to reduce film production or theatrical releases either for Paramount or for Warner.⁽²⁶⁰⁾
- (230) In the second place, Warner was already a highly leveraged company prior to the merger. However, this did not prevent it from successfully producing new films and TV series. Further, the Commission understands that co-financing and co-production arrangements in the film and TV industries are typically structured on a project-by-project basis. Investment decisions are driven primarily by the commercial merits of the individual project, rather than by the debt leverage of the producing studio. As a result, investors are principally exposed to the risks associated with the specific project, rather than to the financial position of the producing studio. Accordingly, the merged entity's level of indebtedness is not expected to materially affect its ability to finance new films.⁽²⁶¹⁾
- (231) Third, the Commission considers that there is no reliable way to establish what the merged entity's optimal annual film output would be and hence, whether a combination of Warner's and Paramount's film output would exceed it.
- (232) In the first place, the Commission notes that there is no generally accepted view of what a film studio's optimal annual film output would be. Further, film studios do release several films at or around the same time and would even do so for films of the same genre.
- (233) Firstly, the market investigation confirms that, when setting a release date, film studios and/or distributors mainly factor in the genre and target audience of other films in cinemas.⁽²⁶²⁾ However, several respondents indicated that more factors are considered when releasing a film.⁽²⁶³⁾
- (234) Secondly, most responding film studios and distributors indicated that a film studio could have overlapping release windows for its films, whereas most of them added the caveat that this was provided the target audience or genre is different.⁽²⁶⁴⁾ However, the latter must be nuanced as half of film studios and distributors expressing an opinion indicated that they would release a film whose release window overlaps with that of another of

⁽²⁵⁷⁾ Response to RFI 13, question 5.

⁽²⁵⁸⁾ Response to RFI 25, question 2.

⁽²⁵⁹⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.A.A.1.

⁽²⁶⁰⁾ Form CO, Figure 47; Attachment 22, slide 18; and Response to RFI 25, paragraph 62.

⁽²⁶¹⁾ Response to RFI 6, question 1.c, paragraph 6.

⁽²⁶²⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.A.C.5.

⁽²⁶³⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.A.C.5.1.

⁽²⁶⁴⁾ Replies to Questionnaire 'Q1a Theatrical distribution value chain', question D.A.C.9.

their film of the same genre. ⁽²⁶⁵⁾ One respondent explained that *‘[i]t depends on the genre and mostly on the potential of such genre for the time of the year. There are niche films on which it would be risky to do that. But there are films that playing at the same time, will benefit both. The decision would not be different if both films are from our release’*. ⁽²⁶⁶⁾

- (235) In the second place, the Commission notes that it found no plans to reduce film production or theatrical releases either for Paramount or for Warner in the internal documents. ⁽²⁶⁷⁾ The Commission further notes that, prior to the Transaction, the overlap of the theatrical releases of Paramount and Warner was less than the overlap of each Party with the theatrical releases of the other ‘big five’ film studios. ⁽²⁶⁸⁾
- (236) The Commission therefore considers that the evidence on file does not support the view that the Transaction would result in a reduction of output.

6.4.3.1.2.2. Shortening of theatrical windows

- (237) During its investigation, the Commission received complaints from cinemas on the potential impact of the Transaction on the diversity of films available to European audiences. According to UNIC, the merged entity would be incentivised to reduce the length of the theatrical window. ⁽²⁶⁹⁾
- (238) The Commission considers it unlikely that the merged entity would shorten the length of the theatrical window of its films, in essence for two reasons. First, the market investigation has indicated that the commercial success of a film in cinemas is crucial to its subsequent success in the audiovisual value chain. ⁽²⁷⁰⁾ A shortening of the theatrical window is therefore likely to negatively impact the commercial success of films in cinemas. Second, the strategy and/or statements of all other major US studios confirm that a shortening of the theatrical window does not make economic sense. Disney has explained that its films are often subject to a theatrical window of at least 45 days. ⁽²⁷¹⁾ Further, public sources referred to by the Notifying Party indicate that Universal is in the process of extending the theatrical window for its films to approximately 45 days in 2027, and that Sony is a vocal proponent of longer windows. ⁽²⁷²⁾ The Notifying Party also explained that Universal experimented with shorter windows but concluded that this was unprofitable and reverted to longer windows. ⁽²⁷³⁾

6.4.3.1.2.3. Loss of diversity

- (239) During its investigation, the Commission received complaints from cinemas on the potential impact of the Transaction on the diversity of films available to European audiences. According to UNIC, the merged entity would be incentivised to reduce original and mid-budget productions. ⁽²⁷⁴⁾ UNIC noted that the financial incentives resulting from the Transaction, including the need to realise efficiencies, would likely reduce the merged entity’s appetite for creative risk-taking. ⁽²⁷⁵⁾

⁽²⁶⁵⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.A.C.7.

⁽²⁶⁶⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.A.C.7.1.

⁽²⁶⁷⁾ Form CO, Figure 47; Attachment 22, slide 18; and Response to RFI 25, paragraph 62.

⁽²⁶⁸⁾ Form CO, Annex 23, RBB Economics, ‘Economic assessment of potential competition concerns in the theatrical value chain’, 10 May 2026, page 23.

⁽²⁶⁹⁾ UNIC, White Paper, 13 May 2026, paragraph 183.

⁽²⁷⁰⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.A.A.1.

⁽²⁷¹⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.A.C.3.2.

⁽²⁷²⁾ Response to RFI 21, question 2, paragraphs 39 and 42.

⁽²⁷³⁾ Id.

⁽²⁷⁴⁾ UNIC, White Paper, 13 May 2026, paragraph 159.

⁽²⁷⁵⁾ UNIC, White Paper, 13 May 2026, paragraph 158.

- (240) UNIC further submitted that such a strategy could have adverse effects on local film production in the EEA. In particular, it argued that Warner currently plays an important role in the co-production and financing of local European films, amongst others in France, Germany and Poland. ⁽²⁷⁶⁾ According to UNIC, a reduction in original and mid-budget productions could therefore lead to lower investment in local productions and reduce the diversity of films available to European audiences, with a particular impact on independent cinemas, whose programming relies on a balanced pipeline of blockbuster, original and locally produced films. ⁽²⁷⁷⁾
- (241) The Commission notes that the evidence on the file does not support the concern that the Transaction would result in a reduction of local film production in the EEA or a significant reduction in the production of original or mid-budget films. In particular, the Parties submitted evidence showing that both already maintain a significant pipeline of European productions extending beyond the implementation of the Transaction. Warner identified [...] local EEA theatrical productions currently planned for release between 2026 and 2029. ⁽²⁷⁸⁾ Likewise, Paramount submitted that its current theatrical slate extends through 2027 and includes a substantial pipeline of EEA productions and that this pipeline would continue beyond 2027. ⁽²⁷⁹⁾
- (242) The Commission further notes that both Parties explained that investment decisions relating to European productions are made on a project-by-project basis, taking into account factors such as the quality of the script, its commercial potential and its strategic fit, rather than pursuant to geographically allocated budgets. ⁽²⁸⁰⁾ The Parties also explained that they currently rely on well-established local production, distribution and development teams across several Member States to identify, develop and co-produce European content and that these arrangements are expected to continue post-Transaction. ⁽²⁸¹⁾
- (243) The Commission has assessed not only whether the Parties have European productions in their current pipeline, but whether the merged entity would have the incentive to continue investing in such productions to the same extent as the Parties would have absent the Transaction. It considers that those incentives are unlikely to diminish, for two reasons. First, the Parties submitted that local and European content constitutes an important element of their competitive offering, particularly in light of the strong competition from other global streaming providers. ⁽²⁸²⁾ They further explained that the merged entity will continue to require a steady pipeline of new European content to attract and retain subscribers and to compete effectively across theatrical distribution and streaming services. ⁽²⁸³⁾ Second, the merged entity's investment in European works is not solely a matter of commercial discretion. As set out at paragraphs (364) to (366) and (377), broadcasters and on-demand service providers in the Member States concerned are subject to European-works quotas and statutory investment obligations, which apply irrespective of the Transaction and constrain the extent to which the merged entity could reduce its investment in European productions below the level that would have prevailed absent the Transaction. ⁽²⁸⁴⁾

⁽²⁷⁶⁾ UNIC, White Paper, 13 May 2026, paragraph 159.

⁽²⁷⁷⁾ UNIC, White Paper, 13 May 2026, paragraph 160.

⁽²⁷⁸⁾ Response to RFI 25, paragraph 17.

⁽²⁷⁹⁾ Response to RFI 25, paragraph 11.

⁽²⁸⁰⁾ Response to RFI 25, paragraph 21.

⁽²⁸¹⁾ Response to RFI 25, paragraphs 22 and 23.

⁽²⁸²⁾ Response to RFI 25, paragraph 7.

⁽²⁸³⁾ Response to RFI 25, paragraph 8.

⁽²⁸⁴⁾ See European Commission, Directorate-General for Communications Networks, Content and Technology, 'The European Media Industry Outlook 2023', reporting the results of a targeted consultation of over 300

- (244) The Commission therefore considers that the evidence on file does not support the view that the Transaction would be expected to reduce investment in European film production or materially diminish the diversity of films available to European audiences.

6.4.3.1.3 *Conclusion*

- (245) For all the above reasons, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal effects on the overall market for the production and licensing of US films for theatrical release in the EEA.

6.4.3.2. Distribution of US films for theatrical release to cinemas ⁽²⁸⁵⁾

- (246) The Parties are active in the distribution of US films to cinemas throughout the EEA.
- (247) Paramount self-distributes its films in France, Spain and Ireland, and distributes via UIP, a jointly controlled JV between Paramount and Universal, in Denmark, Hungary, Norway, Poland and Sweden (these offices are referred to as ‘**UIP OpCos**’). In a number of EEA countries, UIP sub-licenses its distribution activities to a local distributor that distributes both of Paramount’s and Universal’s portfolios (‘**UIP Shared Licensee**’): Bulgaria, Cyprus, Czechia, Estonia, Finland, Latvia, Lithuania, Romania, Slovakia, and Slovenia. In Croatia, Greece, Iceland, and Portugal, UIP sub-licenses its distribution activities to local distributors as well. However, in these countries Paramount and Universal use different licensees (‘**UIP Non-Shared Licensee**’, together with UIP Shared Licensee: ‘**UIP Licensees**’). In the remaining countries, Paramount relies on distribution via third-party distributors or studios. ⁽²⁸⁶⁾
- (248) Warner self-distributes in Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Poland, Spain, Sweden. In other EEA countries, Warner uses third-party distributors. ⁽²⁸⁷⁾
- (249) Paramount mostly distributes its own films [details of the Parties’ distribution strategy] and UIP exclusively distributes Paramount and Universal films, except for Poland, where UIP acts as the theatrical distributor for [third-party studio]. ⁽²⁸⁸⁾ Warner may also distribute films for other studios, such as [third-party studio] as well as local EEA-based production companies. ⁽²⁸⁹⁾

6.4.3.2.1 *Combination of the Parties’ film portfolios*

6.4.3.2.1.1. The Notifying Party’s views

- (250) The Notifying Party submits that the horizontal overlap between Paramount and Warner on the market for the distribution of films to cinemas will not lead to any competition concerns for a number of reasons that, according to the Notifying Party, apply both at

independent producers and over 50 broadcasters and streaming services in the Union on commissioning and acquisition practices; and ‘*The European Media Industry Outlook 2025*’, page 63.

⁽²⁸⁵⁾ The Transaction also gives rise to an affected market for distribution of all films in Iceland, however, given that Iceland is already affected in the market for distribution of US films, this Decision does not discuss the market for the “distribution of all films” separately. Given that the Commission can exclude concerns at the narrow market for distribution of US films by virtue of the combination of the Parties’ film portfolios, there are also no concerns on a market for distribution of all films, given that the Parties are not active in the market for non-US films.

⁽²⁸⁶⁾ Form CO, paragraphs 213-220.

⁽²⁸⁷⁾ Form CO, paragraph 387.

⁽²⁸⁸⁾ Form CO, footnote 180.

⁽²⁸⁹⁾ Form CO, paragraph 387 and Annex 1 to RFI 4.

EEA and national level, as well as equally to the distribution of US and non-US films for theatrical release.

- (251) First, the Notifying Party submits that the Parties' combined market shares are low to modest across EEA countries in a market for the distribution of all films, or moderate when looking at a market for the distribution of US films only. ⁽²⁹⁰⁾
- (252) Second, the Notifying Party considers that the merged entity will continue to face competition from multiple rival international and national distributors in each of the affected markets, whether for the distribution of all films or US films only. The Notifying Party refers to the presence of distribution arms of US studios such as Disney, Sony, Universal, as well as vertically integrated European production studios and local/regional distributors with strong local relationships and capabilities. ⁽²⁹¹⁾
- (253) Third, the Notifying Party submits that Paramount and Warner have a different focus, with materially different slates and positioning and cinemas viewing Warner as competing more closely with other leading studios such as Disney and Universal than with Paramount. ⁽²⁹²⁾
- (254) Fourth, the Notifying Party submits that market dynamics and contracting practices with cinema cinemas constrain the Parties' behaviour and that the distribution market is volatile and hit-driven. Furthermore, the Notifying Party explains that cinemas multisource across competing film slates, with films booked on an individual basis, securing rights for international and locally distributed titles, which are booked in parallel and reallocated week-to-week (screens and show times) based on each titles' actual box office performance. According to the Notifying Party, the breadth of a distributors' film portfolio is unrelated to the booking of films. As such, cinemas also have regard to the availability of other films and content, and the Parties would not be able to worsen exhibition terms. ⁽²⁹³⁾
- (255) In the Notifying Party's view, cinemas large and small can exercise considerable buyer power in negotiations about, among other, rental terms, screen allocations and marketing commitments. Failing to secure exhibition at a given cinema loses access to the audience this cinema serves, with financial consequences extending beyond the theatrical window alone as the box office performance determines downstream revenue. ⁽²⁹⁴⁾
- (256) Fifth, the Notifying Party submits that barriers to entry and expansion in the market for theatrical film distribution are low across the EEA, further mitigating any risk of anticompetitive effects. According to the Notifying Party, new entrants – whether studios or independent distributors – can readily enter through flexible arrangements, including single-title licenses, service deals, or territory-specific distribution agreements, with studios often running competitive, film-by-film processes that enable smaller players to secure mandates. The Notifying Party notes that local distributors routinely use territorial expertise to distribute major studio films, and that success depends on industry knowledge, negotiation skills and marketing expertise, which can be acquired through hiring. ⁽²⁹⁵⁾

6.4.3.2.1.2. The Commission's assessment

- (257) As a preliminary remark, as discussed in Section 5.3, the Commission considers that the relevant competitive assessment should focus on the overall distribution of US films for

⁽²⁹⁰⁾ Form CO, paragraphs 767 and 771.

⁽²⁹¹⁾ Form CO, paragraphs 780-782.

⁽²⁹²⁾ Form CO, paragraph 790.

⁽²⁹³⁾ Form CO, paragraphs 791-794.

⁽²⁹⁴⁾ Form CO, paragraphs 795-803.

⁽²⁹⁵⁾ Form CO, paragraphs 805-812.

theatrical release to cinemas. From a cinema's perspective, the key consideration is securing access to films that attract audiences, irrespective of whether they are distributed directly by a studio or through a licensed distributor. In both cases, distributors compete to secure exhibition opportunities for their films, and the films compete for the same cinema screens and showtimes.

- (258) The Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market in the market for the distribution of US films to cinemas as a result of the mere combination of the Parties' portfolios in any of the EEA Member States due to horizontal non-coordinated effects for the following reasons.
- (259) First, as shown in Section 6.3.1, while the Transaction gives rise to affected markets in most EEA countries, the Parties' combined market share often remains below [30-40]% and never exceeds [30-40]%. Post-Transaction, the merged entity's market shares will be comparable to Disney and Universal.
- (260) Second, in addition to Disney and Universal, the merged entity will be constrained by a number of other US competitors. When asked which studios have competed with or exerted a competitive constraint on Paramount and Warner in the distribution of films for theatrical release to cinemas in the last three years, most respondents to the market investigation chose Universal, Disney and Sony. However, respondents also chose Amazon MGM, Apple, A24, Lionsgate as well as local film studios and Netflix. ⁽²⁹⁶⁾ Similarly, respondents to the market investigation confirmed that these studios will exert a competitive constraint on the merged entity in the next three years. A more significant number of respondents chose Amazon MGM as well as Netflix than in the previous question, showing that the respondents anticipate these players to expand their distribution capabilities. ⁽²⁹⁷⁾
- (261) Third, most responding cinemas have indicated that already today the terms (number of screens, number of weeks, etc. but excluding rental fees) for both Paramount and Warner films are not more favourable than the average terms and conditions for all US films. ⁽²⁹⁸⁾ As regards rental fees, most responding cinemas have indicated that they are broadly aligned in the market and do not differ significantly between studios (see also paragraph (341)) ⁽²⁹⁹⁾. Further, most responding cinemas have expressly confirmed that the rental fees of Paramount and Warner are not more favourable to cinemas than the average rates of all US films. ⁽³⁰⁰⁾ Given the above and considering that post-Transaction the merged entity's market shares will be comparable to those of Disney and Universal in the affected markets, the merged entity will unlikely be able to alter the commercial terms of its films, including rental fees, to the detriment of cinemas.
- (262) Finally, the Transaction is unlikely to lead to a reduction in the Parties' film output for theatrical release nor to shortening of the theatrical windows for the reasons set out above at Section 6.4.3.1.2.1. Consequently, the Transaction will neither reduce the essential inputs required for cinema operations nor restrict the commercial windows available to cinema operators.
- (263) For the reasons set out above, and without prejudice to the assessment set out below in sections 6.4.3.2.2. and 6.4.3.3.3 below, the Transaction is unlikely to have a negative impact on the commercial terms, including rental fees, for the distribution of the merged entity's films to cinemas.

⁽²⁹⁶⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question D.B.2.

⁽²⁹⁷⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question D.B.3.

⁽²⁹⁸⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', questions D.A.4. and D.A.5.

⁽²⁹⁹⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question D.A.8.

⁽³⁰⁰⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', questions D.A.9 and D.A.10.

- (264) The Commission therefore considers that the Transaction does not raise serious doubts as to its compatibility with the internal market in the market for the distribution of US films to cinemas by virtue of the mere combination of the Parties' portfolios in the EEA due to horizontal non-coordinated effects.

6.4.3.2.2 *UIP Countries*

- (265) The Commission has undertaken a further competitive assessment in the countries where UIP is active ('**UIP Countries**')⁽³⁰¹⁾ and the EEA Member States where UIP is not active ('**Non-UIP Countries**')⁽³⁰²⁾. This is because in the UIP Countries, film portfolios of Paramount and Universal are already distributed together through UIP OpCos and UIP Shared Licensees.⁽³⁰³⁾ In the UIP Countries, by virtue of UIP, there are also structural links between Paramount and Universal, which are not present in the Non-UIP Countries.
- (266) The Commission's assessment of this market has therefore focused on what the implications of the addition of Warner's portfolio to the merged entity would be, distinguishing between the countries in which the portfolios of Paramount, Warner, and Universal would be distributed together (UIP Countries) from those in which their respective portfolios would be distributed separately (Non-UIP Countries). The Notifying Party has also provided its views for both groups of countries separately.

6.4.3.2.2.1. Notifying Party's views

- (267) The Notifying Party submits that the Transaction does not raise concerns either in countries where Paramount films are distributed through UIP or a UIP licensee.
- (268) First, the Notifying Party argues that there is nothing preventing Warner or other studios from using the same third-party distributor that UIP appointed for Paramount and Universal, regardless of the Transaction. On this basis, contractual consolidation at the distribution level could take place regardless of the Transaction.⁽³⁰⁴⁾
- (269) Second, the Notifying Party submits that, when looking at the right market, UIP's share remains below 25% in all five countries except Poland ([20-30]%), and even combining UIP and Warner's shares, the total does not exceed [40-50]% in any country. However, Poland is the only EEA country where UIP acts as the appointed theatrical distributor for a third-party studio – i.e., [third-party studio].⁽³⁰⁵⁾
- (270) Third, the Notifying Party submits that UIP functions as a cost-saving mechanism, not as a vehicle for joint commercial strategy or coordinated negotiations with cinemas. UIP retains full operational independence, since Paramount and Universal manage their respective slates independently and confidentially, and each partner sets release dates individually without consulting with each other. There are also operational firewalls in place that prevent Paramount and Universal from exchanging any commercially sensitive information, including about their plans to release or distribute individual films, pricing, and other key competitive parameters.
- (271) UIP does not negotiate jointly for Paramount and Universal vis-à-vis cinemas. UIP discusses these booking terms on a title-by-title basis, separately for each studio.

⁽³⁰¹⁾ These include Bulgaria, Croatia, Czechia, Cyprus, Denmark, Estonia, Finland, Greece, Hungary, Iceland, Latvia, Lithuania, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden.

⁽³⁰²⁾ These include Austria, Belgium, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Netherlands, Spain.

⁽³⁰³⁾ In the UIP Non-Shared Licensee Countries, Paramount and Universal currently do not distribute through the same distributor.

⁽³⁰⁴⁾ Response to RFI 24, question 6.

⁽³⁰⁵⁾ Response to RFI 24, question 6.

- (272) Each studio also bears its own costs related to prints, digital cinema packages, dubbing, subtitling, marketing, and distribution-related taxes and fees, and importantly, retains its own revenues without pooling profits. ⁽³⁰⁶⁾
- (273) Fourth, the Notifying Party submits that UIP does not differ from a third-party distributor in the freedom to negotiate with cinemas. In both cases, Paramount determines the commercial strategy of its films and retains final approval over key parameters, and the distributor – whether UIP or a third-party licensee – implements that strategy at Paramount’s direction. Paramount does not determine for its distributors – whether UIP or third-party licensees – the screen allocation, holdover decisions ⁽³⁰⁷⁾ or duration of theatrical runs. These are determined by distributors in their negotiations with cinemas in booking sessions, subject to Paramount’s feedback where relevant. ⁽³⁰⁸⁾
- (274) Fifth, negotiations between distributors (and self-distributing studios) and cinemas take place on a title-by-title basis: neither of the Parties engages in block booking (whereby cinemas are required to license multiple films as part of a package or ‘block’ rather than individually) or blind bidding (whereby cinemas are required to license a film before having an opportunity to view it). ⁽³⁰⁹⁾
- (275) Finally, vertical integration between cinema chains and theatrical distributors is pervasive in many countries. This vertical integration is precisely why Paramount’s distribution agreements include [details of contractual agreements with third parties]. For example, Cinemacity (Cineworld group), the largest cinema chain in Bulgaria owns Forum Film, the leading third-party distributor in Bulgaria. Similarly, in the Baltics, the leading cinema chain across Estonia, Lithuania and Latvia owns distributors in the region: Estonian Theatrical Distribution, Latvian Theatrical Distribution and Lithuania Theatrical Distribution. ⁽³¹⁰⁾

6.4.3.2.2.2. Commission’s assessment

- (276) The Commission considers that the Transaction raises serious doubts as to its compatibility with the internal market in the market for the distribution of US films to cinemas in the UIP Countries due to horizontal non-coordinated effects as a result of the addition of Warner’s portfolio in the UIP Countries for the following reasons.
- (277) First, the Commission considers that market shares alone underestimate the impact of the Transaction at the distributor level, as they do not fully capture the bargaining power of distributors vis-à-vis cinemas. In particular, cinemas’ business models rely on access to the film slates of major US studios, as these films attract a significant proportion of cinema admissions. ⁽³¹¹⁾ The film slates of the Parties and those of other major US studios are differentiated versus films produced by non-US studios and are less substitutable from a cinema’s perspective. ⁽³¹²⁾ Therefore, the film slate of each major US studio constitutes an important input for a cinema’s overall operations and a distributor’s bargaining position depends not only on its market share, but also on the competitive relevance of the film portfolio it manages.
- (278) Second, the merged entity’s films would be distributed with Universal and/or Disney in a number of UIP Countries, leading to the accumulation of a significantly large film portfolio in the hands of one third-party distributor, increasing said distributor’s

⁽³⁰⁶⁾ Form CO, paragraphs 260-262; response to RFI 24, question 6.

⁽³⁰⁷⁾ Holdover decisions refer to the weekly determinations made by cinema operators and distributors regarding whether to extend a movie’s run for another week or withdraw it from cinemas.

⁽³⁰⁸⁾ Response to RFI 24, Questions 8(a) and 9(b).

⁽³⁰⁹⁾ Form CO, paragraph 195 and response to RFI 20, question 2.

⁽³¹⁰⁾ Response to RFI 24, question 6.

⁽³¹¹⁾ UNIC, White Paper, 13 May 2026, paragraph 68.

⁽³¹²⁾ Replies to Questionnaire ‘Q1b Theatrical distribution value chain – cinemas’, question C.A.2.

bargaining power vis-à-vis cinemas. Post-Transaction, these distributors would hold film portfolios of at least three out of five major US studios.

- (279) In particular, as shown in Table 17 below, in all of the UIP Shared Licensee countries, the same distributor currently distributes at least for Paramount and Universal, and would distribute at least for Paramount, Universal and Warner post-Transaction:
- (a) In Bulgaria, UIP Shared Licensee ([licensee C]) in addition to distributing for Paramount and Universal, also distributes for Disney, Sony and Amazon MGM.
 - (b) In Cyprus, UIP Shared Licensee ([licensee AD]) in addition to distributing for Paramount and Universal, also distributes for Warner and Apple.
 - (c) In Czechia, UIP Shared Licensee ([Licensee H]) distributes for Paramount and Universal.
 - (d) In Estonia, UIP Shared Licensee ([Licensee L]) in addition to distributing for Paramount and Universal, also distributes for Disney.
 - (e) In Finland, UIP Shared Licensee ([Licensee N]) distributes for Paramount and Universal.
 - (f) In Latvia, UIP Shared Licensee ([Licensee V]) in addition to distributing for Paramount and Universal, also distributes for Disney.
 - (g) In Lithuania, UIP Shared Licensee ([Licensee W]) in addition to distributing for Paramount and Universal, also distributes for Disney.
 - (h) In Poland, UIP (through a local office) in addition to distributing for Paramount and Universal, also distributes for [Third-party studio] and [Third-party studio].
 - (i) In Romania, UIP Shared Licensee ([Licensee AA]) distributes for Paramount and Universal.
 - (j) In Slovakia, UIP Shared Licensee ([Licensee H]) in addition to distributing for Paramount and Universal, also distributes for Disney.
 - (k) In Slovenia, UIP Shared Licensee ([Licensee AC]) distributes for Paramount and Universal.
- (280) In all of the Non-Shared Licensee countries, i.e., Croatia, Greece, Iceland and Portugal; even though the same distributor does not distribute Paramount's and Universal's portfolios, Paramount's distributor already distributes for Disney, which would also give rise to high concentration levels post-Transaction should Warner's portfolio be added to the film slate of said distributor). ⁽³¹³⁾
- (281) In particular, as shown in Table 17 below:
- (a) In Croatia, Paramount's Non-Shared Licensee ([Licensee D]) also distributes for Warner, Disney and Apple. ⁽³¹⁴⁾
 - (b) In Greece, Paramount's Non-Shared Licensee ([Licensee O]) also distributes for Disney, Sony and Amazon MGM.
 - (c) In Portugal, Paramount's Non-Shared Licensee ([Licensee X]) already distributes for Disney.

⁽³¹³⁾ Annex RFI 25 Q5.

⁽³¹⁴⁾ A24 and Lionsgate appoint distributors on a title-by-title basis rather than relying on a single distributor. The distributors listed for these studios include all distributors that distributed at least one of their produced films in 2025 according to ComScore, and 'n/a' indicates that the studio released no titles in that country in 2025. To a lesser extent, this also applies to Apple.

- (d) In Iceland, Paramount's Non-Shared Licensee ([Licensee R]) also distributes for Warner, Disney and Apple.

Table 17: Distributors in UIP countries (2023-2025)

Country	Paramount	Warner	Universal	Disney	Sony
Bulgaria	[Licensee C] (UIP licensee)	[Licensee E]	[Licensee C] (UIP licensee)	[Licensee C]	[Licensee C]
Croatia	[Licensee D] (UIP licensee)	[Licensee D]	[Licensee F]	[Licensee D]	[Licensee G]
Cyprus	[Licensee AD] (UIP licensee)	[Licensee AD] (UIP licensee)	[Licensee AD] (UIP licensee)	[Licensee O]	[Licensee O]
Czech Republic	[Licensee H] (UIP licensee)	[Licensee I]	[Licensee H] (UIP licensee)	[Licensee J]	[Licensee J]
Denmark	UIP Office	Own Office	UIP Office	Own Office	[Licensee K]
Estonia	[Licensee L] (UIP licensee)	[Licensee M]	[Licensee L] (UIP licensee)	[Licensee L]	[Licensee M]
Finland	[Licensee N] (UIP licensee)	Own Office	[Licensee N] (UIP licensee)	Own Office	[Licensee K]
Greece	[Licensee O] (UIP licensee)	[Licensee P]	[Licensee P]	[Licensee O]	[Licensee O]
Hungary	UIP Office	[Licensee Q]	UIP Office	[Licensee C]	[Licensee Q]
Latvia	[Licensee V] (UIP licensee)	[Licensee M]	[Licensee V] (UIP licensee)	[Licensee V]	[Licensee M]
Lithuania	[Licensee W] (UIP licensee)	[Licensee M]	[Licensee W] (UIP licensee)	[Licensee W]	[Licensee M]
Poland	UIP Office	Own Office	UIP Office	Own Office	[Licensee AH]
Portugal	[Licensee X] (UIP licensee)	[Licensee Y]	[Licensee Y]	[Licensee X]	[Licensee Z]
Romania	[Licensee AA] (UIP licensee)	[Licensee I]	[Licensee AA] (UIP licensee)	[Licensee C]	[Licensee Q]
Slovakia	[Licensee H] (UIP licensee)	[Licensee AB]	[Licensee H] (UIP licensee)	[Licensee H]	[Licensee AB]
Slovenia	[Licensee AC] (UIP licensee)	[Licensee D]	[Licensee AC] (UIP licensee)	[Licensee D]	[Licensee G]
Sweden	UIP Office	Own Office	UIP Office	Own Office	[Licensee K]
Iceland	[Licensee R] (UIP licensee)	[Licensee R]	[Licensee S]	[Licensee R]	[Licensee T]
Norway	UIP Office	Own Office	UIP Office	Own Office	[Licensee K]

Source: Annex 2 to RFI 25.

- (282) The above shows that, by virtue of the addition of Warner's portfolio to the film portfolio of Paramount's distributor, in all of the UIP Countries, one third-party distributor would distribute at least three and very often four or more film portfolios of US major studios.
- (283) Third, the Transaction will lead to high concentration in the hands of third-party distributors as a result of the addition of Warner's portfolio. As discussed above, in the

UIP Shared Licensee Countries, the Transaction would lead to a concentration of film portfolios of at least Paramount, Universal and Warner in the hands of one distributor.

- (284) In the Non-Shared Licensee Countries, even though the same distributor does not distribute Paramount's and Universal's portfolios, Paramount's distributor already distributes for Disney, which also gives rise to high concentration levels post-Transaction should Warner's portfolio be added to the film slate of said distributor.
- (285) This is confirmed both based on Lumiere database as well as Comscore database submitted by the Notifying Party:

***UIP Shared Licensee Countries*⁽³¹⁵⁾**

- (a) Bulgaria: [40-50]% combined share and [5-10]% increment from Warner according to Comscore; [70-80]% combined share, with a [10-20]% increment from Warner according to Lumiere;
- (b) Czechia: [20-30]% combined share with [5-10]% increment from Warner according to Comscore; [30-40]% combined share with [10-20]% increment from Warner according to Lumiere;
- (c) Estonia: [40-50]% combined share and [10-20]% increment from Warner according to Comscore; [60-70]% combined share, with a [10-20]% increment from Warner according to Lumiere;
- (d) Finland: [30-40]% combined share and [10-20]% increment from Warner according to Comscore; [30-40]% combined share with [10-20]% increment from Warner according to Lumiere;
- (e) Latvia: [40-50]% combined share and [5-10]% increment from Warner according to Comscore; [60-70]% combined share, with a [10-20]% increment from Warner according to Lumiere;
- (f) Lithuania: [40-50]% share and [5-10]% increment from Warner according to Comscore; [60-70]% combined share, with a [10-20]% increment from Warner according to Lumiere;
- (g) Romania: [30-40]% combined share and [5-10]% increment from Warner according to Comscore; [30-40]% combined share with [10-20]% increment from Warner according to Lumiere;
- (h) Slovakia: [30-40]% combined share and [5-10]% increment from Warner according to Comscore; [60-70]% combined share, with a [10-20]% increment from Warner according to Lumiere; and
- (i) Slovenia: [40-50]% combined share and [5-10]% increment from Warner according to Comscore; [40-50]% combined share with [10-20]% increment from Warner according to Lumiere.

***UIP Non-Shared Licensee Countries*⁽³¹⁶⁾**

- (j) Greece: [40-50]% combined share and [5-10]% increment from Warner according to Comscore; [60-70]% combined share, with a [5-10]% increment from Warner according to Lumiere; and

⁽³¹⁵⁾ Cyprus is also a UIP Shared Licensee Country, however, there is no increment, as Warner already uses the same distributor as Universal and Paramount in Cyprus.

⁽³¹⁶⁾ Croatia and Iceland are also UIP Non-Shared Licensee Countries, however, there is no increment in either Croatia nor Iceland as Warner already distributes through the same distributor as Paramount.

- (k) Portugal: [50-60]% share combined and [5-10]% increment from Warner according to Comscore; [50-60]% combined share, with a [10-20]% increment from Warner according to Lumiere. ⁽³¹⁷⁾
- (286) While the Commission considered the Lumiere market shares above as part of a robustness check, given that is a publicly available dataset used by some market participants, it is important to recognise the limitations of the database. Lumiere is a free database provided by the European Audiovisual Observatory. However, it is limited to the top 200 titles by cinema admissions across the EEA. ⁽³¹⁸⁾ Although the database contains ‘*data from what it considers to be the most reliable data sources in each territory*’, the Observatory states that ‘*there can be significant differences in the coverage rates among individual markets and / or years*’. It also notes that it ‘*is in no position to verify the accuracy of the data provided by the various third-party data sources. Neither the Observatory nor its third-party sources can warrant that the data provided is free of errors, omissions or other inaccuracies*’. ⁽³¹⁹⁾ By opposition, ComScore data is collected directly from theatres and relied on by studios as the industry standard for tracking film performance. ⁽³²⁰⁾ However, regardless of the database used, the Commission concludes that in a number of EEA Member States, following the combination of Paramount’s and Warner’s portfolios post-Transaction, the distributor likely to be used by the merged entity would have a market share above [40-50]%.
- (287) Further, market respondents are also concerned by the high concentration levels in their responses to the market investigation. For example, one cinema respondent indicated that ‘*there are not alternatives to US Studio titles, so a higher concentration of these in the hands of fewer distributors improves their negotiating position*’. ⁽³²¹⁾
- (288) In relation to the UIP Countries in particular, respondents flagged e.g., ‘*if the current distributor for Paramount in the Baltics also attained Warners distribution after the Transaction they would be by far the dominant distributor and could use their strength to gain advantageous exhibition terms with cinemas that would hurt other distributors*’ and ‘*it depends on the way it [the Transaction] is allowed to proceed. If it just adds to a company that controls [70-80]% of the exhibition, anything could happen. Referring only to Portugal*’. ⁽³²²⁾ Another respondent indicated ‘*In Portugal the market only recently and contingently balanced into a ~45/35 duopoly, built on the split of the major catalogues between two operators (Universal+Warner Bros. with Cinemundo; Disney+Paramount with NOS). The Transaction enables the combined Paramount/Warner Bros. catalogue to be consolidated with the vertically integrated operator that already distributes Paramount and Disney and dominates exhibition — reversing that balance, marginalising independent distribution and reducing choice for exhibitors and audiences*’. ⁽³²³⁾

⁽³¹⁷⁾ Annex 1 to RFI 25.

⁽³¹⁸⁾ To mitigate these limitations, the Parties supplemented Lumiere data with any missing Paramount and Warner data. This is likely to overstate both Paramount’s distributor’s share and the illustrative increment of the merged firm switching Warner’s films to the third-party distributor Paramount uses in these territories, as this approach covers all Paramount’s and Warner’s films showing in European cinemas in 2024 (i.e., the numerator is complete, from the perspective of Paramount or Warner films) but does not cover all films produced by other studios (and carried by said distributors), or all films carried by other distributors; the denominator is thus incomplete.

⁽³¹⁹⁾ European Audiovisual Observatory, ‘LUMIERE – About’, available at <https://lumiere.obs.coe.int/about> (last accessed on 10 July 2026).

⁽³²⁰⁾ Response to RFI 24, question 6.

⁽³²¹⁾ Replies to Questionnaire ‘Q1b Theatrical distribution value chain – cinemas’, question D.A.2.2.

⁽³²²⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.B.11.1.

⁽³²³⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question E.2.2.

- (289) Fourth, several cinema operators indicated that contracts between distributors and cinemas/cinema operators are negotiated under a framework agreement covering the entire slate of films distributed by a given distributor (including films from several different studios). ⁽³²⁴⁾
- (290) Further, most cinema operators that expressed a view confirmed that a distributor can drive negotiations by leveraging all films it distributes (from the same and other film studios). ⁽³²⁵⁾ For example, one respondent explained *‘an exhibitor cannot assess each negotiation in complete isolation from the wider commercial relationship with that distributor and its current or future release slate. This is particularly relevant where a distributor controls access to several major US studio titles, franchise films, family/animation films or other event releases that are important for admissions and box office revenues’*. ⁽³²⁶⁾
- (291) This is also confirmed by responding studios and distributors. The majority of responding studios and distributors indicated that when a distributor distributes more than one film studio, this strengthens their negotiation position vis-à-vis cinema operators. ⁽³²⁷⁾ In particular, one respondent explained that *‘The breadth of a multi-studio portfolio matters because it determines the distributor’s overall standing: a distributor that brings a steady flow of strong, high-potential titles across the year holds a stronger position with exhibitors on screen access, release dating and conditions than one carrying few or weaker titles. (...) More high-potential titles mean both better terms per film and greater overall bargaining power’*. ⁽³²⁸⁾
- (292) Fifth, the film industry is already characterized by a high degree of transparency; and this transparency would be exacerbated where UIP’s sales team, or the sales team of an UIP licensee, would handle Warner’s films in addition to Paramount and Universal. In that respect, several distributors explained that they conduct a single consolidated meeting with each cinema operator in which all titles across the distributor’s entire portfolio are discussed and negotiated simultaneously. ⁽³²⁹⁾ Many distributors that expressed a view explained that they have the same team that handles distribution of content for multiple studios, attending however separate meetings with cinemas for each studios’ slates / films. ⁽³³⁰⁾ That increased transparency would increase the bargaining position of UIP’s sales team towards cinemas, to the benefit of each of UIP’s parents.
- (293) Finally, the pre-existing structural links between Paramount and Universal in the UIP Countries amplify the risk of an increased bargaining power resulting from the increased transparency. Chinese walls cannot address these concerns as the same local UIP sales team or the same UIP licensee negotiate for both Paramount and Universal in each UIP country. ⁽³³¹⁾ Adding Warner, i.e., another major US studio, to a joint portfolio of Paramount and Universal would increase the abovementioned risks, as the relevant sales teams would be aware of the commercial terms of each studio and could leverage that information in the negotiations with cinemas.
- (294) For all the above reasons, the Commission concludes that the Transaction raises serious doubts as to its compatibility with the internal market as a result of horizontal effects on the market for the distribution of US films for theatrical release in the UIP Countries.

⁽³²⁴⁾ Replies to Questionnaire ‘Q1b Theatrical distribution value chain – cinemas’, question D.A.2.

⁽³²⁶⁾ Replies to Questionnaire ‘Q1b Theatrical distribution value chain – cinemas’, question D.A.2.3.

⁽³²⁷⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.A.D.6.

⁽³²⁸⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.A.D.6.1.

⁽³²⁹⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.A.D.5.

⁽³³⁰⁾ Replies to Questionnaire ‘Q1a Theatrical distribution value chain’, question D.A.D.5.

⁽³³¹⁾ Form CO, paragraph 265.

6.4.3.2.3 *Non-UIP Countries*

6.4.3.2.3.1. Notifying Party' views

- (295) The Notifying Party submits that the merged entity will be incentivized to (i) maintain their existing distribution local offices in the Non-UIP EEA countries where local offices already exist, and (ii) shift to self-distribution in the Non-UIP EEA countries where the larger slate and associated local box office would justify this commercial decision.
- (296) Firstly, it would not be economically rational, absent territory-specific countervailing factors, to add costly layers of intermediation in territories where Warner already has its own distribution office, and where the merger increases the volume of titles over which fixed costs involved in distribution and marketing can be spread. The merged entity is clearly incentivized to distribute their planned larger combined slate by relying on its own local offices, as the costs of a local office (which are mostly fixed) ought to be even lower given the merged entity's planned larger slate, enabling it to enjoy the benefits of self-distribution at lower cost (on a per film basis).
- (297) Secondly, the Notifying Party submits that self-distribution aligns economic incentives between the producer and cinemas. The incentives of producers to maximise box office performance are enhanced because of the importance of theatrical performance in subsequent windows. This incentive does not apply to third-party distributors who only distribute theatrically for studios. On the other hand, third-party distributors may have conflicting incentives, particularly where third-party distributors own a stake in local cinemas, as they also have an incentive to monetise their downstream exhibition business.
- (298) Thirdly, the Notifying Party submits that self-distribution also ensures that marketing and distribution activities are focused on maximizing the performance of the producer's own titles. Where a third-party distributor acts on behalf of multiple producers, contractual protections to do the best for each individual film can mitigate conflicts, but they cannot eliminate all practical allocation issues, particularly where the distributor must prioritize resources across competing titles. The distributor may therefore need to act in the interest of one studio's film over another studio's film.
- (299) Finally, the Notifying Party submits that for the Non-UIP EEA countries where neither Paramount nor Warner currently have a local office (namely Austria and Malta), the merged entity will internally assess whether the benefits of self-distribution will justify the (fixed) costs of setting up and running a local office. As the costs of a local office will be spread over its larger combined slate of 30+ films per year, the Combined Entity will have more incentives to set up a local office compared to the pre-Transaction scenario.⁽³³²⁾

6.4.3.2.3.2. Commission's assessment

- (300) The Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market in the market for the distribution of US films to cinemas in the Non-UIP Countries due to horizontal non-coordinated effects for the following reasons.
- (301) As a preliminary remark, Paramount has its own distribution offices in France, Ireland and Spain. Paramount distributes through [Licensee B] in Belgium, Germany and Luxembourg; through [Licensee AE] in the Netherlands; and through [Licensee AF] in Liechtenstein. Paramount uses third-party distributors in Austria, Italy, and Malta. Warner has its own distribution office in each of Belgium, France, Germany, Ireland,

⁽³³²⁾ Response to RFI 25, question 7.

- Italy, Liechtenstein, Luxembourg, Netherlands and Spain. Warner uses third-party distributors in Austria and Malta. ⁽³³³⁾
- (302) First, many US studios already self-distribute in Non-UIP Countries, which means that post-Transaction, one distributor will not hold a significant number of film portfolios of US major studios, as opposed to the UIP Countries.
- (303) In the first place, in each of Belgium, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands and Spain, Warner already self-distributes, and the merged entity is likely to rely on [local offices] for the distribution of the joint portfolio post-Transaction. [details on the merged entity's incentives to self-distribute]. ⁽³³⁴⁾ Even though Warner does not have a distribution office in Austria and Malta, the Parties already use the same third-party distributor (i.e. [Licensee A] in Austria and [Licensee AG] in Malta) and there is thus no merger specificity.
- (304) In the second place, Universal and Disney have distribution offices in all the abovementioned countries, except for Malta and Luxembourg (Universal only). In addition, Sony has distribution offices in all the abovementioned countries except for Italy, Malta and the Netherlands.
- (305) One stakeholder raised that in Italy distribution is handled by a third party representing one or more other major US studios, however, as discussed below in this section, given that Warner already has a distribution office in Italy, the merged entity will have an economic incentive to self-distribute through this office. ⁽³³⁵⁾
- (306) Second, it will be economically rational for the merged entity to distribute through the distribution offices where Warner already self-distributes, i.e., Belgium, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands and Spain. The fact that the Parties already self-distribute in these countries demonstrates that self-distribution is a commercially viable and economically rational distribution model in these territories. It would therefore be rational for the merged entity to continue self-distributing through these offices, particularly considering its larger post-merger portfolio. As costs of running a local distribution office are mostly fixed, the Parties would be able to spread them across a larger portfolio of films, thereby improving the economics of self-distribution. Indeed, fixed costs account for more than [50-60]% of total costs of the Parties' distribution operations in the Non-UIP Countries and are close or exceed [80-90]% in most of these countries. ⁽³³⁶⁾ The Parties do not expect material increases in local offices' fixed costs as a result of a large portfolio and any increase in costs would be offset by the higher box office revenues resulting from a larger film slate. ⁽³³⁷⁾
- (307) Finally, the patterns of box-office revenues of the Parties confirm that, the larger the local territory, the higher the incentives of a larger studio to consider self-distribution. Warner uses self-distribution in larger territories and third-party distributors in smaller territories. In the only small territory in which WBD self-distributes – Luxembourg – Warner does so through its Belgium branch rather than through an in-country local office. Given that the box office revenues are likely to increase given the addition of Paramount's portfolio, it would be economically rational for the merged entity to distribute via Warner's pre-existing offices in the Non-UIP countries.

⁽³³³⁾ Annex 1 to RFI 25.

⁽³³⁴⁾ Response to RFI 25, question 7.

⁽³³⁵⁾ Replies to Questionnaire 'Q5- Remedies Market test', question E.1.

⁽³³⁶⁾ Response to RFI 26, question 2.

⁽³³⁷⁾ Ibid.

- (308) For all the above reasons, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects on the market for the distribution of US films for theatrical release in the Non-UIP Countries.
- (309) Given that the merged entity is likely to self-distribute in the Non-UIP Countries, the Transaction will not lead to the accumulation of a significantly large film portfolio in the hands of one third-party distributor, increasing said distributor's bargaining power vis-à-vis cinemas in the Non-UIP Countries.

6.4.3.2.4 Conclusion

- (310) For all the above reasons, the Commission concludes that the Transaction, due to horizontal non-coordinated effects:
- (a) does not raise serious doubts as to its compatibility with the internal market on the market for the distribution of US films to cinemas by virtue of the mere combination of the Parties' portfolios in the EEA;
 - (b) raises serious doubts as to its compatibility with the internal market on the market for the distribution of US films for theatrical release in the UIP Countries as a result of the addition of Warner's portfolio, and
 - (c) does not raise serious doubts as to its compatibility with the internal market as a result of horizontal effects on the market for the distribution of US films for theatrical release in the Non-UIP Countries.

6.4.4. The theatrical distribution value chain - Assessment of coordinated effects

6.4.4.1. Introduction

- (311) The Commission also assessed whether the Transaction would give rise to coordinated effects on the market for the distribution of US films for theatrical release.
- (312) Most cinemas that responded to the market investigation submitted that the Transaction would make it possible, easier and/or more likely for some or all film distributors to coordinate (i.e., align) their commercial strategies towards cinemas/cinema operators. ⁽³³⁸⁾
- (313) First, as regards the possible terms of coordination, respondents have pointed to rental rates (fee splits), length of theatrical release window, release date scheduling and screen allocation, the latter covering aspects such as minimum screen commitments and minimum number of showtimes. ⁽³³⁹⁾
- (314) Most cinemas submitted that the film industry is characterised by a high degree of transparency and observability: release dates are public, box office results are widely monitored, changes to release calendars are visible, and theatrical window strategies often become known in the market. However, the rental rates (fee splits) negotiated between a distributor and a cinema operator are not publicly available.
- (315) Second, as regards the sustainability of said coordination, respondents have in essence pointed to the following three factors. First, the Transaction will reduce the number of major studios from five to four, of which three would be broadly comparable players (Disney, Universal and the merged entity), alongside Sony. In a market with five major studios, a studio seeking to increase rental rates or tighten windowing requirements faces

⁽³³⁸⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', questions D.B.7.

⁽³³⁹⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', questions D.B.7.2 and D.B.7.3.

more uncertainty as to whether competitors will follow. By contrast, in a market with three more symmetric participants, coordination becomes easier to sustain, and the incentives to maintain aligned commercial terms are correspondingly strengthened. For more detail, see Section 736.4.4.3.2 below.

- (316) Most cinemas also submitted that the risk of coordination is increased where the same local distributor distributes films of more than one major studio because shared distribution can make it easier to standardise or streamline commercial terms across these studios. ⁽³⁴⁰⁾
- (317) Finally, most cinemas that responded to the market investigation submitted that cinema operators would have no or limited ability to counteract such coordination because they have significant fixed costs and cannot survive without stable access to high-potential films, which only the major studios can provide. More specifically, various respondents stated that they must continue to bear the costs of rent, staff, energy, maintenance, equipment and other operating costs regardless of admissions and that this makes it difficult to reject high-potential films, even if the terms for such films were to become less favourable. ⁽³⁴¹⁾

6.4.4.2. The Notifying Party's views

- (318) The Notifying Party submits that the Transaction will not lead to coordinated effects in relation to the distribution of films for theatrical release for the reasons summarised below.
- (319) First, according to the Notifying Party, the structure of the market means that coordinated effects are unlikely to arise because (i) the market is supplied by a large and diverse set of producers and distributors, with European productions alone accounting for approximately 33% of EEA cinema admissions in 2024; (ii) films are heterogeneous products meaning that there is no common reference point or stable parameter on which studios could reach a mutual understanding on the terms of coordination; (iii) the performance of each film is specific to that title and cannot be predicted *ex ante*; (iv) film output is lumpy; (v) there is no transparency in commercial terms between distributors and cinemas: the terms on which distributors license films to cinemas – including rental splits, screen allocations, holdover commitments, and marketing spend – are negotiated bilaterally, ultimately determined on a title-by-title basis, and are always confidential between the contracting parties. ⁽³⁴²⁾
- (320) Second, according to the Notifying Party, the Transaction will not materially increase symmetry in the market. A high level of asymmetry between studios will remain. Most notably, a key part of Disney's strategy is to use theatrical releases to support its wider commercial interests in monetising its IP via both its streaming service, and via theme parks and consumer products. Other studios, notably Sony, differ from the Parties and Disney in that they do not have their own SVOD platforms (or, in the case of Universal, do not have such a platform in Europe). ⁽³⁴³⁾
- (321) Third, according to the Notifying Party, UIP's structure prevents its participants – Paramount and Universal – from engaging in any form of coordination. In essence, this is because (i) Paramount and Universal manage their film slates independently and confidentially from each other (ii) firewalls prevent Paramount and Universal from disclosing (or aligning on) their commercial strategies, (iii) each studio bears its own

⁽³⁴⁰⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question D.B.7.4.

⁽³⁴¹⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question D.B.7.5.

⁽³⁴²⁾ Response to RFI 21, question 2, paragraphs 3-10.

⁽³⁴³⁾ Response to RFI 21, question 2, paragraphs 11-16.

- costs and retains its own revenues, and (iv) UIP does not negotiate jointly for Paramount and Universal vis-à-vis cinemas. ⁽³⁴⁴⁾
- (322) Fourth, according to the Notifying Party, the cumulative conditions established in *Airtours* ⁽³⁴⁵⁾ that must be satisfied for coordinated effects to arise are not satisfied. These are that (i) the coordinating firms are able to reach a mutual understanding on the terms of coordination; (ii) they can monitor deviation from those terms; (iii) there is a credible mechanism to deter deviation; and (iv) non-coordinating market participants (not only rivals but also customers) are not in a position to disrupt the coordination. ⁽³⁴⁶⁾
- (323) Fifth, beyond these general features of the market, the Notifying Party submits that coordination on each of the following terms can also be excluded, for the following reasons. In the first place, the Notifying Party submits that coordination to restrict film output or investment can be excluded because (i) it is not in the studio's individual or collective interest, (ii) there are no obvious terms of coordination because films are highly heterogeneous, (iii) there is no credible mechanism to deter deviation, and (iv) a broad and growing set of competing studios would defeat any restriction. ⁽³⁴⁷⁾
- (324) In the second place, the Notifying Party submits that coordination on theatrical release windows ⁽³⁴⁸⁾ can be excluded because this is a decision driven by film performance, which varies film by film, and that studios have no incentive to shorten windows, in particular for films that perform well in cinemas. To the contrary, Sony and Disney are proponents of long theatrical windows, and Universal has recently announced that it will significantly extend its theatrical release window in 2026 and 2027. ⁽³⁴⁹⁾
- (325) In the third place, the Notifying Party submits that coordination on release scheduling can be excluded because this is a pre-existing, demand-expanding practice that the Transaction does not change. Overall, it notes that a number of films are released at the same time and films can be released simultaneously to great success. Considering only similar films aiming to target similar audiences, staggering their releases can be commercially rational independent behaviour and brings benefits to consumers, cinemas and studios as it avoids audience cannibalisation. ⁽³⁵⁰⁾
- (326) In the fourth place, the Notifying Party submits that coordination of some or all of the larger studios to worsen the terms on which films are supplied to cinemas can also be excluded, because (i) there is no stable focal point on which to coordinate, given the exact split for each cinema on each film on each of its screens is highly commercially sensitive, and determined on a title by title and territory by territory; (ii) deviations could not be monitored, since the commercial package actually agreed between a studio and a given cinema for a given title is confidential and not visible to rival distributors; (iii) rival distributors, who account for a large and growing share of box office, would disrupt any coordination, by attracting reallocated screens, showtimes and marketing; (iv) distributors are highly differentiated, making a coordinated strategy more difficult to agree and enforce; (v) the countervailing buyer power of cinemas, given high cinema concentration across the EEA, would discipline pricing and destabilise any attempted coordination; (vi) the studios' own conduct shows that distribution is not a vehicle for coordinating terms, since they overwhelmingly keep their distribution separate in

⁽³⁴⁴⁾ Response to RFI 21, question 2, paragraphs 17-18.

⁽³⁴⁵⁾ General Court judgement of 6 June 2002, *Airtours v Commission*, T-342/99, ECLI EU:T:2002:146, paragraph 62.

⁽³⁴⁶⁾ Response to RFI 21, question 2, paragraph 20.

⁽³⁴⁷⁾ Response to RFI 21, question 2, paragraphs 23-34.

⁽³⁴⁸⁾ A theatrical release window refers to the period of time during which a film is only available in cinemas.

⁽³⁴⁹⁾ Response to RFI 21, question 2, paragraphs 36-42.

⁽³⁵⁰⁾ Response to RFI 21, question 2, paragraph 43.

sufficiently large markets (e.g. US, Canada, UK, France) despite having the option to consolidate it. ⁽³⁵¹⁾

6.4.4.3. Commission's assessment

- (327) The Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of coordinated effects between the merged entity and other film studios, for the reasons set out hereafter.

6.4.4.3.1 *Possible terms of coordination*

- (328) As noted above, respondents have pointed to possible coordination regarding release date scheduling, (a reduction in the) length of theatrical release window, rental rates (fee splits) and screen allocation, the latter covering aspects such as minimum screen commitments and minimum number of showtimes. ⁽³⁵²⁾ Further, certain respondents have suggested that the terms of coordination may also include (a reduction in) film output. ⁽³⁵³⁾
- (329) First, as regards release date scheduling, the Commission notes that this is a pre-existing practice that the Transaction does not change. As indicated by several respondents, major studios closely monitor each other's release calendars, and it is already relatively unusual for high-potential films to open directly against each other. ⁽³⁵⁴⁾ In any event, as set out at paragraph 341(343) below, coordination on this term would not be sustainable.
- (330) Second, as regards the length of the theatrical window, for the reasons set out above at Section 6.4.3.1.2.2, the Commission considers it unlikely that the Transaction could lead to a coordination to shorten the theatrical release window between major US studios, as suggested by some respondents, as this would run counter to the interests of Disney, Universal and Sony.
- (331) Third, regarding rental fees, that is the split of box office revenue between the cinema and the studio / third-party distributor, the Commission's assessment is set out below, in the context of the sustainability of coordination.
- (332) Fourth, screen allocation is another possible term of coordination that was brought up by various cinemas, whereby this should be understood as encompassing (minimum) screen commitments, that is the number of screens on which a given film is shown, (minimum) number of showtimes, that is the number of times said film is shown, and screening time, that is the time of the day at which a film is shown. The Commission's assessment of this term is set out below, in the context of the sustainability of coordination (Section 6.4.4.3.2).
- (333) A final factor on which some respondents consider that coordination may take place is (a reduction in) film output. However, for the reasons set out above at Section 6.4.3.1.2.1 (Reduction of output), such a reduction of film output post-Transaction appears unlikely.
- (334) Having regard to the above, the Commission considers that the Transaction does not change the pre-existing practice as regards release date scheduling and that it is unlikely that coordination would arise to reduce the length of the theatrical release window or reduce film output. As regards a possible coordination on rental fees and screen

⁽³⁵¹⁾ Response to RFI 21, question 2, paragraphs 44-52.

⁽³⁵²⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', questions D.B.7.2 and D.B.7.3.

⁽³⁵³⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', questions D.B.7.2 and D.B.7.3.

⁽³⁵⁴⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question D.B.7.3.

allocation, the Commission will analyse hereafter whether co-ordination on those two terms would be sustainable.

6.4.4.3.2 *Sustainability of a possible coordination*

- (335) The Commission's assessment of the sustainability of coordination on rental fees and screen allocation, first, considers, the factors bearing on the likelihood of coordination; second, it follows the four remaining conditions identified in Section 8.4.1 above : (i) whether the coordinating firms are able to reach a mutual understanding on the terms of coordination; (ii) they can monitor deviation from those terms; (iii) there is a credible mechanism to deter deviation; and (iv) non-coordinating market participants (not only rivals but also customers) are not in a position to disrupt the coordination.
- (336) On the likelihood of coordination, the Commission considers that the reduction from five to four US major film studios as a result of the Transaction could potentially be considered as an element facilitating coordination on screen allocation and/or rental fees since the fewer the number of remaining firms in a market, the easier, in principle, it is to find and/or maintain a consensus, whilst at the same time reducing the alternatives available to cinema operators.
- (337) The Commission also considered whether contact between major US studios across multiple EEA jurisdictions or adjacent segments of the audiovisual value chain could facilitate coordination. However, the two terms identified in this Section (rental fees and screen allocation) are negotiated bilaterally, on a national basis, and are confidential between the contracting parties. Contact between the major US studios in other jurisdictions or segments therefore does not materially increase the risk of coordination on those terms.
- (338) The Commission notes the submission by most cinemas that shared distribution of more than one major's films can ease the standardisation of terms. In the EEA the only such arrangement is UIP; as discussed in Section 7.4, the Final Commitments provide for Paramount's complete exit from UIP in the EEA and interim ring-fencing measures, including on rental rates and booking terms. Post-Transaction the merged entity's films will no longer be co-distributed with films of another US major studio through a shared distributor. This reinforces the conclusion that coordination would not be sustainable.
- (339) The Commission considers whether the terms of coordination can be sufficiently monitored. As regards the screen allocation: while commitments regarding screen allocation are negotiated bilaterally between a studio/ distributor and cinema, the number of screens and showtimes actually allocated to a given film is to a significant extent observable, albeit not in a centralised manner, for example by consulting the websites of the various cinema operators on a weekly basis. The Commission notes, however, that what is observable is the allocation actually implemented, rather than the minimum screen or showtime commitments agreed bilaterally between a studio and a cinema.
- (340) As regards the rental fees, while the approximate range of revenue splits is broadly known, the exact split of the rental fee negotiated between distributors and cinemas is not public and is commercially sensitive. ⁽³⁵⁵⁾ This applies to both rental splits agreed on a film-by-film basis (as is generally the case with smaller cinemas) and to pre-arranged rental splits agreed across one of the Parties' entire film portfolio and for a duration that generally exceeds one year (as is the case with various large cinema chains). ⁽³⁵⁶⁾ This

⁽³⁵⁵⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', questions D.B.7.2 and D.B.7.3.

⁽³⁵⁶⁾ Response to RFI 20, question 2.

would considerably limit the ability of other major US studios to identify deviation regarding any tacitly agreed rental fee split.

- (341) Therefore, considering the current functioning of this market, the broad alignment of rental-fee ranges (paragraph (261)) reflects common industry structure — comparable box-office economics and standard revenue-split conventions — not coordination; and an approximate known range is no focal point, since the exact split remains confidential and unobservable to rivals.
- (342) The Commission has considered whether any possible retaliation mechanism could make sustainable any potential coordinated behaviour among the major US studios. Such mechanisms could theoretically consist of a temporary returning to competitive behaviour on the terms in question. However, rental fees and screen allocation are negotiated bilaterally and confidentially between each studio and each cinema. A studio wishing to punish a deviating studio by worsening its own terms would therefore not be able to signal to the deviating studio that it is doing so in retaliation, nor to target the punishment at the deviating studio: it could only worsen its terms vis-à-vis cinemas generally, at a cost to itself and without any assurance that the deviating studio would perceive the response as punishment.
- (343) The only credible retaliation mechanism the Commission identified is that of one or several major US studios scheduling the release of one or more of their high-potential films at the same time as that of the deviating major US studio, to hurt the latter's revenues. Such a mechanism would not, however, deter deviation. In releasing a high-potential film against another, the retaliating studio would significantly hurt its own revenues through audience cannibalisation, and a threat deters only if the deviating firm expects it to be carried out. Moreover, the mechanism operates on a different parameter from that on which coordination is assumed to take place and could not be targeted at the specific cinemas or terms in respect of which deviation occurred. This finding does not depend on the term on which coordination is assumed: the absence of a credible deterrent applies equally to any possible tacit understanding on release date scheduling, the length of the theatrical release window or film output.
- (344) As for countervailing abilities, as explained above at Section 6.4.3.1.2, US studios other than Disney, Universal and Sony exert only limited competitive pressure on the Parties to the Transaction, as they produce a relatively small number of high-potential films which are very important for cinema operators. US studios other than the US majors thus offer as such little challenge against the stability of any potential coordination.
- (345) The same can be said of cinema operators (as noted at paragraph (317)).⁽³⁵⁷⁾ More specifically, various respondents stated that they must continue to bear the costs of rent, staff, energy, maintenance, equipment and other operating costs regardless of admissions and that this makes it difficult to reject high-potential films, even if the terms for such films were to become less favourable.⁽³⁵⁸⁾
- (346) Notwithstanding the limited ability of non-coordinating market participants to disrupt any coordination, the absence of a credible deterrent mechanism is sufficient on its own to render coordination on these terms unsustainable.

⁽³⁵⁷⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', questions D.B.7. *juncto* D.B.7.5.

⁽³⁵⁸⁾ Replies to Questionnaire 'Q1b Theatrical distribution value chain – cinemas', question D.B.7.5.

6.4.4.4. Conclusion

- (347) The Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal coordinated effects on the market for the distribution of US films for theatrical release.
- (348) The Commission considers coordination unlikely on release dates, shortened theatrical windows or film output. Release-date scheduling is demand-expanding, shorter windows would conflict with rivals' commercial interests, and there is no reliable basis for concluding that a reduction in output would be in the combined entity's interest.
- (349) As regards rental fees and screen allocation, any possible coordination would in any event not be sustainable. The Commission has identified no credible mechanism by which the major US studios could deter deviation from any tacitly agreed terms, which is sufficient on its own to render such coordination unsustainable. In addition, as regards rental fees, the ability of the major US studios to detect deviation from any tacitly agreed split would be considerably limited, given that the negotiated terms are non-public and commercially sensitive.

6.4.5. *The AV content value chain*

6.4.5.1. Production and licensing of AV content

The Parties are active in the production and licensing of commissioned and pre-produced AV content. The Parties produce and supply commissioned AV content to third parties, [...] to SVOD services such as Netflix, Amazon Prime Video and Apple. ⁽³⁵⁹⁾ The Parties produce and license pre-produced AV content to third-party distributors and retail service providers across all EEA countries. ⁽³⁶⁰⁾ As set out in Section 6.4.2 above, the competitive assessment will focus on the affected markets (i.e., production and licensing of pre-produced US films to FTA in France, Germany and the Netherlands; and licensing of pre-produced US films to pay TV and SVOD in Italy).

6.4.5.1.1 *The Notifying Party's views*

- (350) The Notifying Party submits that the horizontal overlap between Paramount and Warner on the market for the production and licensing of AV content, in particular the affected markets in France, Germany and the Netherlands (see Section 6.4.5.1.2.1 below) and in Italy (see Section 6.4.5.2.2 below), will not lead to any competition concerns at the EEA or national level for the following reasons.
- (351) First, the Notifying Party submits that the Parties' combined market shares in both the market for the production of commissioned AV content, as well as the market for the licensing of pre-produced AV content are low across all overlapping EEA countries. The Parties' combined shares in the production of commissioned AV content result in no affected markets. The Parties' combined market shares in the licensing of pre-produced AV content also remain below 20% in all overlapping EEA countries. ⁽³⁶¹⁾
- (352) Second, the Notifying Party states that the merged entity will continue to face intense competition from large US studios (e.g., Disney Entertainment, Sony Pictures Television, Amazon MGM Studios, Lionsgate Television, or NBCUniversal Television), international production groups and media aggregators (e.g., Banijay, Fremantle ITV Studios, All3Media, BBC Studios, or The Mediapro Studio), as well as European

⁽³⁵⁹⁾ Form CO, paragraph 836.

⁽³⁶⁰⁾ Form CO, paragraph 844.

⁽³⁶¹⁾ Form CO, paragraphs 819, 845.

regional and national champions (e.g., StudioCanal, Pathé, Leonine Studios, RAI, Atresmedia, Gaumont, Mediawan, Studio TF1). ⁽³⁶²⁾

- (353) Third, the Notifying Party submits that in-house production by streamers and large broadcasting groups also act as a further source of competitive pressure over the merged entity. ⁽³⁶³⁾

6.4.5.1.2 *Commission's assessment*

- (354) The Commission considers that, for the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects in the market for the production and licensing of AV content at the EEA or national level. ⁽³⁶⁴⁾ The Commission will conduct its assessment for (i) licensing of pre-produced US films to FTA in France, Germany and the Netherlands, and (ii) licensing of pre-produced US films to pay TV and SVOD in Italy.

6.4.5.1.2.1. Licensing of pre-produced US films to FTA in France, Germany and the Netherlands

- (355) On the basis of 2024 individual market shares, the Parties' licensing activities of pre-produced US films supplied to the FTA TV channels give rise to three affected markets, namely France, Germany and the Netherlands. ⁽³⁶⁵⁾ Similarly, these markets are also affected on the basis of 2022-2024 average market shares. ⁽³⁶⁶⁾
- (356) First, the Commission notes that the Transaction gives rise to moderate combined market shares leading to affected markets only in very specific and limited market segments.
- (357) In an overall market for the licensing of pre-produced films, the Parties' combined market shares in France, Germany and the Netherlands are below [10-20]% based on 2024 and 2022-2024 market share data. ⁽³⁶⁷⁾ Considering a segmentation by exhibition window, within the relevant market for the licensing of pre-produced films to FTA TV channels, the Parties' combined market shares would in these three countries, still be below [20-30]% based on 2024 and 2022-2024 market share data. ⁽³⁶⁸⁾
- (358) In the three affected markets for the licensing of pre-produced US films to FTA TV channels, the Parties' combined market shares would remain below [30-40]% based on 2022-2024 market share data, and below [30-40]% based on 2024 market share data (Tables 6 and 7). Specifically, in France, the Parties' combined shares would be [30-40]% and [20-30]% based on 2024 and 2022-2024 market share data respectively, with Paramount representing an increment of [5-10]% based on 2022-2024 data (Tables 6 and 7). In Germany, the Parties' combined shares would be [30-40]% and [20-30]% based on 2024 and 2022-2024 market share data respectively, with Paramount representing an increment of just [5-10]% and [5-10]% based on 2024 and 2022-2024 data respectively (Tables 6 and 7). In the Netherlands, the Parties' combined market share data would be [20-30]% and [30-40]% based on 2024 and 2022-2024 market share data

⁽³⁶²⁾ Form CO, paragraph 771.

⁽³⁶³⁾ Form CO, paragraph 826.

⁽³⁶⁴⁾ The Parties' combined market shares exceeded 20% also on other segmentations of the production and licensing of AV content market in various countries, *i.e.*, Austria, Belgium, Croatia, Czechia, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Netherlands, Norway, Poland, Portugal and Sweden, but these markets qualify for simplified review either under the flexibility clause of Section 8(a), or under paragraph 5.d.i.bb of the Notice on Simplified Treatment.

⁽³⁶⁵⁾ Form CO, Annex 8.1.

⁽³⁶⁶⁾ Form CO, Annex 8.1.

⁽³⁶⁷⁾ Form CO, Annex 8.1.

⁽³⁶⁸⁾ Form CO, Annex 8.1.

respectively, with Paramount representing an increment of just [0-5]% and [5-10]% based on 2024 and 2022-2024 data respectively (Tables 6 and 7). ⁽³⁶⁹⁾

- (359) Second, post-Transaction, a significant number of competitors remain active in these affected markets. In Germany, this includes the major US studios, including Sony ([10-20]%, 2024, and [10-20]%, 2022-2024 average), Disney ([10-20]%, 2024, and [20-30]%, 2022-2024 average), Universal ([10-20]%, 2024, and [10-20]%, 2022-2024 average), Amazon MGM ([0-5]%, 2024, and [5-10]%, 2022-2024 average). ⁽³⁷⁰⁾ In France, the merged entity would continue to face competitive constraints from other major U.S. studios, including, among others, Sony ([10-20]%, 2024, and [10-20]%, 2022-2024 average), Disney ([10-20]%, 2024, and [10-20]%, 2022-2024 average), Universal ([10-20]%, 2024, and [10-20]%, 2022-2024 average), and Amazon MGM ([5-10]%, 2024, and [5-10]%, 2022-2024 average). ⁽³⁷¹⁾ In the Netherlands, the competitors include Disney ([20-30]%, 2024, and [5-10]%, 2022-2024 average), Sony ([10-20]%, 2024, and [10-20]%, 2022-2024 average), and Universal ([5-10]%, 2024, and [5-10]%, 2022-2024 average).
- (360) Third, most respondents to the market investigation indicated that in overall markets for the licensing of pre-produced content and for pre-produced films in the EEA, the current level of competition is high or very high. ⁽³⁷²⁾ Similarly, in the three respective affected markets in France, Germany and the Netherlands specifically, the results remain similar, with most respondents indicating a high or very high level of competition. ⁽³⁷³⁾ Most respondents to the market investigation also indicated that for acquirers of distribution rights for pre-produced AV content and pre-produced films in the EEA, sufficient alternatives to the parties would remain post-Transaction. ⁽³⁷⁴⁾ The results of the investigation were inconclusive as regards the three affected markets specifically given that very few respondents expressed a view. ⁽³⁷⁵⁾ However, as explained in the following paragraph, respondents to the market investigation identified several providers of pre-produced US films which compete with the Parties' pre-produced US films in the affected markets. ⁽³⁷⁶⁾
- (361) For the FTA window in France, respondents active in France identified several competitors including major US studios such as Amazon MGM Studios, Sony Pictures, Universal, Walt Disney Studios, Lionsgate and Amblin Partners. ⁽³⁷⁷⁾ Similarly, for the FTA window in Germany, respondents active in Germany identified several competitors including Sony Pictures, Universal, Walt Disney Studios and Amazon MGM Studios. ⁽³⁷⁸⁾ Finally, for the FTA window in the Netherlands, respondents active in the Netherlands identified several competitors including Sony Pictures, Universal and Walt Disney Studios. ⁽³⁷⁹⁾
- (362) Fourth, in each of the three affected markets, some respondents indicated that they observed market entry or expansion during the last three years. ⁽³⁸⁰⁾ One respondent

⁽³⁶⁹⁾ Form CO, Annex 8.1.

⁽³⁷⁰⁾ Form CO, paragraph 735.

⁽³⁷¹⁾ Form CO, paragraph 734.

⁽³⁷²⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.3.

⁽³⁷³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.3.

⁽³⁷⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', questions D.A.4-5.

⁽³⁷⁵⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.6.

⁽³⁷⁶⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', questions D.A.7-9.

⁽³⁷⁷⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.7.

⁽³⁷⁸⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.8.

⁽³⁷⁹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.9.

⁽³⁸⁰⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.12.1.

referred to Amazon/MGM as having entered as a supplier in the last 2 years in France. ⁽³⁸¹⁾

- (363) Finally, the Commission considers that while this assessment takes place based on an US-films based market, any assessment in these specific AV content markets should also be viewed in the context of specific national and European regulations and the consumer preferences in these relevant Member States. In this regard, most respondents to the market investigation, which are active in at least one of the three countries, stated that the presence of domestic and European films is important or very important in France, Germany and the Netherlands. ⁽³⁸²⁾ One respondent stated: ‘*Local content is important to consumers and also due to very high AVMS investme[nt] quotas*’. However, another respondent, identifying the role of domestic and European films as moderate, stated: ‘*While domestic and European films impose some competitive constraint on US films, they are less important for the content mix than US films, which are particularly popular and tend to perform strongly with audiences*’.
- (364) In France, French TV broadcasters are subject to strict content quota obligations, requiring at least 60% European works and 40% French-origin works ⁽³⁸³⁾, while VOD providers must ensure at least 30% European works in their catalogues under the Audiovisual Media Services Directive ⁽³⁸⁴⁾. ⁽³⁸⁵⁾ Consistent with these features, French-origin content accounts for a high proportion of the content aired in FTA TV, and French and European productions account for the most successful titles in terms of audience both on linear and pay TV and increasingly on SVOD platforms. ⁽³⁸⁶⁾
- (365) In Germany, pre-produced films for FTA TV are primarily scheduled to anchor prime-time ‘appointment viewing’. This is also the case for public-service broadcasters such as ARD (Das Erste) and ZDF, who rely extensively on German-language film franchises and movies that consistently attract large national audiences. ⁽³⁸⁷⁾ As of 2026,

⁽³⁸¹⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.A.12.2.

⁽³⁸²⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.A.11.

⁽³⁸³⁾ Form CO, paragraph 893 and *see* Arcom, “Les quotas à la télévision”, available at <https://www.arcom.fr/nous-connaître-nos-missions/promouvoir-et-protéger-la-creation/les-quotas-la-television> (last accessed on 12 July 2026) (quotas of at least 60% European works and 40% works of expression originale française); and Decree No 90-66 of 17 January 1990, fixing the general principles concerning the diffusion of cinematographic and audiovisual works by the editors of television services, available at <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000000342173> (last accessed on 12 July 2026).

⁽³⁸⁴⁾ Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive), as amended by Directive (EU) 2018/1808, OJ L 95, 15.4.2010, p. 1.

⁽³⁸⁵⁾ Form CO, footnote 660. In France, the Audiovisual Media Services Directive was transposed primarily through Ordinance No. 2020-1642 and the ‘SMAD’ decree framework, notably Decree No. 2021-793. VOD services must ensure that at least 60% of their catalogue consists of European works, including a 40% sub-quota for works of original French expression. VOD services are also subject to prominence obligations, requiring the prominent display of such works in their user interfaces.

⁽³⁸⁶⁾ *See* Arcom, “2024 Annual Report”, 19 June 2025, available at <https://www.arcom.fr/en/find-out-more/studies-and-data/studies-reviews-and-reports/arcom-2024-annual-report> (last accessed on 12 July 2026), p.age117.

⁽³⁸⁷⁾ Form CO, paragraph 903 and AGF viewing data confirm that ARD and ZDF prime-time schedules are predominantly filled with German-language films and series. *See* AGF Videoforschung, “TV-Daten und Hitlisten (2024–2026)”, available at <https://www.agf.de/en/data/tv-data> (last accessed on 12 July 2026). In addition, private broadcasters such as RTL Group and ProSiebenSat.1 likewise source and schedule substantial volumes of German and European pre-produced films. According to the Kommission zur Ermittlung der Konzentration im Medienbereich (KEK), competition for audiences and advertising revenues in Germany primarily occurs among national public-service and private free-to-air broadcasters relying on domestically relevant programming. *See* KEK, “Annual Report 2023” (translated from German), April 2024,

forthcoming regulatory and funding measures will increase the public support for domestic film productions and strengthen investment obligations on major broadcasters, which is expected to expand the supply of German-produced films available for FTA TV broadcast. ⁽³⁸⁸⁾

- (366) In the Netherlands, there is public support for domestic film production (e.g., the Netherlands Film Fund and the Netherlands Film production Incentive) and investment obligations on major audiovisual services under Dutch law. ⁽³⁸⁹⁾ Accordingly, Dutch and European pre-produced films are widely scheduled by FTA TV broadcasters, notably in prime-time and weekend slots. ⁽³⁹⁰⁾
- (367) In light of the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market in relation to a market for the licensing of pre-produced US films to FTA in France, Germany and the Netherlands.

6.4.5.1.2.2. Licensing of pre-produced US films to pay TV and SVOD in Italy

- (368) On the basis of 2022-2024 average market shares, the Parties' licensing activities of pre-produced US films supplied to the pay TV channels ⁽³⁹¹⁾ give rise to one affected market, namely Italy. ⁽³⁹²⁾
- (369) First, the Commission notes that the Transaction gives rise to moderate combined market shares leading to affected markets only in a very specific and limited market segment.
- (370) In an overall market for the licensing of pre-produced films, the Parties' combined market shares in Italy are [5-10]% based on 2022-2024 market share data. ⁽³⁹³⁾ Considering a segmentation by exhibition window, within the relevant market for the licensing of pre-produced films to pay TV channels, the Parties' combined market shares would be [10-20]% based on 2022-2024 market share data,. ⁽³⁹⁴⁾
- (371) In the affected market for the licensing of pre-produced US films to pay TV and SVOD channels in Italy, the Parties' combined market shares would be [20-30]% based on 2022-2024 market share data, with a low increment from Paramount of [5-10]%, as per

available at https://www.kek-online.de/fileadmin/user_upload/KEK/Publikationen/Jahresberichte/25_Jahresbericht.pdf (last accessed on 12 July 2026).

⁽³⁸⁸⁾ Form CO, paragraph 904 and see Reuters, "Germany to require streaming platforms to invest in local production", 5 February 2026, available at <https://www.reuters.com/business/retail-consumer/germany-require-streaming-platforms-invest-local-production-2026-02-05/> (last accessed on 12 July 2026).

⁽³⁸⁹⁾ Form CO, paragraph 909 and Dutch government, 'Streaming services will have to invest more in Dutch productions starting January 1, 2024' (translated from Dutch), 31 October 2023, available at <https://www.rijksoverheid.nl/actueel/nieuws/2023/10/31/streamingdiensten-moeten-per-1-januari-2024-meer-investeren-in-nederlandse-producties> (last accessed on 12 July 2026).

⁽³⁹⁰⁾ Form CO, paragraph 908 and Nationaal Media Onderzoek, 2024 list of most-watched Dutch FTA TV programmes shows that top-viewed titles are predominantly Dutch productions, across both public-service (NPO) and commercial (e.g., RTL) channels, available at <https://kijkonderzoek.nl/component/kijkcijfers/file.n1-0-1-p> (last accessed on 12 July 2026).

⁽³⁹¹⁾ RFI 8 response. The Parties have submitted shares combining VOD and pay TV services (rather than SVOD and pay TV) submitting that the resulting shares would not meaningfully deviate given that the market size for the production and licensing of pre-produced US films to VOD services includes both AVOD and SVOD, with SVOD representing about 95% of the market. Similarly, for the split between (i) first exhibition window (pay 1) and (ii) second exhibition window (pay 2), the Parties indicated that country-level shares within each window could not be reliably estimated, but that, on the basis of structural features of film licensing across windows, and the Parties' overall combined pay TV/VOD shares for licensing of pre-produced films, no additional affected markets would arise from this segmentation.

⁽³⁹²⁾ Form CO, Annex 8.1.

⁽³⁹³⁾ Form CO, Annex 8.1.

⁽³⁹⁴⁾ Form CO, Annex 8.1.

Table 8 above). Based on individual 2024 market share data, Italy is not an affected market. ⁽³⁹⁵⁾

- (372) Second, post-Transaction, the Parties will continue to face significant competitive constraints from well-established competitors including Disney ([10-20]%), Universal ([10-20]%), and Sony ([5-10]%) that actively license pre-produced films into European markets including Italy. ⁽³⁹⁶⁾
- (373) Third, most respondents to the market investigation indicated that in overall markets for the licensing of pre-produced content and for pre-produced films in the EEA, the current level of competition is high or very high. Similarly, most respondents indicated that in the market for pre-produced US films to pay TV and SVOD in Italy, the level of competition is high.⁽³⁹⁷⁾ Most respondents to the market investigation also indicated that for acquirers of distribution rights for pre-produced AV content, sufficient alternatives to the parties would remain post-Transaction. ⁽³⁹⁸⁾
- (374) The results of the investigation were inconclusive as regards the pay TV market in Italy specifically given that very few respondents expressed a view. ⁽³⁹⁹⁾ However, respondents to the market investigation identified several providers of pre-produced US films which compete with the Parties' pre-produced US films for the pay TV exhibition window in Italy, including major US studios such as Sony Pictures, Universal, Walt Disney Studios and others. ⁽⁴⁰⁰⁾
- (375) Fourth, some respondents indicated that they observed market entry or expansion during the last three years in Italy. ⁽⁴⁰¹⁾ One respondent referred to Amazon/MGM as having entered as a supplier in the last 2 years and another respondent noted that '*existing players (and in particular OTTs) increased their licensing activities and library scale*'. ⁽⁴⁰²⁾
- (376) Fifth, while this assessment takes place based on an US-films based market, any assessment in these specific AV content markets should also be viewed in the context of specific national and European regulations and audience preferences. The majority of respondents to the market investigation that are active in Italy stated that the presence of domestic and European films is important or very important in Italy. ⁽⁴⁰³⁾ For instance, one respondent stated: '*European films play an important role in Italy because they align with local audience preferences — particularly in genres such as comedy. In addition, they support compliance with EU content quota obligations*'. ⁽⁴⁰⁴⁾
- (377) In addition, linear providers are required to reserve more than 50% of eligible airtime to European works and to invest 12.5% of annual net revenues in European works by independent producers. This framework ensures the availability and prioritization of European/Italian works on pay TV schedules. ⁽⁴⁰⁵⁾

⁽³⁹⁵⁾ Form CO, Annex 8.1.

⁽³⁹⁶⁾ Form CO, paragraph 916.

⁽³⁹⁷⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.3.

⁽³⁹⁸⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.4.

⁽³⁹⁹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.6.

⁽⁴⁰⁰⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.10.

⁽⁴⁰¹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.12.1.

⁽⁴⁰²⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.12.2.

⁽⁴⁰³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.11.

⁽⁴⁰⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.11.

⁽⁴⁰⁵⁾ Form CO, paragraph 918 and *See* European Audiovisual Observatory, Italy: AGCOM adopts regulation on obligations for linear audiovisual media service providers, Merlin Legal Database, 2023, issue 3, available at merlin.obs.coe.int/article/9682 (last accessed on 12 July 2026), referring to Italian telecommunications regulator (AGCOM), Resolution 424/22/CONS, 14 December 2022, available at <https://www.agcom.it/provvedimenti/delibera-424-22-cons> (last accessed on 12 July 2026), which adopts

- (378) In light of the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market in relation to a market for the licensing of pre-produced US films to pay TV channels in Italy.

6.4.5.1.3 *Conclusion*

- (379) For all the above reasons, the Commission concludes that the Transaction will not raise serious doubts as to its compatibility with the internal market as a result of horizontal effects on the market for the production and licensing of AV content, and in any of its plausible segments, at the EEA or national level.

6.4.5.2. Wholesale supply of TV channels

6.4.5.2.1 *Wholesale supply of children's pay TV channels*

6.4.5.2.1.1. The Notifying Party's views

- (380) The Notifying Party submits that the horizontal overlap between Paramount and Warner on the market for the wholesale supply of children's pay TV channels will not lead to any competition concerns at the EEA or national level for the following reasons.
- (381) First, across the EEA, children's viewing of dedicated children's pay TV channels is in steady and significant decline as viewers shift at scale to other viewing alternatives, mainly SVOD platforms and other VOD services. Competitive pressure from SVOD/VOD offerings is particularly high in the children's segment. Nowadays, only a very small percentage of children's content is viewed on dedicated children's pay TV channels. Most children's content is viewed on SVOD platforms (such as Netflix, Disney+ or Amazon Prime Video) and on YouTube. SVOD services and YouTube carry a large amount of children's content including the same or similar titles to those available on linear pay TV channels. Therefore, such services are in direct competition with linear pay TV for children's viewership. ⁽⁴⁰⁶⁾
- (382) The move in audiences away from children's pay TV is consistent with drops in viewership, revenues and profitability of children's pay TV channels. Such drops overlap with steep increases in the viewership of children's content on SVOD and YouTube. ⁽⁴⁰⁷⁾
- (383) This structural decline of linear children's pay TV constrains channel suppliers and precludes any attempt by the merged entity to leverage its combined children's channel portfolio to extract more favourable terms from European retail TV distributors/MVPDs post-Transaction. ⁽⁴⁰⁸⁾
- (384) Second, households across the EEA can access highly substitutable children's content on FTA TV channels, which often offer the exact same shows and programming as on pay TV. Given the broad duplication in content, pay TV and FTA TV channels compete for the same audiences, with FTA TV children's channels often even outperforming pay TV children's channels in viewership. As such, post-Transaction the Parties' activities in the wholesale supply of children's pay TV channels will also be constrained by a large number of leading suppliers of children's FTA TV programming (including Super RTL, KiKA, RAI, NPO Clan, Gulli, France 5, TF1, TVP ABC, and RTP2). ⁽⁴⁰⁹⁾

the new regulation on programming and investment obligations for European works and works by independent producers, given the entry into force of Legislative Decree 208/2021 containing the new Consolidated Law on Audiovisual Media Services.

⁽⁴⁰⁶⁾ Form CO, paragraph 1003.

⁽⁴⁰⁷⁾ Form CO, paragraphs 1028-1052.

⁽⁴⁰⁸⁾ Form CO, paragraph 1012.

⁽⁴⁰⁹⁾ Form CO, paragraphs 1003, 1023-1027.

- (385) Third, there are multiple alternatives to the Parties' children's pay TV channels in the EEA, including as noted, children's content available on SVOD platforms, YouTube, FTA TV children's channels, as well as pay TV children's channels from Disney, Super RTL, Groupe M6, De Agostini, CANAL+, YFE, AMC Networks, Pitchoun Medias, MWE Networks and SIC among others. The aggregation of all these alternatives will continue to exert significant competitive pressure over the merged entity post-Transaction. ⁽⁴¹⁰⁾
- (386) Fourth, wholesale suppliers of TV channels typically negotiate with retail TV distributors/MVPDs for a bundle of channels (or, even, a bundle of SVOD services and a bouquet of channels) rather than on a channel-by-channel basis, or on a genre-by-genre basis. Competition is typically between bundles – and it is the overall bundle that matters in the bargaining process, rather than a specific channel or genre. ⁽⁴¹¹⁾
- (387) Children's pay TV channels are not a driver of pay TV subscriptions (not least because subscription decisions are made by adults, not the children who view the content in question) and therefore are not an important component of retail TV packages. There is a direct correlation between the consumer demand for a particular channel or service (i.e., consumer demand for children's TV has fallen dramatically) and the MVPDs' willingness to pay for it and include it in its bouquet (i.e., MVPDs are less willing to pay for children's TV channels). This dynamic ensures that the Transaction cannot result in an increased bargaining power for the Parties in the wholesale supply of children's pay TV channels which would theoretically allow them to impose less favourable conditions on their MVPD customers post-Transaction. ⁽⁴¹²⁾
- (388) Fifth, MVPDs are large and sophisticated buyers with substantial countervailing buyer power. Importantly, the wide range of alternative sources of children's content strengthens MVPDs' bargaining power in their negotiations with TV channel suppliers. MVPDs can and do incorporate a wide array of children's content (extending beyond linear pay TV channels) directly into their own retail packages – most obviously FTA TV channels, but also Disney+, YouTube, Netflix, Amazon Prime Video, and other streaming platforms – either as parts of bundles or as add-ons. The availability of these commercially viable alternatives provides MVPDs with meaningful optionality in negotiations with suppliers of children's pay TV channels and has, in practice, enabled them to exert pricing discipline when agreeing carriage terms for children's channels. In view of this, post-Transaction, the merged entity will lack the ability or incentive to raise prices or worsen terms to European MVPDs. ⁽⁴¹³⁾

6.4.5.2.1.2. Commission's assessment

- (389) As a cross-cutting point applicable to the genre-specific assessments below, wholesale negotiation occurs on a portfolio basis across genres, as is common industry practice unaltered by the Transaction (paragraph 405). The relevant question is therefore whether aggregating the Parties' channels across genres improves the merged entity's position *vis-à-vis* MVPDs. The Commission considers that it does not because the added channels are not 'must-have' individually or combined (paragraphs 406 and following), and MVPDs retain alternatives in every genre (paragraphs 396 and following).
- (390) As set out above in Section 6.3, on a narrow segmentation by genre, the combined market share of the Parties in the potential market for the wholesale supply of children's TV

⁽⁴¹⁰⁾ Form CO, paragraphs 1058-1059.

⁽⁴¹¹⁾ Form CO, paragraphs 1006, 1010-1020.

⁽⁴¹²⁾ Form CO, paragraphs 1016, 1021-1022.

⁽⁴¹³⁾ Form CO, paragraphs 1006, 1013.

channels, and its subsegment for children's pay TV channels, is significant in several EEA countries, in particular:

- wholesale supply of children's pay TV channels: [40-50]% in Austria, [40-50]% in Belgium, [70-80]% in Bulgaria, [40-50]% in Croatia, [60-70]% in Czechia, [50-60]% in Denmark, [20-30]% in Estonia, [60-70]% in Finland, [40-50]% in France, [80-90]% in Germany, [40-50]% in Hungary, [70-80]% in Ireland, [60-70]% in Italy, [30-40]% in Lithuania, [40-50]% in Netherlands, [70-80]% in Norway, [40-50]% in Poland, [20-30]% in Portugal, [50-60]% in Romania, [20-30]% in Slovakia, [30-40]% in Slovenia, and [70-80]% in Sweden (see Table 12).
- wholesale supply of children's TV channels (pay TV and FTA): [30-40]% in Belgium, [70-80]% in Bulgaria, [30-40]% in Croatia, [20-30]% in Estonia, [60-70]% in Finland, [40-50]% in Hungary, [40-50]% in Ireland, [70-80]% in Italy, [30-40]% in Lithuania, [40-50]% in Netherlands, [30-40]% in Poland, [20-30]% in Portugal, [50-60]% in Romania, [20-30]% in Slovakia, [30-40]% in Slovenia, and [30-40]% in Spain (see Table 11).

- (391) Nonetheless, for the reasons set out below, the Commission considers that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects in the market for the wholesale supply of children's TV channels and in any of its plausible segments at the EEA or national level.
- (392) As mentioned in paragraph 390, the Transaction gives rise to affected markets in the wholesale supply of children's channels on an overall level including both pay TV and FTA children's channels, as well as in the potential pay TV subsegment. The Commission's assessment in the following paragraphs focuses on the narrower pay TV subsegment. This is because – as shown below – the Transaction does not raise any concerns at the narrower pay TV (or FTA) subsegments, and therefore it equally does not raise concerns at the broader overall level (see also paragraphs 120-121).
- (393) First, linear children's TV channels are on a downward trajectory across the EEA. At the same time, non-linear services gain from this decline with consumption of children's content on SVOD platforms continuing to grow and constrain the position of linear TV in the consumption of children's content. In this landscape, competitive pressure on the Parties' children's linear pay TV channels comes not only from rival TV channel operators, but also from non-linear SVOD services which act as a constraint.
- (394) The decline of linear TV will continue to constrain wholesale suppliers of children's pay TV channels, including the merged entity, from attempting to extract more favourable terms from retail TV providers/MVPDs, as an attempt to worsen competitive conditions for the supply of linear children's pay TV channels post-Transaction would serve to accelerate that trend.
- (395) The market investigation confirmed this market trend/shift, and the one-way competitive pressure exerted by non-linear SVOD services on linear children's pay TV channels.
- (396) In particular, the majority of respondents stated that there has been a decline in children's consumption of children's programming on dedicated children's pay TV channels. ⁽⁴¹⁴⁾ In addition, the majority of respondents submitted that the children's content consumption has shifted/transitioned to SVOD platforms and other OTT services offering children's content. ⁽⁴¹⁵⁾

⁽⁴¹⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.6

⁽⁴¹⁵⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.7.

- (397) In this respect a respondent noted that *‘there has been a gradual decline in children’s consumption of dedicated children’s pay TV channels in recent years, driven by the increasing use of SVOD platforms and other online video services that offer on-demand access to children’s content. In our view, viewing patterns among younger audiences have shifted towards non-linear consumption, resulting in reduced time spent on traditional linear children’s channels, although these channels continue to form part of many pay TV packages. Similarly, another respondent stated that ‘children’s consumption of programming on dedicated children’s pay TV channels has declined over time. This appears to reflect broader changes in viewing behaviour, particularly the increasing use of on-demand and digital services by children and families. Children’s audiences increasingly consume content through SVOD and OTT platforms, including services such as Disney+, Netflix and YouTube, which offer flexible, on-demand access to children’s programming. As a result, dedicated children’s pay TV channels face growing competition for children’s viewing time and attention. While dedicated children’s channels continue to play a role within the audiovisual ecosystem, they operate in a market where a growing share of children’s content consumption takes place through non-linear services’.* A further respondent explained that this trend *‘should also be seen in the context of pay TV decline in general, as audiences move to streaming services and on-demand viewing. Children’s pay TV channels may be more affected than others as on-demand viewing is particularly popular with younger audiences’.* Another respondent observed that *‘[c]hildren increasingly consume audiovisual content through on-demand services such as Disney+, Netflix and Amazon Prime Video, as well as online video platforms such as YouTube. These services offer flexible viewing, extensive content libraries and personalised user experiences that are particularly attractive to younger audiences. We do not consider the decline to be primarily driven by reduced demand for children’s content. Rather, it reflects a shift in consumption from linear children’s channels towards non-linear and digital services’.* ⁽⁴¹⁶⁾
- (398) Furthermore, – consistent with the above-described increased viewership of young audiences on non-linear SVOD platforms – almost half of the wholesale suppliers of children’s TV channels, who responded to the market investigation, submitted that they have experienced a downward pressure on the licencing/carriage fees charged for their children’s pay TV channels, in view of the availability of children’s content on SVOD platforms and the corresponding reduced unwillingness of MVPDs to pay for children’s pay TV channels. ⁽⁴¹⁷⁾ Of those market participants who have experienced a downward pressure, one respondent indicated that *‘[w]e have experienced this pressure on licence fees for children’s channels; partly that should be seen in the wider context of pay TV licensing becoming more challenged across all genres, but children’s pay TV channels may be more affected than others as on-demand viewing is particularly popular with younger audiences’.* Another respondent explained that *‘[r]etail TV distributors/MVPDs increasingly take into account the presence of SVOD services when assessing the incremental value of linear children’s channels within their overall offering’.* ⁽⁴¹⁸⁾
- (399) Second, the majority of respondents consider that Paramount’s children’s pay TV channels (Nickelodeon, Nick Jr., Nicktoons, TeenNick) and Warner’s children’s pay TV channels (Cartoon Network, Cartoonito and Boomerang) provide a similar proposition, for example in terms of price, content, targeted audience and viewership. ⁽⁴¹⁹⁾
- (400) However, at the same time the majority of respondents consider that the same or very similar children’s AV content is available on children’s pay TV channels and on SVOD

⁽⁴¹⁶⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, questions D.B.6.1 and D.B.7.1.

⁽⁴¹⁷⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.B.11.

⁽⁴¹⁸⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.B.11.1.

⁽⁴¹⁹⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.B.1.

platforms. ⁽⁴²⁰⁾ In this regard, the majority of respondents consider that non-linear SVOD services (such as Disney+, Netflix, and Amazon Prime), to the extent they offer children's content, compete with or at least exert a competitive constraint on Paramount's and Warner's children's pay TV channels. ⁽⁴²¹⁾ ⁽⁴²²⁾

- (401) For instance, respondents submitted that *'[t]here is significant competition between traditional TV channels and platforms'*, that SVOD platforms offer *'a lot of children's content competing directly with the content on Paramount's and Warner's children linear Pay channels'*, as well as that *'Paramount and Warner's children's pay-TV channels compete with the offerings of other major SVoD services and YouTube. All major SVoD services offer a wide selection of dedicated children's content, and typically offer dedicated children's profiles, which only allow access to age-appropriate content'*. Another respondent explained that Disney+ constrains the Parties' children's pay TV channels as *'it offers a highly attractive children's proposition, with globally recognised brands (Disney, Pixar, Marvel, Star Wars) and a deep library of premium content. This gives it strong audience appeal and viewing time share, particularly among families and younger children. As an on-demand SVOD service, Disney+ differs from linear channels (Nickelodeon, Cartoon Network, etc.), but in practice it competes for the same attention, engagement, and household budgets. Its ad-free environment, binge-watching model, and cross-device availability make it particularly compelling compared to scheduled programming. For MVPDs, this creates a substitution effect: households may rely more on Disney+ and less on traditional children's channels, reducing viewership and potentially weakening the bargaining position of those channels'*. A further respondent noted that *'Netflix exerts a significant competitive constraint on dedicated children's TV channels through its extensive children's content offering and on-demand viewing model. Families increasingly consume children's content through streaming services, and Netflix competes directly for viewing time, engagement and subscription spending'*. Another respondent submitted that *'Amazon Prime Video exerts a competitive constraint on dedicated children's TV channels by offering a range of children's programming through an on-demand viewing model. Although children's content is not the sole focus of the service, it provides families with an alternative way to access children's entertainment content. As a result, Amazon Prime Video competes for children's viewing time and attention and may reduce reliance on traditional linear children's channels'*. ⁽⁴²³⁾
- (402) On the other hand, some respondents noted that certain differences exist between the SVOD and pay TV models. In particular, respondents pointed to the fact that SVOD services *'are accessed through separate subscriptions'*, do not provide *'a continuous, scheduled programming stream that is available "in the background" without the need to actively select content'*, and that availability of local language-dubbed children's content may be *'limited or more fragmented'* on SVOD platforms. ⁽⁴²⁴⁾
- (403) Yet, despite these differences between the SVOD and pay TV models, the majority of respondents considers that SVOD exert a competitive constraint on children's pay TV channels. ⁽⁴²⁵⁾
- (404) Furthermore, the majority of retail TV distributors/MVPDs that responded to the market investigation confirmed that they carry on their retail platform both children's pay TV

⁽⁴²⁰⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.3.

⁽⁴²¹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.2.

⁽⁴²²⁾ Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, paragraph 755 (publication pending).

⁽⁴²³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.2-2.

⁽⁴²⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.2-2.

⁽⁴²⁵⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.2.

channels and SVOD services. ⁽⁴²⁶⁾ As a result, viewers can access a wide selection of children's content available both on pay TV channels and on SVOD services via the same retail platform. In this respect, a respondent noted that *'[t]raditional TV channels are combined with SVOD services from both local and international providers in an aggregated retail offering from us'*. Another respondent stated that *'[w]e distribute many children TV channels and SVOD services. [Our] strategy is to be a one stop shop offer proposing as many SVOD services as possible in one single platform'*. A further respondent indicated that *'[o]ur platform offers both dedicated children's pay-TV channels and access to SVOD services. [...] As a result, customers can access children's content through both traditional linear TV channels and subscription-based on-demand services on our platform'*. ⁽⁴²⁷⁾

- (405) Third, as set out above at paragraphs 111-112 wholesale suppliers of TV channels typically negotiate with MVPDs for a bundle of channels, including multiple TV channels spanning various genres (or for a bundle of SVOD/VOD services and a bouquet of channels). ⁽⁴²⁸⁾ Hence, competition in the wholesale supply of TV channels typically occurs on a portfolio basis (between bundles), rather than on a channel-by-channel or genre-by-genre basis. As such, it is typically the overall bundle that matters in the wholesale negotiations, as opposed to a specific channel or genre. The Transaction will not alter this approach, which is common across the industry.
- (406) Should the merged entity continue to negotiate on a portfolio basis post-Transaction, this would not result in any incremental bargaining power vis-à-vis MVPDs, because: (i) children's pay TV channels are not decisive drivers of subscription choices and, therefore, have a limited relevance to driving wholesale portfolio-based negotiations, ⁽⁴²⁹⁾ and (ii) even if some Paramount children's pay TV channels were to matter for MVPDs' purchasing choices, ⁽⁴³⁰⁾ Warner's children's pay TV channels that will be added to the Paramount offering post-Transaction are not considered important or must-have channels in the EEA ⁽⁴³¹⁾.
- (407) In what concerns children's pay TV channels (point (i) above), when asked about the importance/relevance of children's TV channels in wholesale portfolio-negotiations, the majority of respondents indicated, either that children's TV channels are an important but not decisive factor in wholesale negotiations, or that they have no or minimal relevance in driving wholesale negotiations (including the price of the bundle). ⁽⁴³²⁾ In particular, a respondent noted that *'children's TV channels have traditionally had important value in portfolio-based wholesale negotiations. Children's channels help ensure a balanced TV offering and are relevant for households with children. They have therefore historically been an important part of channel portfolios. However, in recent years [we have] observed a decline in the viewership and relative importance of children's linear TV channels. Children's content is increasingly consumed through on-demand services, streaming platforms and online video services. As a result, dedicated children's TV channels still have relevance in wholesale negotiations, but their value is decreasing compared to other categories, in particular sports, films and premium entertainment content'*. Similarly, another respondent indicated that *'[t]here is an observable trend of children's viewing habits shifting away from traditional linear TV channels towards SVOD services and online platforms such as YouTube. As a result, children's TV channels have diminished in importance in commercial negotiations'*. A

⁽⁴²⁶⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.10.

⁽⁴²⁷⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.10.1.

⁽⁴²⁸⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.10.

⁽⁴²⁹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.12.

⁽⁴³⁰⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.9.

⁽⁴³¹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.8.

⁽⁴³²⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.12.

further respondent stated that children's pay TV channels '*are generally of lower value than broader general entertainment or sports channels and thus have a relatively small proportion of the overall value being negotiated*'.⁽⁴³³⁾

- (408) In what concerns Warner's children's pay TV channels (point (ii) above), most retail TV distributors/MVPDs that responded to the market investigation do not consider Warner's children's pay TV channels to be particularly important or a 'must have' for their retail offering in the EEA (e.g., in terms of audience or driver of subscriptions, branding, specific programming and/or any other relevant factors).⁽⁴³⁴⁾ For instance, a respondent explained that '*Warner's children's pay TV channels form part of a broader portfolio of children's content but are not generally considered "must-have" channels. While they contribute to the attractiveness of the overall channel line-up, comparable children's content is also available from other channels and platforms, including other pay TV channels and SVOD services. Accordingly, their importance should be assessed in the context of the overall range of children's content available to viewers*'. Another respondent noted that '*[w]hile Warner's children's channels contribute to the overall attractiveness and completeness of a retail TV offering, we would not consider them to be "must-have" channels. Children's content remains important for households with children, but consumers today have access to a wide range of alternative sources of children's programming, including other children's channels, free-to-air services, SVOD platforms such as Disney+ and Netflix, and OTT services such as YouTube. In addition, children's viewing behaviour has increasingly shifted towards on-demand consumption. As a result, the absence of a specific children's channel portfolio would not typically be expected to have a decisive impact on subscription decisions or the overall competitiveness of a retail audiovisual offering. Accordingly, while Warner's children's channels represent a valuable component of a broader content portfolio, they are not considered indispensable or uniquely capable of driving subscriptions*'.⁽⁴³⁵⁾
- (409) Fourth, the majority of respondents consider that there exist barriers to entry in the potential subsegment for the wholesale supply of children's pay TV channels, with the most considerable barrier being the access to children's content.⁽⁴³⁶⁾ In this regard, the Commission considers that the Transaction will not result in increased barriers to access children's content (and thus in a deterioration of current market conditions) as the combined share of the Parties in the supply of children's AV content (the input to produce children's pay TV channels and sell them at wholesale level) at national level and in the EEA is generally low and remains below the level that would be considered as 'affected' within the meaning of the Merger Regulation and the Notice on Simplified Treatment.⁽⁴³⁷⁾ As a result of its limited market position in the supply of children's AV content, the merged entity would not have the ability to withhold such AV content (or make it available at worse terms and conditions) thus raising the barriers for rival pay TV operators to compete on the market for the wholesale supply of children's pay TV channels.
- (410) In light of the above considerations and market trends, despite the Parties' high combined shares in a narrowly delineated market segment comprising solely children's pay TV channels, the Commission considers that the merged entity will continue to be constrained by a sufficient number of alternative suppliers of children's programming post-Transaction. As a result, the Transaction does not raise serious doubts as to its

⁽⁴³³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.12.1.

⁽⁴³⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.8.

⁽⁴³⁵⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.B.8.1.

⁽⁴³⁶⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', questions D.B.12 and D.B.12.1.

⁽⁴³⁷⁾ Response to RFI 8, Annex 1.

compatibility with the internal market as a result of horizontal effects on the potential market for the wholesale supply of children's pay TV channels at the national level.

6.4.5.2.1.3. Conclusion

- (411) For all the above reasons, the Commission concludes that the Transaction will not raise serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects on the market for the wholesale supply of children's pay TV channels at the national level.

6.4.5.2.2 *Wholesale supply of pay TV channels*

- (412) As set out in Section 6.3, the Parties have horizontally overlapping activities that give rise to affected markets in the potential market for the wholesale supply of pay TV channels in Ireland and Poland.

6.4.5.2.2.1. The Notifying Party's views

- (413) First, the Notifying Party submits that the Parties' combined shares in the potential markets for the wholesale supply of pay TV channels in Ireland and Poland are modest, with limited increments.
- (414) In Ireland, the Parties' combined share in 2024 was [20-30]%, with an increment of [5-10]% (from Paramount). Paramount's market share has since decreased, as Paramount discontinued four pay TV channels as of 31 December 2025. Excluding these pay TV channels from the 2024 market share estimates would bring the increment down to [5-10]%, with a combined share at [20-30]%. ⁽⁴³⁸⁾
- (415) In Poland, the Parties' combined share in 2024 was [30-40]%, with a limited increment of [5-10]% from Paramount. The increment has since decreased, as Paramount discontinued seven channels as of 31 December 2025. Excluding these pay TV channels from the 2024 market share estimates would bring the increment down to [0-5]%, with a combined share at [30-40]%. ⁽⁴³⁹⁾
- (416) Second, the Notifying Party notes that the merged entity will continue facing strong competition post-Transaction.
- (417) The market for linear TV channels has undergone a marked structural decline in recent years, driven by the rapid growth of SVOD and other non-linear services. The popularity of linear TV is in sustained decline as end-customers shift to other viewing non-linear alternatives, mainly SVOD services. In response, linear TV providers – including Paramount in both Ireland and Poland – are gradually discontinuing their TV channels or consolidating their feeds across multiple countries. In this landscape, SVOD services act as strong competitive constraint on pay TV channels in Ireland and Poland. Thus, any attempt to worsen competitive conditions for the supply of pay TV channels post-Transaction would only serve to accelerate that trend. ⁽⁴⁴⁰⁾
- (418) In addition to SVOD, the merged entity will continue facing competitive constraints from a range of pay TV channel suppliers, including: Polsat, TVP, Disney, Canal+, Kino Polska TV, Antenna and IKO Media Group in Poland; Sky and Disney in Ireland. ⁽⁴⁴¹⁾
- (419) Furthermore, the Parties' pay TV channels will continue to be competitively constrained by FTA TV channel suppliers. FTA TV channels are widely carried across retail TV distributor's/MVPDs' bundles and offer similar content to the content available on

⁽⁴³⁸⁾ Form CO, paragraph 976.

⁽⁴³⁹⁾ Form CO, paragraph 974.

⁽⁴⁴⁰⁾ Form CO, paragraphs 961, 977.

⁽⁴⁴¹⁾ Form CO, paragraphs 979-980, 984.

Warner's and Paramount's pay TV channels. FTA TV suppliers include: TVP, Polsat, Telewizja Puls, MWE Networks, Stopklatka and Wirtualna Polska in Poland; and BBC, Raidió Teilifís Éirann, Channel 4 and Virgin Media in Ireland. ⁽⁴⁴²⁾

- (420) Third, the Notifying Party submits that the Parties are not close competitors. Their pay TV channel portfolios are broadly complementary, not competing head-to-head. While both Parties distribute children's and film channels, their broader portfolios are otherwise distinct. For example, Warner distributes pay TV sports channels (such as Eurosport in Ireland and Poland, and TNT Sports in Ireland), and news channels (CNN International in Ireland and Poland, and TVN24 and TVN24 BiS in Poland). Paramount, on the other hand, does not distribute any dedicated sports or news channels in Ireland, Poland or any other EEA country. In factual programming, such as documentaries, Paramount does not operate any channels in the EEA. ⁽⁴⁴³⁾ In turn, Warner offers a wide factual portfolio that extends into science, technology, nature, wildlife and engineering. Regarding lifestyle TV channels, Warner operates Home & Garden TV, Discovery Turbo, DTX, and Food Network, an area where Paramount has no presence. Instead, Paramount's channel lineup includes MTV that delivers youth- and pop-culture content centered around music and celebrity culture. By contrast, Warner offers no comparable lifestyle channels. Last, Paramount's portfolio also includes Comedy Central, a dedicated comedy channel. Warner, in turn, does not have a comparable channel. ⁽⁴⁴⁴⁾
- (421) Fourth, the Notifying Party notes that the demand side of the market is concentrated in a small number of large, sophisticated retail TV distributors/MVPDs, with substantial customer bases and developed packaging capabilities (notably, Sky, Virgin Media, Eir TV and Vodafone TV in Ireland; Polsat, Play, Canal+ and Vectra in Poland). These buyers routinely substitute channels within and across channel suppliers to optimize tiers and add-ons and can reconfigure packages promptly without subscriber loss in response to any worsening of terms. These dynamics discipline any attempt by wholesale TV channel suppliers to worsen commercial terms, as retail TV distributors/MVPDs can easily (and do) switch to alternative equivalent TV channels, adjust packaging, or remove channels altogether. ⁽⁴⁴⁵⁾

6.4.5.2.2.2. Commission's assessment

- (422) The Commission considers that, for the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal effects in the potential markets for the wholesale supply of pay TV channels in Ireland and Poland.
- (423) First, the Parties' combined market shares in the market for the supply of pay TV channels in Ireland and Poland will remain moderate ([20-30]% in Ireland and [30-40]% in Poland) (see Table 10).
- (424) Second, the merged entity will continue to be constrained by a sufficient number of alternative suppliers post-Transaction.
- (425) In relation to Ireland, the majority of respondents to the market investigation indicated that the current level of competition in the potential market for the wholesale supply of pay TV channels in Ireland is high or very high. ⁽⁴⁴⁶⁾ Respondents identified a number of suppliers of pay TV channels as competitors to the Parties' pay TV channels, including

⁽⁴⁴²⁾ Form CO, paragraphs 981, 985-986.

⁽⁴⁴³⁾ Paramount's 'CBS Reality' channel, which was narrowly focused on true-crime documentary-style, was discontinued on 31 December 2025 (Form CO, paragraph 989).

⁽⁴⁴⁴⁾ Form CO, paragraphs 987-992.

⁽⁴⁴⁵⁾ Form CO, paragraphs 993-998.

⁽⁴⁴⁶⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.D.1.

Disney, Narrative Entertainment UK, Sky, SPI International, UK TV, Virgin Media Ireland, A+E Networks and AMC Networks.⁽⁴⁴⁷⁾ Furthermore, the majority of respondents indicated that SVOD services also represent an effective alternative to the Parties' pay TV channels in Ireland.⁽⁴⁴⁸⁾

- (426) In relation to Poland, the overwhelming majority of respondents to the market investigation indicated that the current level of competition in the potential market for the wholesale supply of pay TV channels in Poland is moderate to very high.⁽⁴⁴⁹⁾ Respondents identified a number of suppliers of pay TV channels as competitors to the Parties' pay TV channels, including Polsat, Disney, Canal+, SPI International and TVP.⁽⁴⁵⁰⁾ Furthermore, the majority of respondents indicated that SVOD services also represent an effective full or partial alternative to the Parties' pay TV channels in Poland.⁽⁴⁵¹⁾

6.4.5.2.2.3. Conclusion

- (427) For the reasons set out above, the Commission concludes that the Transaction will not raise serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects on the markets for the wholesale supply of pay TV channels in Ireland and Poland.

6.4.5.2.3 Wholesale supply of general entertainment pay TV channels

- (428) As set out in Section 6.3., the Parties have horizontally overlapping activities that give rise to affected markets in the potential markets for the wholesale supply of general entertainment pay TV channels in Finland and Ireland.

6.4.5.2.3.1. The Notifying Party's views

- (429) First, the Notifying Party submits that the Parties' combined shares in the potential markets for the wholesale supply of general entertainment pay TV channels in Finland and Ireland are moderate at [30-40]% in Finland and [30-40]% in Ireland.⁽⁴⁵²⁾
- (430) Second, the Notifying Party notes that the merged entity will continue facing strong competition post-Transaction.
- (431) Consistent with the competitive trends in the overall pay TV market, described above at paragraph 417, SVOD services draw viewers away from general entertainment pay TV channels. SVOD services in Finland and Ireland offer extensive catalogues of series, reality programming, documentaries, and other general entertainment content that directly overlaps with the content carried on the Parties' general entertainment pay TV channels. Therefore, SVOD services significantly constrain suppliers of general entertainment pay TV channels.⁽⁴⁵³⁾
- (432) In addition to SVOD, the merged entity will continue facing competitive constraints from a range of general entertainment pay TV channel suppliers, including: Viasat World, Disney, Hearst Networks and SVT in Finland; Sky, BBC, Disney, NBCUniversal, Hearst Networks and Narrative Entertainment in Ireland.⁽⁴⁵⁴⁾

⁽⁴⁴⁷⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', questions D.D.3 and D.D.3.1.

⁽⁴⁴⁸⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.D.7.

⁽⁴⁴⁹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.D.1.

⁽⁴⁵⁰⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.D.5.

⁽⁴⁵¹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', questions D.D.7 and D.D.7.2.

⁽⁴⁵²⁾ Form CO, paragraphs 1248, 1258.

⁽⁴⁵³⁾ Form CO, paragraphs 1249, 1254, 1259, 1264.

⁽⁴⁵⁴⁾ Form CO, paragraphs 1251, 1261.

- (433) Furthermore, the Parties' general entertainment pay TV channels will be competitively constrained by general entertainment FTA TV channel suppliers, including: YLE, Sanoma Media Finland and Disney in Finland; RTÉ, TG4, Virgin Media Television, BBC, Channel 4 and Hearst Networks in Ireland. ⁽⁴⁵⁵⁾
- (434) Third, the Notifying Party notes that the general entertainment pay TV channels that the Parties offer in Finland and Ireland are very differentiated.
- (435) In Finland, Paramount's offering consists of MTV, which focuses on music, pop culture, and reality programming. By contrast, Warner's offering focuses on factual and documentary programming.
- (436) In Ireland, while both Parties offer crime-themed channels, Paramount's offering consists principally of its MTV and Comedy Central channels, which focus on stand-up comedy, sitcoms, and satire. By contrast, Warner's offering focuses on factual and documentary programming (Animal Planet, Discovery Channel, Discovery Science, ID, Quest), and lifestyle content (HGTV, Food Network, Really, DMAX, TLC).
- (437) Overall, there is no meaningful overlap in focus between the Parties' portfolios and as such their combination post-Transaction could not lead to a decrease in competition between the Parties for this set of channels in Finland and Ireland. ⁽⁴⁵⁶⁾
- (438) Fourth, similar to what is mentioned in paragraph 421 above, the demand side of the market is concentrated in a small number of large, sophisticated pay TV providers, principally: Telia, DNA, Elisa, and Allente in Finland; Eir TV, Sky, Virgin Media, and BT Ireland in Ireland. These buyers have substantial bargaining power and can credibly threaten to substitute or drop channels in response to any deterioration of terms, ensuring that the merged entity will be unable to leverage its combined share to extract more favourable wholesale conditions post-Transaction. ⁽⁴⁵⁷⁾

6.4.5.2.3.2. Commission's assessment

- (439) The Commission considers that, for the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects in the potential markets for the wholesale supply of general entertainment pay TV channels in Finland and Ireland.
- (440) First, the Parties' combined market shares in the markets for the supply of general entertainment pay TV channels in Finland and Ireland will remain moderate ([30-40]% in Finland and [30-40]% in Ireland) (see Table 13).
- (441) Second, the merged entity will continue to be constrained by a sufficient number of alternative suppliers post-Transaction.
- (442) In relation to Finland, the overwhelming majority of respondents to the market investigation indicated that the current level of competition in the potential market for the wholesale supply of general entertainment pay TV channels in Finland is moderate to very high. ⁽⁴⁵⁸⁾ Respondents identified a number of suppliers of general entertainment pay TV channels as competitors to the Parties' general entertainment pay TV channels, including Viasat, Canal+, SVT1 and MTV OY. ⁽⁴⁵⁹⁾ Furthermore, most respondents

⁽⁴⁵⁵⁾ Form CO, paragraphs 1252, 1262.

⁽⁴⁵⁶⁾ Form CO, paragraphs 1250, 1260.

⁽⁴⁵⁷⁾ Form CO, paragraphs 1255, 1266.

⁽⁴⁵⁸⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.D.1.

⁽⁴⁵⁹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.D.6.

indicated that SVOD services also represent an effective full or partial alternative to the Parties' general entertainment pay TV channels in Finland. ⁽⁴⁶⁰⁾

- (443) In relation to Ireland, the majority of respondents to the market investigation indicated that the current level of competition in the potential market for the wholesale supply of general entertainment pay TV channels in Ireland is high or very high. ⁽⁴⁶¹⁾ Respondents identified a number of suppliers of general entertainment pay TV channels as competitors to the Parties' general entertainment pay TV channels, including Disney, QVC Group, Sky, SPI International, UK TV, Virgin Media Ireland, A+E Networks and AMC Networks. ⁽⁴⁶²⁾ Furthermore, the majority of respondents indicated that SVOD services also represent an effective alternative to the Parties' general entertainment pay TV channels in Ireland. ⁽⁴⁶³⁾

6.4.5.2.3.3. Conclusion

- (444) For all the above reasons, the Commission concludes that the Transaction will not raise serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects on the markets for the wholesale supply of general entertainment pay TV channels in Finland and Ireland.

6.4.5.3. Retail supply of AV services

- (445) The Parties' activities horizontally overlap with regard to their activities in SVOD.
- (446) In the EEA, Paramount only offers retail AV services through its SVOD services Paramount+ and SkyShowtime, and its FAST service Pluto TV. Warner is active in this market via its SVOD services including its HBO Max, Discovery+, and TVN/Player (Player.pl).

6.4.5.3.1 The Notifying Party's views

- (447) The Notifying Party submits that the horizontal overlap between Paramount and Warner on the market for the retail supply of AV services will not lead to any competition concerns at the EEA or national level for the following reasons.
- (448) First, the Parties' combined market shares in the supply of SVOD services are below the level that could indicate concerns. The Transaction gives rise to only seven affected markets in each of which the Parties' combined shares remain moderate irrespective of the metric. On a revenue basis, in 2024, the Parties' combined share reaches [30-40]% only in two Member States, Finland ([30-40]%) and Sweden ([30-40]%). The Notifying Party considers that revenue-based shares are a better measure of competition in SVOD services because they better capture customers' willingness to pay for a certain product offering. Subscription-based shares also capture indirect subscriptions where the Parties' SVOD offering is part of third parties' TV or telecom service bundles (e.g., Sky TV in Ireland) often at no extra cost. Such subscriptions are thus not a good metric to assess the customers' demand for the SVOD service itself. ⁽⁴⁶⁴⁾
- (449) Second, Paramount is a minor player in the supply of SVOD services in the EEA, adding a small increment across the seven affected markets. ⁽⁴⁶⁵⁾
- (450) Third, the supply of SVOD services globally and across the EEA is dominated by Netflix which will remain a significant competitive constraint to all SVOD platforms. Netflix

⁽⁴⁶⁰⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.D.7.

⁽⁴⁶¹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.D.1.

⁽⁴⁶²⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', questions D.D.4 and D.D.4.1.

⁽⁴⁶³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.D.7.

⁽⁴⁶⁴⁾ Form CO, paragraphs 1279-1282.

⁽⁴⁶⁵⁾ Form CO, paragraph 1279.

holds shares exceeding 50% in most EU countries and enjoys a degree of market power that allows it to act independently of its SVOD competitor. The Transaction is instead pro-competitive, strengthening further HBO Max's pursuit of challenging Netflix's dominance. ⁽⁴⁶⁶⁾

- (451) Fourth, in addition to Netflix, the merged entity will continue to be constrained by numerous other players across the EEA, including Amazon Prime Video, Apple TV, Disney+, Crunchyroll or Rakuten Viki, as well as local players such as TV2 Play in Denmark, Ruutu+ in Finland, Lionsgate+ in Ireland, TV2 in Norway, or TV4 Play and Shahid in Sweden. ⁽⁴⁶⁷⁾

6.4.5.3.2 *Commission's assessment*

- (452) Given that horizontally affected markets arise only at the level of SVOD services and do not arise in any other sub-segmentations of the retail AV market, the Commission's market investigation and assessment focused on this plausible sub-segmentation.
- (453) The Commission considers that, for the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects in the markets for the retail supply of AV and the retail supply of SVOD services at the EEA or national level.
- (454) First, the Parties' combined shares are moderate, often with a limited increment from Paramount. On a revenue basis, in 2024, the Parties' shares reached 30% only in two Member States, Finland ([30-40]%) and Sweden ([30-40]%), with a [0-5]% increment from Paramount in both countries. ⁽⁴⁶⁸⁾ On a subscription basis, in 2024, affected markets arise in Denmark ([20-30]% combined share, with a [5-10]% increment from Paramount), Finland ([30-40]% combined share with a [5-10]% increment from Paramount), Hungary ([30-40]% combined share, with a [10-20]% increment from Warner), Ireland ([20-30]% combined share with a [10-20]% increment from Warner), Poland ([30-40]% combined share with a [10-20]% increment from Paramount), Norway ([30-40]% combined share with a [10-20]% increment from Paramount) and Sweden ([30-40]% combined share with a [10-20]% increment from Paramount), as per Table 15 above.
- (455) Second, Netflix is the market leader in the market for the retail supply of SVOD services in the EEA and in many countries where affected markets arise. Netflix is the market leader in Denmark, with a [30-40]% share by revenue and [20-30]% by subscriptions (compared to [20-30]% by revenue and [20-30]% by subscriptions for the merged entity); in Finland with a [40-50]% share by revenue and [30-40]% by subscriptions (compared to [30-40]% by revenue and [30-40]% by subscriptions for the merged entity); in Ireland, with a [50-60]% share by revenue and [40-50]% by subscriptions (compared to [10-20]% by revenue and [20-30]% by subscriptions for the merged entity), and in Poland, with a [50-60]% share by revenue and [40-50]% by subscriptions (compared to [20-30]% by revenue and [30-40]% by subscriptions for the merged entity). ⁽⁴⁶⁹⁾
- (456) In Hungary and Sweden, Netflix will remain the market leader by revenue ([40-50]% and [30-40]%, respectively) and will be the second player by subscriptions, behind the merged entity (with a [20-30]% share in Hungary compared to [30-40]% for the merged

⁽⁴⁶⁶⁾ Form CO, paragraph 1279.

⁽⁴⁶⁷⁾ Form CO, paragraphs 1286-1310

⁽⁴⁶⁸⁾ The Parties' market shares in the supply of SVOD services for 2022 and 2023 do not give rise to newly affected national markets.

⁽⁴⁶⁹⁾ Form CO, Annex 8.1.

- entity, and a [30-40]% share in Sweden compared to [30-40]% for the merged entity).⁽⁴⁷⁰⁾
- (457) In Norway, TV2 will remain the market leader by revenue ([30-40]% share compared to [20-30]% for the merged entity), however, Netflix will be the second player by subscriptions, behind the merged entity ([20-30]% share compared to [30-40]% for the merged entity).⁽⁴⁷¹⁾
- (458) When asked to rate the relative strength of the different SVOD providers in each of the affected markets, the majority of the respondents who expressed a view indicated that Netflix has the strongest offering. In each of the affected markets, the majority of respondents expressing a view assigned Netflix the highest rating of 5 (on a scale from 1 to 5, where 5 represents the strongest offering), indicating that Netflix is widely perceived as offering the strongest SVOD service among the providers assessed.⁽⁴⁷²⁾
- (459) Third, in addition to Netflix, numerous players across the EEA as well as national players will continue to constrain the merged entity. The market investigation consistently identified, in addition to Netflix, Amazon Prime Video, Disney+ and Apple TV+ as the main international competitors to the Parties across all affected markets.⁽⁴⁷³⁾ Respondents to the market investigation also identified other SVOD providers, including Crunchyroll and Rakuten Viki, as well as a number of national and regional providers, such as TV2 Play in Denmark⁽⁴⁷⁴⁾, Ruutu+ in Finland⁽⁴⁷⁵⁾, TV2 in Norway⁽⁴⁷⁶⁾ and TV4 Play in Sweden⁽⁴⁷⁷⁾, as competitive alternatives. The market investigation therefore confirms that the Parties operate in a competitive environment characterised by the presence of multiple international platforms, including specialised streaming services, alongside national and regional providers. Competitive pressure is reinforced by the characteristics of demand: subscriptions are concluded on a rolling basis without contractual lock-in, and consumers in the Union commonly subscribe to several SVOD services simultaneously.⁽⁴⁷⁸⁾
- (460) Finally, the majority of the respondents to the market investigation who expressed a view indicated that in the market for SVOD services, the current level of competition is high or very high in each of the affected markets.⁽⁴⁷⁹⁾ This finding is consistent across respondents in all markets concerned, with only a limited number of respondents considering competition to be moderate and none considering it to be low or very low.⁽⁴⁸⁰⁾ In addition, when asked whether sufficient alternatives exist to HBO Max, Paramount+ and SkyShowtime, a majority of SVOD competitors indicated that such alternatives are available in each affected market.⁽⁴⁸¹⁾ By contrast, the results of the

⁽⁴⁷⁰⁾ Form CO, Annex 8.1.

⁽⁴⁷¹⁾ Form CO, Annex 8.1.

⁽⁴⁷²⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', questions D.E.11 to D.E.17.

⁽⁴⁷³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', questions D.E.2 to D.E.8.

⁽⁴⁷⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.E.2.

⁽⁴⁷⁵⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.E.3.

⁽⁴⁷⁶⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.E.6.

⁽⁴⁷⁷⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.E.8.

⁽⁴⁷⁸⁾ European Commission, Directorate-General for Communications Networks, Content and Technology, '*The European Media Industry Outlook 2025*', Publications Office of the European Union, Luxembourg, 2025, pages 39-41. According to the representative consumer survey underpinning that report (n = 22 703, covering the Member States), households in the Union that use SVOD services subscribe on average to approximately 1.68 international streaming services and approximately 0.94 national streaming services, with regular users subscribing to a higher number; 45% of respondents had switched, or had considered switching, to cheaper television packages or to streaming services.

⁽⁴⁷⁹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.E.1.

⁽⁴⁸⁰⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.E.1.

⁽⁴⁸¹⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.E.9.

market investigation were inconclusive as regards SVOD customers (including content aggregators) given that very few expressed a view. ⁽⁴⁸²⁾

6.4.5.3.3 Conclusion

(461) For all the above reasons, the Commission concludes that the Transaction will not raise serious doubts as to its compatibility with the internal market as a result of horizontal non-coordinated effects on the market for the retail supply of AV services at the EEA or national level.

6.4.6. Effects on labour markets

(462) The Commission has examined whether the Transaction raises serious doubts as to its compatibility with the internal market as regards markets for the purchase of labour in the EEA. Article 2 of the Merger Regulation and paragraphs 61-63 of the Horizontal Merger Guidelines recognise that mergers creating or strengthening buyer power in upstream markets may significantly impede effective competition. ⁽⁴⁸³⁾

(463) The assessment was prompted by several third-party submissions. ⁽⁴⁸⁴⁾ These submissions raised concerns, in particular, about reduced employment opportunities, wage pressure, lower royalties, reduced bargaining power and employment security for creative and technical talent, lower production output, and potential redundancies or substitution of human creators.

6.4.6.1. The Notifying Party's views

(464) First, the Notifying Party submits that they provide limited direct employment in the EEA. ⁽⁴⁸⁵⁾ Paramount's direct employment of specialised creative or technical workforce in the EEA is essentially confined to Skydance Animation Madrid ('SAM'), a permanent animation facility in Spain producing animated feature films [details of contractual agreements with third parties]. All creative decisions are taken at Paramount's Los Angeles headquarters; SAM's EEA workforce [details of the Parties' business activities]. ⁽⁴⁸⁶⁾ For all other EEA production activities — live-action features, television and visual effects — Paramount engages third-party local production companies as the actual employers of the relevant workforce. ⁽⁴⁸⁷⁾

(465) Warner's principal direct-employing entity in the EEA is Warner Bros. International Television Production. For the majority of its local productions Warner similarly relies on third-party production service companies, though it may engage [details of the Parties' business activities] (as defined in paragraph (475)) [details of the Parties' business activities]. ⁽⁴⁸⁸⁾

(466) Second, the Notifying Party submits that demand for creative and technical talent in the EEA is highly fragmented across numerous local production companies, broadcasters and international productions, and that the Transaction would not materially alter competitive dynamics on the relevant labour markets. ⁽⁴⁸⁹⁾ The Notifying Party identifies

⁽⁴⁸²⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.E.10.

⁽⁴⁸³⁾ Commission decisions of 4 May 2000 in case M.9409 - *Aurubis/Metallo*, paragraph 376, and of 9 June 2023 in case M.10433 - *Vivendi/Lagardère*, paragraphs 584-601.

⁽⁴⁸⁴⁾ See submissions from individuals, 27 February, 3 March, 19 March, 4 June and 18 June 2026; US-based writers, directors and actors, open letter, 13 April 2026; UNIC, White Paper and Follow-up submission, 13 May and 9 June 2026; Open Markets Institute, submission, 8 June 2026.

⁽⁴⁸⁵⁾ Response to RFI 31, question 2.

⁽⁴⁸⁶⁾ Form CO, Annex 28, paragraphs 2-4.

⁽⁴⁸⁷⁾ Form CO, Annex 28, paragraphs 6-7.

⁽⁴⁸⁸⁾ Form CO, Annex 28, paragraphs 8-10.

⁽⁴⁸⁹⁾ Form CO, Annex 28, paragraph 11.

multiple alternative animation employers across the EEA and notes that animation professionals' skills are transferable to adjacent industries including technology, marketing, real estate and gaming. ⁽⁴⁹⁰⁾

- (467) More broadly, the Notifying Party submits that the merged entity will face competition for talent from US studios including Netflix, Amazon MGM, Apple, Sony, Universal and Disney, as well as European players including StudioCanal, Pathé, Gaumont, Nordisk Film, Constantin Film and SF Studios, and that creative talent is generally engaged on a non-exclusive, project-based basis. ⁽⁴⁹¹⁾
- (468) Third, the Notifying Party submits that the EEA workforce of each Party is subject to binding collective bargaining agreements and/or comprehensive statutory social and labour protections. SAM's entire workforce is covered by the Convenio Colectivo de Oficinas y Despachos applicable in the Autonomous Community of Madrid, establishing binding minimum salaries, working time caps and restrictions on temporary contracts, with disapplication possible only on limited grounds following formal consultation with employee representatives. ⁽⁴⁹²⁾ Warner identifies collective bargaining arrangements in France, Germany, Italy, the Nordic countries and Spain, and both Parties note the comprehensive statutory social and labour framework applicable across EEA Member States. ⁽⁴⁹³⁾
- (469) Fourth, the Notifying Party submits that the engagement and compensation of above-the-line talent for its productions are largely governed by US guild frameworks. Whether those frameworks apply depends on where and by whom the talent is engaged (that is, where the writing is performed or the production is shot, or whether the engaging entity is US-based) and not on where the resulting production is later exhibited. According to the Notifying Party, it follows that the subsequent distribution or licensing of a production in the EEA does not, of itself, change the framework that governs the talent engaged to make it. ⁽⁴⁹⁴⁾
- (470) For productions involving EEA production activity, the Notifying Party submits that competition for writers and performers is shaped by language and local cultural knowledge, and that the 'European works' obligations under the Audiovisual Media Services Directive sustain demand for productions made with EEA-resident authors and workers. The Notifying Party submits that competition for certain talent operates differently: for directors and internationally recognised performers in particular, it takes place across jurisdictions and, for some engagements, globally. ⁽⁴⁹⁵⁾

6.4.6.2. Commission's assessment

- (471) The Commission considers, for the reasons below, that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards any labour market in the EEA.

6.4.6.2.1 *Analytical framework*

- (472) Anticompetitive effects on labour markets are more likely where: (i) purchasing markets are highly concentrated while sellers — here, workers — are fragmented and lack

⁽⁴⁹⁰⁾ Form CO, Annex 28, paragraphs 13-15.

⁽⁴⁹¹⁾ Form CO, paragraphs 451, 670-671.

⁽⁴⁹²⁾ Form CO, Annex 28, paragraphs 24, 29-31.

⁽⁴⁹³⁾ Form CO, Annex 28, paragraphs 22-27, 33.

⁽⁴⁹⁴⁾ Response to RFI 31, questions 2-3.

⁽⁴⁹⁵⁾ Response to RFI 31, question 3.

countervailing power; ⁽⁴⁹⁶⁾ (ii) workers have access to few alternative employment options comparable to those offered by the merging firms; ⁽⁴⁹⁷⁾ and (iii) effective collective bargaining or statutory regulation does not adequately constrain the merged entity's conduct. ⁽⁴⁹⁸⁾

- (473) The Commission applies the Market Definition Notice to the definition of relevant labour markets, treating the identification of alternative employment options as the primary competitive constraint on the merging firms as buyers. ⁽⁴⁹⁹⁾ Workers are assessed broadly irrespective of contractual conditions.
- (474) The Commission considers solely effects attributable to the loss of competition resulting from the merger. Corporate restructuring effects occurring independently of any change in competitive dynamics fall outside the scope of this assessment under Article 2 of the Merger Regulation. The concern regarding AI substitution likewise falls outside this framework since the potential use of AI in content production is not a consequence of the loss of head-to-head competition between the merging firms as employers and does not constitute an effect on competition in labour markets within the meaning of Article 2 of the Merger Regulation.

6.4.6.2.2 *Market definition*

- (475) The Commission considers as potential relevant labour markets the market or markets for the employment of specialised creative and technical personnel engaged in the production of audiovisual content in the EEA, with potential sub-segments for (i) above-the-line creative talent (i.e., senior creative personnel — typically directors, producers and screenwriters — whose engagement is individually negotiated and recorded separately from production costs on a project's budget) and (ii) below-the-line technical and production crew (i.e., personnel engaged, often pursuant to collective agreements, to execute the physical production). The precise boundaries need not be resolved as the Transaction does not give rise to concerns under any plausible definition.
- (476) The Commission has considered whether differences in compensation structures between major studio engagements and streaming platform mandates — notably the absence in streaming mandates of residuals, backend participations and profit-sharing arrangements that are standard in theatrical and broadcast engagements — could support a narrower market excluding streaming platforms as comparable alternative employers for above-the-line talent.
- (477) The Notifying Party submits that differences in compensation structures between theatrical and streaming engagements reflect different risk/reward profiles rather than non-substitutability. For theatrical productions, fixed fees are typically supplemented by backend participations, box office bonuses and residuals calculated across sequential

⁽⁴⁹⁶⁾ Commission decision of 9 June 2023 in case M.10433 – *Vivendi/Lagardere*, paragraphs 583, 600: the loss of an important and close competitor on the upstream markets for the acquisition of publishing rights was found to increase the merged entity's market power and correspondingly to reduce authors' bargaining power (*'une importante réduction du pouvoir de négociation des auteurs'*).

⁽⁴⁹⁷⁾ Commission decision of 9 June 2023 in case M.10433 – *Vivendi/Lagardere*, paragraphs 585-594, 599.

⁽⁴⁹⁸⁾ On the constraining role of statutory regulation, the Commission refers to Directive (EU) 2019/790 of 17 April 2019 on copyright and related rights in the Digital Single Market (OJ L 130, 17.5.2019, p. 92) and in particular to Article 18 and recital 73, conferring on authors and performers a right to appropriate and proportionate remuneration, to be implemented including through collective bargaining. On collective bargaining, the Commission's Guidelines on the application of Union competition law to collective agreements regarding the working conditions of solo self-employed persons (OJ C 374, 30.9.2022, p. 2), points 33, 38-39, recognise that solo self-employed persons, including authors and performers, may face an imbalance in bargaining power that collective bargaining serves to redress.

⁽⁴⁹⁹⁾ Market Definition Notice, paragraph 7. Commission decision of 9 June 2023 in case M.10433 – *Vivendi/Lagardere*, paragraphs 594-595.

distribution windows. For streaming-only productions, compensation typically takes the form of a higher all-in fixed fee, effectively buying out the backend in recognition that streaming content does not generate attributable per-title revenue streams. The Notifying Party submits that these differences do not prevent above-the-line talent from treating the two models as meaningful alternatives: talent routinely works across both distribution models on a project-by-project basis, overall and first-look agreements cover both film and television projects without distinguishing by distribution model, and high-profile talent regularly moves between theatrical and streaming engagements across multiple studios and platforms.

- (478) The Notifying Party further notes that the 2023 collective bargaining agreements with the principal US creative guilds (which apply to the vast majority of productions originated by the Parties, including those with EEA distribution) introduced viewership-based streaming participation bonuses and updated residual formulae for SVOD exploitation, narrowing the structural gap between the two compensation models. ⁽⁵⁰⁰⁾ The Commission notes that this characterisation is contested by the counterparties to those agreements. On their account, the viewership-based bonuses narrow the difference in writers' potential compensation between the two models but do not eliminate it. ⁽⁵⁰¹⁾ The Commission's assessment of the relevant market does not turn on this point.
- (479) On the basis of the available evidence, the Commission finds this distinction based on compensation differences insufficient to establish a separate and more concentrated purchasing market. No EEA-based guild, trade union or talent agency submitted evidence in the market investigation that streaming mandates are systematically perceived by EEA creative talent as non-comparable to theatrical or broadcast engagements. This conclusion is supported in the present case by the market investigation, in which the majority of non-confidential respondents confirmed that competition for talent operates across film studios, audiovisual content producers and streaming platforms without meaningful segmentation, ⁽⁵⁰²⁾ and by the Notifying Party's submission that talent routinely works across both distribution models within single contractual relationships and that overall and first-look agreements do not distinguish by distribution model. ⁽⁵⁰³⁾. In any event, and as set out in Section 6.4.6.2.3, the conclusion is unaffected by whether streaming platforms (as employers) are included within or excluded from the relevant market.
- (480) The Commission has considered the geographic scope of the potential labour markets identified above. Consistent with the findings in Section 5.2.2, competition for certain categories of talent (in particular internationally recognised directors and performers, and screenwriters working in English-language productions) may extend beyond the EEA and, for some engagements, operate globally. For many other engagements, and particularly for local-language productions, competition for writers and performers is localised by language, local cultural knowledge, the residence and work-authorisation of the personnel concerned, and the national collective-bargaining frameworks applicable to local production activity, such that it takes place at national or EEA level.

⁽⁵⁰⁰⁾ Response to RFI 21, questions 3(b) and 3(c). On the specific compensation structures for theatrical productions: *ibid.*, question 3(a). On talent mobility across distribution models: *ibid.*, question 3(c)(iii), citing *inter alia* the movement of Christopher Nolan from Warner to Universal, the Duffer Brothers from Netflix to Paramount, and Greta Gerwig signing with Netflix. On the 2023 collective bargaining agreements: *ibid.*, questions 3(a)(ii) and 3(b).

⁽⁵⁰¹⁾ See Complaint, Writers Guild of America, West, Inc. and Writers Guild of America East, Inc. v. Paramount Skydance Corporation and Warner Bros. Discovery, Inc., No. 3:26-cv-07212 (N.D. Cal. filed 14 July 2026), paragraphs 30 and 73.

⁽⁵⁰²⁾ See replies to questions D.B.19 and D.B.19.1 of the market investigation and paragraph below.

⁽⁵⁰³⁾ Response to RFI 21, question 3(c)(iii). See also *ibid.*, question 3(a) (talent engaged on a project-by-project basis rather than through long-term exclusive employment relationships).

- (481) This differentiated geographic scope is reinforced by the applicable regulatory and collective-bargaining frameworks,⁽⁵⁰⁴⁾ which delineate a pool of US-engaged talent distinct from the EEA-engaged and EEA-resident talent relevant to the present assessment.
- (482) The precise geographic scope of the potential labour markets — whether EEA-wide or narrower, by national or linguistic area — can be left open, since the Transaction does not raise serious doubts on any labour market in the EEA under any plausible geographic delineation, for the following reasons.

6.4.6.2.3 *Assessment on the merits*

- (483) First, the merged entity's combined direct employment of EEA creative and technical talent is limited. Paramount's direct presence is confined to SAM, [details of contractual agreements with third parties] and does not constitute a significant buyer of above-the-line creative talent in the EEA.⁽⁵⁰⁵⁾ For live-action and television production, both Parties [details of the Parties' business activities].⁽⁵⁰⁶⁾ The Transaction does not alter the structural position of those third-party employers. [Details of the Parties' business activities], the merged entity's combined footprint as a direct employer remains limited relative to the overall size and fragmentation of the relevant talent pool.
- (484) Second, the EEA labour markets for audiovisual creative and technical talent are characterised by a large number of alternative employers, including other major US studios with EEA production activities, European public and commercial broadcasters commissioning original content, and a significant independent production sector.⁽⁵⁰⁷⁾ The emergence of streaming platforms and independent studios has further expanded the employer landscape; studios entering production since 2012 including Netflix, Amazon, Apple, A24 and NEON confirm that no employer holds a critical position in the relevant talent markets.⁽⁵⁰⁸⁾
- (485) In the market investigation, the majority of respondents having expressed a view identified streaming platforms that commission content as competitors when acquiring talent for audiovisual productions, alongside other film studios and other audiovisual content producers.⁽⁵⁰⁹⁾ Several respondents confirmed that competition for talent operates across all three categories without meaningful segmentation. One major US vertically integrated studio stated that talent and other specialised personnel work with all of these content producers. One European film studio and distributor confirmed that it competes with all three types of content producers identified in the question. A further European film studio and distributor noted that streaming platforms frequently outbid traditional film studios and independent producers for talent, indicating that streaming platforms represent an effective — and in some cases stronger — competing source of

⁽⁵⁰⁴⁾ See Article 13(1) of the Audiovisual Media Services Directive (Directive 2010/13/EU, OJ L 95, 15.4.2010, p. 1, as amended by Directive (EU) 2018/1808, OJ L 303, 28.11.2018, p. 69), requiring providers of on-demand audiovisual media services to secure at least a 30% share of European works in their catalogues, which sustains demand for productions that, within the meaning of Article 1(3) of that Directive, are mainly made with authors and workers residing in the EEA; and national collective agreements binding the local third-party companies that act as employers for EEA production activity. By contrast, the US guild frameworks on which the parallel US labour-market claims are founded attach to talent engaged in the US — where the writing is performed or the production is shot, or where the engaging entity is US-based — and follow such talent irrespective of the territory of subsequent exhibition.

⁽⁵⁰⁵⁾ Form CO, Annex 28, paragraphs 2-4.

⁽⁵⁰⁶⁾ Form CO, Annex 28, paragraphs 6-8.

⁽⁵⁰⁷⁾ Form CO, Annex 28, paragraph 11; Form CO, paragraph 670.

⁽⁵⁰⁸⁾ Form CO, paragraph 665.

⁽⁵⁰⁹⁾ Replies to 'Q1a Theatrical distribution value chain', question D.B.19. Across respondents having expressed a view, other film studios and other audiovisual content producers were each identified by a comparable share of respondents, with streaming platforms identified by a similarly large proportion.

demand for the same talent pool.⁽⁵¹⁰⁾ One major US film studio confirmed that its assessment does not differ for any specific EEA Member State, suggesting that the competitive dynamics identified are consistent across geographies.

- (486) One Nordic respondent noted that in the Nordic countries all production teams operate on a freelance basis.⁽⁵¹¹⁾ The Commission does not treat freelance, non-exclusive engagement as, in itself, proof of competition between buyers, since it can coexist with the build-up of *de facto* exclusivity through long-term or ‘overall’ deals. The conclusion rests instead on the number and diversity of alternative buyers available to EEA talent.
- (487) The Commission considers that the market investigation results do not require a definitive resolution of whether streaming platforms fall within or outside the relevant market for the purposes of this assessment. Whether the market is defined broadly to include streaming commissioners or more narrowly to encompass traditional film and television studios only, the conclusion is unaffected: the merged entity would not represent a critical employer for any category of EEA creative or technical talent, given the number and diversity of alternative employers available under either market definition. The question of whether the compensation structure differences identified by a minority of respondents are sufficiently material to support a narrower market definition may warrant closer examination in future cases involving more concentrated employer landscapes.
- (488) Third, the relevant workforce benefits from a combination of collective bargaining agreements and statutory social and labour protections across EEA Member States.⁽⁵¹²⁾ Whilst these arrangements do not constitute a safe harbour, they represent a meaningful constraint on the merged entity’s ability to reduce wages or worsen working conditions unilaterally and reinforce the conclusion that no anticompetitive effects on labour markets arise.
- (489) Fourth, the concern raised regarding the Parties’ efficiency targets and associated workforce reductions falls outside the scope of this assessment. The Commission considers solely effects attributable to the loss of competition resulting from the merger under Article 2 of the Merger Regulation. Corporate restructuring effects occurring independently of changes in competitive dynamics are not assessed under the Merger Regulation. In any event, the Parties’ internal documents characterise [details of the parties’ anticipated synergies].⁽⁵¹³⁾
- (490) Fifth, some respondents were concerned that the Transaction would depress royalties and similar payments to creative talent. These payments are calculated in part from the licence fee a studio pays to put its content on a streaming platform. Where the studio and the platform are part of the same group, that fee is set internally rather than negotiated, which can lower the payments to talent. But this arises from one firm combining content production with its own streaming platform — which is already the case for each Party today, as both Paramount and Warner produce content and run their own streaming platforms. The Transaction does not create or strengthen that integration, so the concern is not specific to the Transaction.

⁽⁵¹⁰⁾ The Commission notes that this observation, while supporting the conclusion that streaming platforms compete for the same talent pool, also indicates that streaming platforms may represent a stronger source of competing demand than traditional studios in certain circumstances. This dynamic reinforces rather than undermines the finding that no concentrated purchasing market arises on the employer side.

⁽⁵¹¹⁾ This is consistent with the Notifying Party’s submission that above-the-line talent is generally engaged on a non-exclusive, project-based basis across the EEA: Response of 14 June 2026 to RFI 21, question 3(a).

⁽⁵¹²⁾ Form CO, Annex 28, paragraphs 22-33.

⁽⁵¹³⁾ Form CO, paragraph 1604.

- (491) Sixth, the Commission has also considered whether the exercise of monopsony power on labour markets could, in addition to potential harm in the upstream market, lead to downstream harm through reduced volume or quality of audiovisual content available to consumers. This downstream theory of harm does not arise independently of the upstream labour market assessment: it presupposes the prior establishment of monopsony power, which the Commission has not found for the reasons set out above. In any event, the Parties' internal documents demonstrate a post-Transaction commitment to maintaining and growing content output, including third-party licensing revenues projected to grow from approximately [details of the Parties' projected revenues and commercial strategy], ⁽⁵¹⁴⁾ which is inconsistent with the downstream harm scenario described in the third-party submissions.
- (492) Seventh, the Commission has considered whether the exercise of monopsony or oligopsony power on labour markets could reduce the merged entity's incentives to invest in new productions or in the development of creative and technical talent, distinct from any effect on the volume or quality of content already discussed above. No such concern was raised in the market investigation. In any event, the Parties' internal documents project continued growth in production volumes and third-party licensing activity over the 2026-31 period (see paragraph (491)(490)), and do not identify any strategy of reducing investment in talent development, production capacity or content commissioning as a source of anticipated efficiencies. The Commission therefore finds no evidence that the Transaction would give rise to a reduction in investment or innovation incentives on any labour market in the EEA.
- (493) Last, the Commission has considered whether the Transaction could render coordination among the remaining buyers of creative and technical talent in the EEA more likely, more stable or more effective, and concludes that it would not. Terms of engagement for above-the-line talent are individually negotiated and confidential, so the transparency required to arrive at and monitor a common approach to purchasing terms is absent; the applicable collective agreements establish only published minima, which operate as a floor rather than as a focal point for aligning the individually negotiated terms on which competition for talent takes place; there is no plausible mechanism by which departures from any common approach could be detected or disciplined; and the merged entity's limited direct-employment footprint in the EEA, together with the number and diversity of alternative buyers, would leave ample scope for talent to transact outside any attempted coordination. The Commission therefore finds no coordinated effects on any labour market in the EEA resulting from the Transaction.

6.4.6.2.4 *Conclusion*

- (494) The Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market as regards any labour market in the EEA.

6.5. **Vertical effects**

6.5.1. *Legal framework*

- (495) According to the Non-Horizontal Guidelines, ⁽⁵¹⁵⁾ non-coordinated effects may significantly impede effective competition as a result of a vertical merger if such merger gives rise to foreclosure. Foreclosure occurs where actual or potential competitors' access to supplies or markets is hampered or eliminated as a result of the merger, thereby

⁽⁵¹⁴⁾ Form CO, paragraphs 1644-46.

⁽⁵¹⁵⁾ Non-Horizontal Guidelines, pages 6-25.

reducing those companies' ability and/or incentive to compete.⁽⁵¹⁶⁾ Such foreclosure may discourage entry or expansion of competitors or encourage their exit.⁽⁵¹⁷⁾

- (496) The Non-Horizontal Guidelines distinguish between two forms of foreclosure. First, input foreclosure occurs where the merger is likely to raise the costs of downstream competitors by restricting their access to an important input.⁽⁵¹⁸⁾ Foreclosure may also take more subtle forms, such as the degradation of the quality of input supplied. In its assessment, the Commission may consider a series of alternative or complementary possible strategies.⁽⁵¹⁹⁾ Second, customer foreclosure occurs where the merger is likely to foreclose upstream competitors by restricting their access to a sufficient customer base.⁽⁵²⁰⁾
- (497) In assessing the likelihood of an anticompetitive foreclosure scenario, the Commission examines, first, whether the merged entity would have, post-merger, the ability to substantially foreclose access to inputs or customers; second, whether it would have the incentive to do so; and third, whether a foreclosure strategy would have a significant detrimental effect on competition. In practice, these factors are often examined together as they are closely intertwined.⁽⁵²¹⁾
- (498) Pursuant to Article 2(2) of the Merger Regulation, a concentration which would not significantly impede effective competition, in the internal market or in a substantial part of it, shall be declared compatible with the internal market. Conversely, pursuant to Article 2(3) of the Merger Regulation, a concentration which would significantly impede effective competition, in the internal market or in a substantial part of it, shall be declared incompatible with the internal market. In that regard, it is sufficient for the Commission to establish that the Transaction is likely to lead to a significant impediment of effective competition.

6.5.2. *Overview of vertical links*

- (499) The Transaction establishes vertical relationships between the Parties' business activities in the theatrical and AV value chains:
- i. Production and licensing of distribution rights of films for theatrical release (upstream) and the distribution of films for theatrical release to cinemas (intermediate);
 - ii. Production and licensing of AV content (upstream), and the wholesale supply of TV channels (intermediate); and
 - iii. Production and licensing of AV content (upstream) and the retail provision of SVOD services (downstream).
- (500) However, these vertical relationships do not give rise to affected markets in any EEA country because either the Parties' combined share does not reach 30% on either level of the value chain or the markets involved fall under point 5(d)(ii)(bb) of the Notice on Simplified Treatment (i.e., individual and combined shares are lower than 30% on the upstream market and the Parties' combined purchasing share of upstream inputs is lower than 30%).

⁽⁵¹⁶⁾ Non-Horizontal Guidelines, paragraph 18.

⁽⁵¹⁷⁾ Non-Horizontal Guidelines, paragraph 29.

⁽⁵¹⁸⁾ Non-Horizontal Guidelines, paragraph 30.

⁽⁵¹⁹⁾ Non-Horizontal Guidelines, paragraph 33.

⁽⁵²⁰⁾ Non-Horizontal Guidelines, paragraph 30.

⁽⁵²¹⁾ Non-Horizontal Guidelines, paragraph 32.

- (501) For completeness, this decision discusses the vertical relationship between production and licensing of AV content (upstream) and retail provision of SVOD services (downstream) and does not discuss the other links.
- (502) This decision therefore assesses whether, post-Transaction, the merged entity could foreclose competing SVOD rivals downstream (Section 6.5.3), as well as whether it could foreclose upstream suppliers' access to SVOD distribution (Section 6.5.4).

6.5.3. *Foreclosure of downstream SVOD rivals (input foreclosure)*

6.5.3.1. The Notifying Party's views

- (503) The Notifying Party argues that the vertical relationship between production and licensing of AV content (upstream) and retail provision of SVOD services (downstream) cannot result in foreclosure of downstream SVOD rivals for the following reasons.
- (504) First, the vertical link between the Parties' upstream licensing of commissioned or pre-produced AV content and the downstream retail provision of SVOD services in the EEA does not give rise to any vertically affected markets. ⁽⁵²²⁾ The Parties' shares across all plausible upstream segments (see Table 7-9 above) to retail SVOD services, computed on a 2022-2024 three-year average basis, are well below 20%. ⁽⁵²³⁾ On the 2022-2024 period, the Parties' combined shares are below 30% in every plausible upstream segment and in each individual EEA country, with the exception of Production and licensing of pre-produced TV content to VOD services in Lithuania, where the combined share only marginally exceeds 30%, at [30-40]%. ⁽⁵²⁴⁾
- (505) Second, the Parties' already low merchant-market shares still overstate the importance of their content to rival SVOD operators, as most of the Parties' revenues are concentrated in vertically integrated rivals that do not depend on the Parties' content. The three largest SVOD players in the EEA – Netflix, Amazon and Disney – jointly account for approximately [details of the composition of the Parties' revenues] of Paramount's SVOD licensing revenues and approximately [details of the composition of the Parties' sales] of Warner's (for the period 2022-2025). Most of the remaining customers are also themselves vertically integrated broadcasters and streaming groups, competing effectively downstream where they can rely on their own production arms: [details of the Parties' customers]. As such, over [details of the composition of the Parties' revenues] of the Parties' EEA SVOD-licensing revenues flow from vertically integrated rivals. ⁽⁵²⁵⁾
- (506) Third, the Parties' content is not an important input for any leading SVOD rival. The Parties account for only a small proportion of the overall content spend of their largest SVOD customers in the EEA (Netflix, Amazon and Disney). Apple, the only other rival for which content spend data are available, does not license any pre-produced AV content from the Parties in the EEA. ⁽⁵²⁶⁾

⁽⁵²²⁾ Form CO, paragraph 1341.

⁽⁵²³⁾ RBB Economics, *'Economic assessment of potential vertical effects in the licensing of AV content to SVOD services,'* 8 May 2026, page 3.

⁽⁵²⁴⁾ The Parties' combined share in the Production and licensing of pre-produced TV content to VOD services in Lithuania in 2022-2024 does not result in a vertically affected market, as none of the Parties were present in the downstream market for the Retail provision of SVOD services in Lithuania in that period. *See* RBB Economics, *'Economic assessment of potential vertical effects in the licensing of AV content to SVOD services,'* 8 May 2026, page 4.

⁽⁵²⁵⁾ RBB Economics, *'Economic assessment of potential vertical effects in the licensing of AV content to SVOD services,'* 8 May 2026, pages 4-5.

⁽⁵²⁶⁾ RBB Economics, *'Economic assessment of potential vertical effects in the licensing of AV content to SVOD services,'* 8 May 2026, page 5.

- (507) Fourth, the Parties' licensing revenues are immaterial relative to their customers' downstream EEA SVOD operations. For each of the Parties' significant SVOD licensing customers in the EEA, the licensing revenues received by Paramount and Warner represent only a small proportion of that customer's downstream EEA SVOD revenues: – below [10-20]% in all but one case over 2022–2024 ([details of parties' customers], at [10-20]%).⁽⁵²⁷⁾
- (508) Fifth, a wide range of credible alternative suppliers with broad libraries would remain available post-Transaction. Sony, Universal and Lionsgate are among the largest content producers globally and continue to license broadly to maximise return on content investment. Other non-vertically integrated suppliers include independent studios like A24 and the major European producers (Mediawan, All3Media, Banijay), which produce significant volumes of content licensed widely across the EEA SVOD industry and can be particularly important in individual Member States. Moreover, there are integrated suppliers (Disney, Amazon, RTL, Canal+, ITV, BBC Studios) that continue to license selectively.⁽⁵²⁸⁾
- (509) Finally, even if the Parties had the ability to profitably foreclose SVOD rivals, foreclosure would have no significant adverse effect on competition in the downstream SVOD market. Netflix is the undisputed leader in EEA SVOD with a [50-60]% share of revenue and [30-40]% share of subscriptions, ahead of Disney ([10-20]% / [10-20]%) and Amazon ([10-20]% / [20-30]%). Netflix holds similarly high and even much larger market shares in the downstream SVOD market across all EEA countries.⁽⁵²⁹⁾

6.5.3.2. Commission's assessment

- (510) For the reasons set out below, the Commission considers that the merged entity would not have the ability to foreclose downstream SVOD rivals by leveraging its position in the market for production and licensing of AV content. Therefore, given that the conditions under the Non-Horizontal Guidelines are cumulative⁽⁵³⁰⁾, the Commission does not need to take a position on whether the second or third conditions are satisfied.
- (511) First, as demonstrated in Section 6.3.2.1 the Parties' combined upstream share is below 30% in the relevant markets for production and licensing of AV content for the period of 2022-2024.⁽⁵³¹⁾
- (512) Second, a wide range of alternative suppliers would remain available post-Transaction, including non-integrated suppliers (e.g., A24, Lionsgate, Sony), as well as integrated suppliers (e.g., Amazon, Disney, Universal) that license their content to third parties. The majority of respondents who expressed a view and who currently license content from alternative suppliers indicated that, in a hypothetical scenario where the merged entity increased prices of licensing out their content, they would limit licensing content from the Parties and license more content from alternative suppliers.⁽⁵³²⁾ This suggests that respondents regard a number of alternative suppliers as providing them with a broad range of options.

⁽⁵²⁷⁾ RBB Economics, *'Economic assessment of potential vertical effects in the licensing of AV content to SVOD services,'* 8 May 2026, page 7.

⁽⁵²⁸⁾ Form CO, paragraph 1341 and RBB Economics, *'Economic assessment of potential vertical effects in the licensing of AV content to SVOD services,'* 8 May 2026, page 8.

⁽⁵²⁹⁾ Form CO, paragraph 1341.

⁽⁵³⁰⁾ Non-Horizontal Guidelines, paragraphs 93-118.

⁽⁵³¹⁾ With the exception of the market for production and licensing of pre-produced US films to FTA-TV in the Netherlands, where the Parties' combined market share of [30-40]% is slightly above the 30% threshold. However, this does not lead to a vertically affected market as the Parties are not active in the FTA-TV market in the Netherlands.

⁽⁵³²⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.F.8.

- (513) Third, the Parties’ top 10 SVOD licensing customers in the EEA across 2022-2025 are dominated by the largest, vertically integrated SVOD operators: Netflix, Amazon and (to a much lesser extent) Disney. The data submitted by the Parties shows that the three largest SVOD players in the EEA – Netflix, Amazon and Disney – jointly account for approximately [details of the composition of the Parties’ sales] of Paramount’s SVOD licensing revenues and approximately [details of the composition of the Parties’ sales] of Warner’s. ⁽⁵³³⁾
- (514) Fourth, market respondents confirmed that they do not source a material proportion of content from the Parties for their SVOD platform(s). Most respondents who expressed a view also indicated that they source only 0-10% of the overall content available on their streaming platform(s) from the Parties. ⁽⁵³⁴⁾
- (515) Further, most market participants who expressed a view indicated that they consider it likely for the merged entity (i) to stop licensing out their content to competing streaming platforms and keep the content exclusively on their own streaming platform ⁽⁵³⁵⁾ or (ii) to increase prices for licensing out their content to competing streaming platforms. ⁽⁵³⁶⁾ Most market participants who expressed a view also indicated that in a hypothetical scenario where the merged entity withdrew their content from your streaming platform, this would significantly affect their business as Paramount and Warner’s content is a significant part of their overall offering and their content is irreplaceable. ⁽⁵³⁷⁾
- (516) However, as mentioned in paragraph (506) above, the Parties do not represent a significant source of content for most market participants. Additionally, the majority of market participants have also stated that, in a hypothetical scenario where the merged entity increased prices of licensing out their content, they would either (i) stop licensing content from the Parties and move to alternative suppliers or (ii) limit licensing of content from the Parties and license more content from alternative suppliers, which indicates that the Parties’ content is not a ‘must-have’ for SVOD. ⁽⁵³⁸⁾ In particular, several respondents explained: *‘If the merged entity were to significantly increase licensing prices, [...] would likely seek to reduce its dependence on such content and allocate a greater proportion of its content investment to alternative suppliers’* and *‘we expect the merged entity to retain its most premium content for its own platforms, making any remaining available content less urgent or critical to our overall portfolio. If the prices for this remaining content were to increase, we would limit our acquisition from the Parties and actively seek alternative suppliers to meet our programming needs’* and *“we would seek to mitigate the impact by gradually reducing our reliance on content from these providers and increasing the share of content sourced from alternative suppliers”*. ⁽⁵³⁹⁾
- (517) Additionally, the vast majority of market participants who expressed a view have also stated that the level of competition in the market for pre-produced AV content is moderate, high or very high. ⁽⁵⁴⁰⁾
- (518) Finally, the Parties’ internal documents demonstrate that the merged entity plans to continue licensing content to third parties post-Transaction.

⁽⁵³³⁾ RBB Economics, ‘*Economic assessment of potential vertical effects in the licensing of AV content to SVOD services*,’ 8 May 2026, page 5.

⁽⁵³⁴⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.F.2.

⁽⁵³⁵⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.F.5.

⁽⁵³⁶⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.F.6.

⁽⁵³⁷⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.F.7.

⁽⁵³⁸⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.F.8.

⁽⁵³⁹⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.F.8.1.

⁽⁵⁴⁰⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question D.A.3.

- (519) A Paramount's internal document discussing the post-Transaction synergies and plans for the Parties' output shows that Paramount envisions the combined entity as a *[details of the Parties' commercial strategy]*.⁽⁵⁴¹⁾
- (520) Another internal document mentions that on a combined basis *[details of the Parties' projected revenues]* will be driven 'by increase in film slate from 20 to [30+] releases', as well as *[details of the Parties' commercial strategy]*.⁽⁵⁴²⁾ The same internal document refers to a combined film slate growth to [30+] films and *[details of the Parties' commercial strategy and planned output]*.⁽⁵⁴³⁾
- (521) Another internal document shows that both Film and TV studios licensing revenues are projected to grow at *[details of the Parties' projected revenues and commercial strategy]*.⁽⁵⁴⁴⁾ This forecasted growth is driven by *[details of the Parties' commercial strategy]*.⁽⁵⁴⁵⁾

6.5.4. *Foreclosure of upstream suppliers' access to SVOD distribution (customer foreclosure)*

6.5.4.1. The Notifying Party's views

- (522) The Notifying Party argues that the vertical relationship between production and licensing of AV content (upstream) and retail provision of SVOD services (downstream) cannot result in foreclosure of upstream suppliers' access to SVOD distribution for the following reasons.
- (523) First, the Parties already source a substantial majority of their content from in-house production already.⁽⁵⁴⁶⁾ On the 2022-2024 basis, the Parties' combined purchasing shares are below 30% in every plausible upstream segment and in each individual EEA country, with the exception of production and licensing of pre-produced non-US films to VOD services in Poland, where the combined share narrowly exceeded 30%, at [30-40]%.⁽⁵⁴⁷⁾
- (524) Second, the Parties' content spend does not represent a significant proportion of the revenues of any content supplier. A decision by the merged entity not to license a given title from a supplier does not affect the supplier's ability to license titles to other buyers. In addition, a non-negligible share of the Parties' current content acquisition is sourced from suppliers that are themselves vertically integrated downstream (e.g., Amazon, Disney or Canal+) and therefore have their own captive outlets for their content, and the ability to retaliate if the Parties attempt to engage in customer foreclosure.⁽⁵⁴⁸⁾
- (525) Third, AV content producers have a wide and growing set of alternative SVOD buyers – Netflix, Amazon, Disney, Apple, and regional players. The Parties account for less than [10-20]% of retail SVOD revenues in the EEA.⁽⁵⁴⁹⁾

6.5.4.2. Commission's assessment

- (526) For the reasons set out below, the Commission considers that the merged entity would not have the ability to foreclose upstream suppliers' access to SVOD distribution.

⁽⁵⁴¹⁾ Form CO, Attachments 5 and 17, slides 19 and 24.

⁽⁵⁴²⁾ Form CO, Attachment 22, slides 4–6.

⁽⁵⁴³⁾ Form CO, Attachments 22 and 33, slide 6.

⁽⁵⁴⁴⁾ Form CO, Attachment 29, slide 16.

⁽⁵⁴⁵⁾ Form CO, Attachment 29, slide 16.

⁽⁵⁴⁶⁾ Form CO, paragraph 1341.

⁽⁵⁴⁷⁾ RBB Economics, 'Economic assessment of potential vertical effects in the licensing of AV content to SVOD services,' 8 May 2026, page 10.

⁽⁵⁴⁸⁾ RBB Economics, 'Economic assessment of potential vertical effects in the licensing of AV content to SVOD services,' 8 May 2026, page 10.

⁽⁵⁴⁹⁾ Form CO, paragraph 1341.

Therefore, given that the conditions under the Non-Horizontal Guidelines are cumulative ⁽⁵⁵⁰⁾, the Commission does not need to take a position on whether the second or third conditions are satisfied.

- (527) First, the Parties are not important buyers of content from third parties. The Parties' combined purchasing shares are below 30% in all plausible upstream segment and in each individual EEA country for the period of 2022-2024. ⁽⁵⁵¹⁾ ⁽⁵⁵²⁾
- (528) Second, suppliers do not license a significant proportion of their content to the Parties for their SVOD platforms. Most respondents who expressed a view indicated that they license only 0-10% of their original content to Paramount and/or Warner for their streaming platform(s). ⁽⁵⁵³⁾
- (529) Third, third-party producers selling AV content to the EEA SVOD industry, in turn, have access to a wide range of alternative buyers, including Netflix, Amazon, Disney, Apple as well as regional players (e.g., RTL, TV2, Canal+, Voyo and others).
- (530) Most market participants have stated that, if the merged entity were to hypothetically stop or significantly limit the licensing of market participants' original content for its streaming platform, while this would affect their business, they do not license their original content to the Parties to a significant extent compared with other streaming platforms. ⁽⁵⁵⁴⁾ One market participant stated that, in that scenario, it *'[...] would seek alternative licensing opportunities with other broadcasters, streamers or audiovisual platforms, but such alternatives may not always be equivalent in terms of reach, commercial value, windowing or strategic fit'*. ⁽⁵⁵⁵⁾ Some market participants have also stated that such a hypothetical situation would not affect their business, as they can license their content to alternative streaming platforms. ⁽⁵⁵⁶⁾

6.5.4.3. Conclusion

- (531) For the reasons described above, the Commission considers that the merged entity would not have the ability to foreclose downstream SVOD rivals nor foreclose upstream suppliers' access to SVOD distribution as it does not have a significant degree of market power.

6.6. Conglomerate effects

6.6.1. Legal framework

- (532) The Non-Horizontal Merger Guidelines acknowledge that, whereas in the majority of circumstances conglomerate mergers will not lead to competition concerns, in certain scenarios they may significantly impede effective competition. In particular, the main concern in the context of conglomerate mergers is that of foreclosure. ⁽⁵⁵⁷⁾
- (533) According to the Non-Horizontal Merger Guidelines, the combination of products in related markets may confer on the merged entity the ability and incentive to leverage a

⁽⁵⁵⁰⁾ Non-Horizontal Guidelines, paragraphs 93-118.

⁽⁵⁵¹⁾ With the exception of the market for production and licensing of pre-produced non-U.S. films to VOD services in Poland, where the combined share of [30-40]% narrowly exceeds the 30% threshold. However, this does not lead to a vertically affected market as Paramount has no non-captive spend in Poland, so there is no merger-specific increment.

⁽⁵⁵²⁾ RBB Economics, 'Economic assessment of potential vertical effects in the licensing of AV content to SVOD services,' 8 May 2026, page 10.

⁽⁵⁵³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.F.4.

⁽⁵⁵⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.F.10.

⁽⁵⁵⁵⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.F.10.

⁽⁵⁵⁶⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.F.10.

⁽⁵⁵⁷⁾ Non-Horizontal Merger Guidelines, paragraphs 18 and 93.

strong market position from one market to another by means of tying or bundling or other exclusionary practices. In certain circumstances, these practices may lead to a reduction in actual or potential rivals' ability or incentive to compete. This may reduce the competitive pressure on the merged entity allowing it to increase prices. ⁽⁵⁵⁸⁾

- (534) In assessing the likelihood of such a scenario, the Commission examines, first, whether the merged firm would have the ability to foreclose its rivals, second, whether it would have the economic incentive to do so and, third, whether a foreclosure strategy would have a significant detrimental effect on competition, thus causing harm to consumers. In practice, these factors are often examined together as they are closely intertwined. ⁽⁵⁵⁹⁾

6.6.2. *Overview of new conglomerate relationships between related markets, where the Parties have a market share of 30% or more*

- (535) A number of conglomerate relationships between neighbouring markets can be found in several national markets.

- (536) However, the vast majority of such conglomerate links are pre-existing. ⁽⁵⁶⁰⁾ Non-preexisting links only arise in relation to the market for the wholesale supply of TV channels, among different market segments. ⁽⁵⁶¹⁾

- (537) The Commission notes that in the market for the wholesale supply of TV channels, it is a common market practice that negotiations between wholesale suppliers of TV channels and retail TV distributors/MVPDs are conducted on a portfolio basis (including multiple TV channels of different genres). In fact, the majority of respondents of the market investigation indicated that '*wholesale negotiations are typically conducted on a portfolio basis*'. ⁽⁵⁶²⁾ Additionally, in the market investigation, market participants raised concerns in relation to the non-preexisting links. ⁽⁵⁶³⁾

- (538) Consequently, the Commission will focus its assessment on the markets which have non-preexisting links and for which concerns were raised:

- i. The wholesale supply of pay TV sport channels and the neighbouring segment for wholesale supply of FTA TV general entertainment channels in Czechia.
- ii. The wholesale supply of pay TV film channels and the neighbouring segment for wholesale supply of FTA TV children's channels in Germany.
- iii. The wholesale supply of FTA TV sport channels and the neighbouring segment for wholesale supply of FTA TV children's channels in Germany.
- iv. The wholesale supply of FTA TV children's channels and the neighbouring segment for wholesale supply of pay TV children's channels in Spain.

6.6.3. *Conglomerate relationship between the wholesale supply of pay TV sport channels and the neighbouring segment for wholesale supply of FTA TV general entertainment channels in Czechia*

6.6.3.1. The Notifying Party's views

- (539) The Notifying Party submits that it lacks the ability or incentive to engage in a foreclosure strategy for the following reasons.

⁽⁵⁵⁸⁾ Non-Horizontal Merger Guidelines, paragraph 93.

⁽⁵⁵⁹⁾ Non-Horizontal Merger Guidelines, paragraph 94.

⁽⁵⁶⁰⁾ A conglomerate link is preexisting if one of the Parties was active in the conglomerate linked market pre-merger. Commission decision of 22 April 2026 in case M.12076 – *RTL/SKY DACH*, footnote 869 (publication pending).

⁽⁵⁶¹⁾ Form CO, paragraph 1380 and Annex 8.3.

⁽⁵⁶²⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.10.

⁽⁵⁶³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', questions C.A.C.12.1, E.1.1 and E.2.

- (540) First, the Parties lack market power in the supply of pay TV sports channels in Czechia, given modest shares and strong competitors. Warner's market share exceeds the 30% threshold narrowly in the segment for pay TV sport channels in Czechia ([30-40]%). Warner's sports channels are not 'must-haves' for MVPDs in Czechia, as competitors have major sports events: Atresmedia has UEFA Champions League and Formula 1, Oneplay has the domestic football league, Canal+ has the FA Premier League, AMC Networks has Serie A and Česká Televize has major ice hockey and national team events. Post-Transaction, the Parties will continue to be constrained by players such as Atresmedia ([10-20]%), Canal+ ([10-20]%), Sky ([10-20]%), AMC Networks ([5-10]%), Foxtel ([5-10]%), and others ([5-10]%) and by a range of SVOD operators and sports-specific OTT services such as DAZN, Amazon Prime Video, and YouTube. ⁽⁵⁶⁴⁾
- (541) Second, MVPDs' bargaining power will remain undiminished post-Transaction, as they are large TV providers with substantial customer bases. ⁽⁵⁶⁵⁾ When they drop a channel, replacements may include traditional FTA TV channels, FAST channels or multi-genre SVOD services. ⁽⁵⁶⁶⁾ Additionally, MVPDs typically prefer to negotiate for a single bouquet of channels across genres. Therefore, segment market shares by genre for Pay TV channels are not indicative of market power. ⁽⁵⁶⁷⁾
- (542) Third, the Parties also lack any incentive to engage in a foreclosure strategy, since MVPDs will react by dropping the Parties' TV channels and by shifting to alternative content options from linear or non-linear competitors. Additionally, as the Parties do not offer pay TV channels at a retail level, they would not have a platform to which they could drive the dropped linear TV channels. ⁽⁵⁶⁸⁾
- (543) Fourth, a potential foreclosure strategy would have no significant detrimental effect on competition because bundling is a common practice in the industry. Therefore, customers will be able to rely on alternative packaged deals from other international and local suppliers and could develop counterstrategies such as creating or commissioning content for their own use (as a number of market players have done over the last few years). ⁽⁵⁶⁹⁾

6.6.3.2. Commission's assessment

- (544) First, the Commission considers that the merged entity will not have the ability to foreclose competing wholesale suppliers of TV channels by leveraging its market power in the segment for wholesale supply of pay TV sport channels to strengthen its position in the neighbouring segment for wholesale supply of FTA TV general entertainment channels in Czechia. According to the Non-Horizontal Merger Guidelines, for foreclosure to be a concern, the merged entity must have a significant degree of market power in one of the markets concerned. ⁽⁵⁷⁰⁾ The Commission considers that the merged entity does not have a significant degree of market power in the market for the wholesale supply of pay TV sport channels in Czechia.
- (545) In the first place, the Commission notes that the Transaction gives rise to a combined market share of [30-40]% in the segment for wholesale supply of pay TV sport channels in Czechia, which only exceeds 30% by a small margin. Warner has a [30-40]% market share and Paramount is not active in this segment. ⁽⁵⁷¹⁾

⁽⁵⁶⁴⁾ Form CO, paragraphs 1417-1422.

⁽⁵⁶⁵⁾ Form CO, paragraphs 993-994.

⁽⁵⁶⁶⁾ Form CO, paragraph 1409.

⁽⁵⁶⁷⁾ Form CO, paragraph 1421.

⁽⁵⁶⁸⁾ Form CO, paragraphs 1435-1436.

⁽⁵⁶⁹⁾ Form CO, paragraphs 1437-1438.

⁽⁵⁷⁰⁾ Non-Horizontal Merger Guidelines, paragraph 99.

⁽⁵⁷¹⁾ Section 6.3.3.

- (546) In the second place, the Parties are constrained by the presence of various competitors. In particular, Atresmedia has a market share of [10-20]% and the rights to major sports events such as UEFA Champions League and Formula 1; Canal+ has a market share of [10-20]% and the rights to major sports events such as the FA Premier League; Sky has a market share of [10-20]%; AMC Networks has a market share of [5-10]% and the rights to major sports events such as Serie A; Foxtel with a market share of [5-10]%; and others have the remaining market share of [5-10]% (e.g., Oneplay has the rights to the domestic football league and Česká Televize has the rights to major ice hockey and national team events). ⁽⁵⁷²⁾
- (547) In the third place, there is competitive pressure from SVOD services. ⁽⁵⁷³⁾ According to the majority of respondents to the market investigation, retail TV distributors and MVPDs negotiate simultaneously for access to linear TV channels and non-linear SVOD services. ⁽⁵⁷⁴⁾ This indicates that a strong position in SVOD services can create significant competitive pressure during those negotiations. Market respondents (i.e., competitors and vertically integrated entertainment companies) active in Czechia explained the importance of acquiring both non-linear and linear services: *‘we always try and most of the time succeed in acquiring linear and non-linear rights since our subscribers want to view the content in a linear and non-linear format’* and *‘distributors typically seek a range of ways of delivering content to their customers, which includes linear and on-demand services (whether catch up or a separate SVOD environment)’*. ⁽⁵⁷⁵⁾
- (548) Additionally, several market participants indicated that SVOD is *‘a true alternative to TV channels’* and that they *‘consider SVOD services an alternative to tv-channels in general. So do the distributors, which is why there is a very systematic and structural change happening where the offering from distributors/MVPD is more and more based on SVOD services and not only on tv-channels’*. ⁽⁵⁷⁶⁾
- (549) In the fourth place, MVPDs seeking to acquire TV channels are able to switch between different wholesale suppliers of TV channels. MVPDs may replace channels with alternative TV channels from the same genre or different genres. ⁽⁵⁷⁷⁾ In fact, the majority of respondents of the market investigation indicated that the acquisition decision of TV channels is based on a multi-genre approach, rather than on the genre of a particular TV channel. ⁽⁵⁷⁸⁾ In particular, a market participant active in the Czech market indicated that *‘[s]topping a type of channels would not necessarily entail [the respondent] to replace them with channels of the exact same genre. The main objective is to build attractive, rich and diverse offers that reply to prospect customers and our subscribers needs and expectations’*. ⁽⁵⁷⁹⁾
- (550) In the fifth place, the Commission notes the argument of the Parties that MVPDs hold significant bargaining power, as they have the ability to drop a channel and replace it with alternatives, substantial customer basis and developed packaging capabilities. ⁽⁵⁸⁰⁾ Under this assumption, the merged entity would not have the ability to force bundles on

⁽⁵⁷²⁾ Form CO, paragraphs 1417-1422.

⁽⁵⁷³⁾ Form CO, paragraphs 1417-1422.

⁽⁵⁷⁴⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.15.

⁽⁵⁷⁵⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.15.1.

⁽⁵⁷⁶⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.14.1.

⁽⁵⁷⁷⁾ During the market investigation, some participants stated that, should they discontinue a channel, they would replace it with another channel of the same genre. However, other participants indicated that they would not opt for a channel of the same genre, or that their decision would depend on a number of other factors. Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.9.

⁽⁵⁷⁸⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.7.1.

⁽⁵⁷⁹⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.9.1.

⁽⁵⁸⁰⁾ Form CO, paragraphs 993 and 994.

MVPDs, as enforcing bundles could lead to a risk of switching to other alternatives or remove the channels altogether. ⁽⁵⁸¹⁾

- (551) Second, most market participants active in Czechia that have expressed concerns in the market investigation indicate that the Transaction may cause ‘*bundling pressure*’, that ‘*content providers typically do not permit the unbundling / separation of channel offerings, such that distributors are required to carry the full suite of channels, even where these are not valued equally*’ and that ‘*price can go up due to bundling of content*’. Nonetheless, responses are nuanced, as one of the participants explained that ‘*this dynamic is evolving in light of the growth of streaming services. For example, [the respondent] has observed in some instances that where it has committed to carrying a content provider’s SVOD service, the provider may adopt a more flexible approach in relation to the associated linear channel offerings*’. ⁽⁵⁸²⁾ The Commission considers that such concerns are linked to an increase in market power. However, as indicated above, the Commission considers that the merged entity does not have a significant degree of market power in the market for the wholesale supply of pay TV sport channels in Czechia.
- (552) Third, given that the conditions under the Non-Horizontal Guidelines are cumulative, ⁽⁵⁸³⁾ the Commission does not need to take a position on whether the two other conditions are satisfied.

6.6.3.3. Conclusion

- (553) For all the above reasons, the Commission concludes that the Transaction will not raise serious doubts as to its compatibility with the internal market as a result of a conglomerate foreclosure strategy in the market for wholesale supply of pay TV sport channels and the neighbouring segment for wholesale supply of FTA TV general entertainment channels in Czechia, considering the merged entity would not have the ability to engage in such a strategy.

6.6.4. Conglomerate relationship between the wholesale supply of pay TV film channels and the neighbouring segment for wholesale supply of FTA TV children’s channels in Germany

6.6.4.1. The Notifying Party’s views

- (554) The Notifying Party submits that it lacks the ability or incentive to engage in a foreclosure strategy for the following reasons.
- (555) First, the Parties lack the market power in the supply of pay TV film channels in Germany, given Warner’s market share and strong competition. Warner’s market share exceeds the 30% threshold marginally in the segment for pay TV film channels in Germany ([30-40]%). Post-Transaction, the merged entity will face significant competition from alternative pay TV film channel providers, such as market leader Sky ([60-70]%) with five channels (i.e., Sky Cinema Highlights, Sky Cinema Family, Sky Cinema Action, Sky Cinema Premiere and Sky Cinema Classics), AMC ([0-5]%) with Kinowelt TV, and Anixe+. ⁽⁵⁸⁴⁾
- (556) Second, Warner’s pay TV film channels face competition from SVOD services and cannot be considered must-haves for downstream distributors. SVOD operators compete to acquire Pay-1 window rights and the Pay-1 window most often involves SVOD

⁽⁵⁸¹⁾ Form CO, paragraph 997.

⁽⁵⁸²⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, questions C.A.C.12.1, E.1.1 and E.2.

⁽⁵⁸³⁾ Non-Horizontal Guidelines, paragraphs 93-118.

⁽⁵⁸⁴⁾ Form CO, paragraphs 1430-1432.

services (e.g., the Netflix and Sony Pay-1 agreement). In Germany, [details of contractual agreements with third parties]. These developments confirm that consumers increasingly look to SVOD services for new films and renders any separation between pay TV and SVOD artificial, as it does not reflect how film content is primarily licensed and monetized. ⁽⁵⁸⁵⁾

- (557) Third, MVPDs' bargaining power will remain undiminished post-Transaction, as they are large TV providers with substantial customer bases. ⁽⁵⁸⁶⁾ When they drop a channel, replacements may include traditional FTA TV channels, FAST channels or multi-genre SVOD services. ⁽⁵⁸⁷⁾ Additionally, MVPDs typically prefer to negotiate for a single bouquet of channels across genres. Therefore, segment market shares by genre for Pay TV channels are not indicative of market power. ⁽⁵⁸⁸⁾
- (558) Fourth, the Parties also lack any incentive to engage in a foreclosure strategy, since MVPDs will react by dropping the Parties' TV channels and by shifting to alternative content options from linear or non-linear competitors. Additionally, as the Parties do not offer pay TV channels at a retail level, they would not have a platform to which they could drive the dropped linear TV channels. ⁽⁵⁸⁹⁾
- (559) Fifth, a potential foreclosure strategy would have no significant detrimental effect on competition because bundling is a common practice in the industry. Therefore, customers will be able to rely on alternative packaged deals from other international and local suppliers and could develop counterstrategies such as creating or commissioning content for their own use (as a number of market players have done over the last few years). ⁽⁵⁹⁰⁾

6.6.4.2. Commission's assessment

- (560) First, the Commission considers that the merged entity will not have the ability to foreclose competing wholesale suppliers of TV channels by leveraging its market power in the segment for wholesale supply of pay TV film channels to strengthen its position in the neighbouring segment for wholesale supply of FTA TV children's channels in Germany. According to the Non-Horizontal Merger Guidelines, for foreclosure to be a concern, the merged entity must have a significant degree of market power in one of the markets concerned. ⁽⁵⁹¹⁾ The Commission considers that the merged entity does not have a significant degree of market power in the market for the wholesale supply of pay TV film channels in Germany.
- (561) In the first place, the Commission notes that the Transaction gives rise to a combined market share of [30-40]% in the segment for wholesale supply of pay TV film channels in Germany, which only exceeds 30% by a small margin. Warner has a [30-40]% market share and Paramount is not active in this segment. ⁽⁵⁹²⁾
- (562) In the second place, the Parties are constrained by the presence of various competitors. In particular, in the market for the wholesale supply of pay TV film channels in Germany, Sky has a market share of [60-70]% and several channels (i.e., Sky Cinema Highlights, Sky Cinema Family, Sky Cinema Action, Sky Cinema Premiere and Sky Cinema

⁽⁵⁸⁵⁾ Form CO, paragraph 1434.

⁽⁵⁸⁶⁾ Form CO, paragraph 993-994.

⁽⁵⁸⁷⁾ Form CO, paragraph 1409.

⁽⁵⁸⁸⁾ Form CO, paragraph 1433.

⁽⁵⁸⁹⁾ Form CO, paragraphs 1435-1436.

⁽⁵⁹⁰⁾ Form CO, paragraphs 1437-1438.

⁽⁵⁹¹⁾ Non-Horizontal Merger Guidelines, paragraph 99.

⁽⁵⁹²⁾ Section 6.3.3.

Classics), AMC has a market share of [0-5]% and the channel Kinowelt TV, and there are other players in the market such as Anxiet+. ⁽⁵⁹³⁾

- (563) In the third place, there is competitive pressure from SVOD services to acquire Pay-1 and Pay-2 window rights. For instance, Warner used to license [details of contractual agreements with third parties]. ⁽⁵⁹⁴⁾ This shows that SVOD providers have become more proactive in acquiring rights, thereby exerting competitive pressure on wholesale suppliers of TV channels.
- (564) Moreover, according to the majority of respondents to the market investigation, retail TV distributors and MVPDs negotiate simultaneously for access to linear TV channels and non-linear SVOD services. ⁽⁵⁹⁵⁾ This indicates that a strong position in SVOD services can create significant competitive pressure during those negotiations. Market respondents (*i.e.*, competitors and vertically integrated entertainment companies) active in Germany explained the importance of acquiring both non-linear and linear services: ‘*we always try and most of the time succeed in acquiring linear and non-linear rights since our subscribers want to view the content in a linear and non-linear format*’ and ‘*distributors typically seek a range of ways of delivering content to their customers, which includes linear and on-demand services (whether catch up or a separate SVOD environment)*’. ⁽⁵⁹⁶⁾
- (565) Additionally, several market participants indicated that SVOD is ‘*a true alternative to TV channels*’ and that they ‘*consider SVOD services an alternative to tv-channels in general. So do the distributors, which is why there is a very systematic and structural change happening where the offering from distributors/MVPD is more and more based on SVOD services and not only on tv-channels*’. ⁽⁵⁹⁷⁾
- (566) In the fourth place, MVPDs seeking to acquire TV channels are able to switch between different wholesale suppliers of TV channels. MVPDs may replace channels with alternative TV channels from the same genre or different genres. ⁽⁵⁹⁸⁾ In fact, the majority of respondents of the market investigation indicated that the acquisition decision of TV channels is based on a multi-genre approach, rather than on the genre of a particular TV channel. ⁽⁵⁹⁹⁾ In particular, a market participant active in the German market indicated that ‘*[s]topping a type of channels would not necessarily entail [the respondent] to replace them with channels of the exact same genre. The main objective is to build attractive, rich and diverse offers that reply to prospect customers and our subscribers needs and expectations*’. ⁽⁶⁰⁰⁾
- (567) In the fifth place, the Commission notes the argument of the Parties that MVPDs hold significant bargaining power, as they have the ability to drop a channel and replace it with alternatives, substantial customer basis and developed packaging capabilities. ⁽⁶⁰¹⁾ Under this assumption, the merged entity would not have the ability to force bundles on

⁽⁵⁹³⁾ Form CO, paragraphs 1430-1432.

⁽⁵⁹⁴⁾ Form CO, paragraphs 1434.

⁽⁵⁹⁵⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.15.

⁽⁵⁹⁶⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.15.1.

⁽⁵⁹⁷⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.14.1.

⁽⁵⁹⁸⁾ During the market investigation, some participants stated that, should they discontinue a channel, they would replace it with another channel of the same genre. However, other participants indicated that they would not opt for a channel of the same genre, or that their decision would depend on a number of other factors. Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.9.

⁽⁵⁹⁹⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.7.1.

⁽⁶⁰⁰⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.9.1.

⁽⁶⁰¹⁾ Form CO, paragraphs 993 and 994.

MVPDs, as enforcing bundles could lead to a risk of switching to other alternatives or remove the channels altogether. ⁽⁶⁰²⁾

- (568) Second, most market participants active in Germany that have expressed concerns in the market investigation indicate that the Transaction may cause ‘*bundling pressure*’ and that ‘*content providers typically do not permit the unbundling / separation of channel offerings, such that distributors are required to carry the full suite of channels, even where these are not valued equally*’. Nonetheless, responses are nuanced, as one of the participants explained that ‘*this dynamic is evolving in light of the growth of streaming services. For example, [the respondent] has observed in some instances that where it has committed to carrying a content provider’s SVOD service, the provider may adopt a more flexible approach in relation to the associated linear channel offerings*’. ⁽⁶⁰³⁾ The Commission considers that such concerns are linked to an increase in market power. However, as indicated above, the Commission considers that the merged entity does not have a significant degree of market power in the market for the wholesale supply of pay TV film channels in Germany.
- (569) Third, given that the conditions under the Non-Horizontal Guidelines are cumulative, ⁽⁶⁰⁴⁾ the Commission does not need to take a position on whether the two other conditions are satisfied.

6.6.4.3. Conclusion

- (570) For all the above reasons, the Commission concludes that the Transaction will not raise serious doubts as to its compatibility with the internal market as a result of a conglomerate foreclosure strategy in the market for the wholesale supply of pay TV film channels and the neighbouring segment for wholesale supply of FTA TV children’s channels in Germany, considering the merged entity would not have the ability to engage in such a strategy.

6.6.5. *Conglomerate relationship between the wholesale supply of FTA TV sport channels and the neighbouring segment for wholesale supply of FTA TV children’s channels in Germany*

6.6.5.1. The Notifying Party’s views

- (571) The Notifying Party submits that it lacks the ability or incentive to engage in a foreclosure strategy for the following reasons.
- (572) First, the Parties do not consider it appropriate to segment the wholesale supply of TV channels between FTA and pay TV, especially in relation to sports in Germany. Warner offers an FTA TV Eurosport channel that shows lower-cost sports rights, including non-exclusive content (e.g., ‘Born for this’ Women’s German Football Team Documentary) and highlights. However, other players active in pay TV and streaming offer the majority of overall sports audiences: Sky holds the rights of Bundesliga (the German domestic football league), Formula 1 and golf (including all the Majors), and DAZN holds the rights of the Bundesliga (games not shown by Sky) and the Champions League in Germany. Therefore, looking solely at FTA sports channels in Germany omits these constraints. ⁽⁶⁰⁵⁾
- (573) Second, the Parties lack market power in the supply of FTA TV sports channels in Germany, given the strong constraint from the market leader Sport1 Meiden ([50-60]%)

⁽⁶⁰²⁾ Form CO, paragraph 997.

⁽⁶⁰³⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, questions C.A.C.12.1, E.1.1 and E.2.

⁽⁶⁰⁴⁾ Non-Horizontal Guidelines, paragraphs 93-118.

⁽⁶⁰⁵⁾ Form CO, paragraphs 1423-1425.

and a range of SVOD operators and on-demand platforms such as DAZN, Amazon Prime Video, and YouTube. ⁽⁶⁰⁶⁾

- (574) Third, the Parties also lack any incentive to engage in a foreclosure strategy, since MVPDs will react by dropping the Parties' TV channels and by shifting to alternative content options from linear or non-linear competitors. Additionally, as the Parties do not offer pay TV channels at a retail level, they would not have a platform to which they could drive the dropped linear TV channels. ⁽⁶⁰⁷⁾
- (575) Fourth, a potential foreclosure strategy would have no significant detrimental effect on competition because bundling is a common practice in the industry. Therefore, customers will be able to rely on alternative packaged deals from other international and local suppliers and could develop counterstrategies such as creating or commissioning content for their own use (as a number of market players have done over the last few years). ⁽⁶⁰⁸⁾

6.6.5.2. Commission's assessment

- (576) First, the Commission considers that the merged entity will not have the ability to foreclose competing wholesale suppliers of TV channels by leveraging its market power in the segment for wholesale supply of FTA TV sports channels to strengthen its position in the neighbouring segment for wholesale supply of FTA TV children's channels in Germany. According to the Non-Horizontal Merger Guidelines, for foreclosure to be a concern, the merged entity must have a significant degree of market power in one of the markets concerned. ⁽⁶⁰⁹⁾ The Commission considers that the merged entity does not have a significant degree of market power in the market for the wholesale supply of FTA TV sports channels in Germany.
- (577) In the first place, the Commission notes that the Transaction gives rise to a combined market share of [40-50]% in the segment for wholesale supply of FTA TV sports channels in Germany. Warner has a [40-50]% market share and Paramount is not active in this segment. ⁽⁶¹⁰⁾
- (578) In the second place, the Parties are constrained by the presence of a strong competitor, Sport 1 Meiden, which has a market share of [50-60]%. ⁽⁶¹¹⁾
- (579) In the third place, there is competitive pressure from SVOD services. ⁽⁶¹²⁾ Moreover, according to the majority of respondents to the market investigation, retail TV distributors and MVPDs negotiate simultaneously for access to linear TV channels and non-linear SVOD services. ⁽⁶¹³⁾ This indicates that a strong position in SVOD services can create significant competitive pressure during those negotiations. Market respondents (*i.e.*, competitors and vertically integrated entertainment companies) active in Germany explained the importance of acquiring both non-linear and linear services: *'we always try and most of the time succeed in acquiring linear and non-linear rights since our subscribers want to view the content in a linear and non-linear format'* and *'distributors typically seek a range of ways of delivering content to their customers, which includes linear and on-demand services (whether catch up or a separate SVOD environment)'*. ⁽⁶¹⁴⁾

⁽⁶⁰⁶⁾ Form CO, paragraphs 1426-1427.

⁽⁶⁰⁷⁾ Form CO, paragraphs 1435-1436.

⁽⁶⁰⁸⁾ Form CO, paragraphs 1437-1438.

⁽⁶⁰⁹⁾ Non-Horizontal Merger Guidelines, paragraph 99.

⁽⁶¹⁰⁾ Section 6.3.3.

⁽⁶¹¹⁾ Form CO, paragraphs 1426-1427.

⁽⁶¹²⁾ Form CO, paragraphs 1434.

⁽⁶¹³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.15.

⁽⁶¹⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.15.1.

- (580) Additionally, several market participants indicated that SVOD is ‘*a true alternative to TV channels*’ and that they ‘*consider SVOD services an alternative to tv-channels in general. So do the distributors, which is why there is a very systematic and structural change happening where the offering from distributors/MVPD is more and more based on SVOD services and not only on tv-channels*’. ⁽⁶¹⁵⁾
- (581) In the fourth place, MVPDs seeking to acquire TV channels are able to switch between different wholesale suppliers of TV channels. MVPDs may replace channels with alternative TV channels from the same genre or different genres. ⁽⁶¹⁶⁾ In fact, the majority of respondents of the market investigation indicated that the acquisition decision of TV channels is based on a multi-genre approach, rather than on the genre of a particular TV channel. ⁽⁶¹⁷⁾ In particular, a market participant active in the German market indicated that ‘*[s]topping a type of channels would not necessarily entail [the respondent] to replace them with channels of the exact same genre. The main objective is to build attractive, rich and diverse offers that reply to prospect customers and our subscribers needs and expectations*’. ⁽⁶¹⁸⁾
- (582) In the fifth place, the Commission notes the argument of the Parties that MVPDs hold significant bargaining power, as they have the ability to drop a channel and replace it with alternatives, substantial customer basis and developed packaging capabilities. ⁽⁶¹⁹⁾ Under this assumption, the merged entity would not have the ability to force bundles on MVPDs, as enforcing bundles could lead to a risk of switching to other alternatives or remove the channels altogether. ⁽⁶²⁰⁾
- (583) Second, most market participants active in Germany that have expressed concerns in the market investigation indicate that the Transaction may cause ‘*bundling pressure*’ and that ‘*content providers typically do not permit the unbundling / separation of channel offerings, such that distributors are required to carry the full suite of channels, even where these are not valued equally*’. Nonetheless, responses are nuanced, as one of the participants explained that ‘*this dynamic is evolving in light of the growth of streaming services. For example, [the respondent] has observed in some instances that where it has committed to carrying a content provider’s SVOD service, the provider may adopt a more flexible approach in relation to the associated linear channel offerings*’. ⁽⁶²¹⁾ The Commission considers that such concerns are linked to an increase in market power. However, as indicated above, the Commission considers that the merged entity does not have a significant degree of market power in the market for the wholesale supply of FTA TV sports channels in Germany.
- (584) Third, given that the conditions under the Non-Horizontal Guidelines are cumulative, ⁽⁶²²⁾ the Commission does not need to take a position on whether the two other conditions are satisfied.

⁽⁶¹⁵⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.14.1.

⁽⁶¹⁶⁾ During the market investigation, some participants stated that, should they discontinue a channel, they would replace it with another channel of the same genre. However, other participants indicated that they would not opt for a channel of the same genre, or that their decision would depend on a number of other factors. Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.9.

⁽⁶¹⁷⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.7.1.

⁽⁶¹⁸⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.9.1.

⁽⁶¹⁹⁾ Form CO, paragraphs 993 and 994.

⁽⁶²⁰⁾ Form CO, paragraph 997.

⁽⁶²¹⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, questions C.A.C.12.1, E.1.1 and E.2.

⁽⁶²²⁾ Non-Horizontal Guidelines, paragraphs 93-118.

6.6.5.3. Conclusion

- (585) For all the above reasons, the Commission concludes that the Transaction will not raise serious doubts as to its compatibility with the internal market as a result of a conglomerate foreclosure strategy in the market for the wholesale supply of FTA TV sport channels and the neighbouring segment for wholesale supply of FTA TV children's channels in Germany, considering the merged entity would not have the ability to engage in such a strategy.

6.6.6. *Conglomerate relationship between the wholesale supply of FTA TV children's channels and the neighbouring segment for wholesale supply of pay TV children's channels in Spain*

6.6.6.1. The Notifying Party's views

- (586) The Notifying Party submits that it lacks the ability or incentive to engage in a foreclosure strategy for the following reasons.
- (587) First, the Parties lack market power in the supply of FTA TV channels in Spain, given modest shares and strong competitors. The Parties combined market share exceeds the 30% threshold marginally in the segment for FTA TV children's channels in Spain. Post-Transaction, the Parties will continue to be constrained by players such as TVE ([30-40]%), Disney ([20-30]%), ETB ([0-5]%) and Televisio de Catalunya ([0-5]%) and by a range of SVOD operators (e.g. Netflix, Amazon Prime Video, Disney+, Apple TV, Crunchyroll, Atresplayer Premium, Rakuten TV, Shahid and Tivify). ⁽⁶²³⁾
- (588) Second, MVPDs' bargaining power will remain undiminished post-Transaction, as they are large TV providers with substantial customer bases. When they drop a channel, replacements may include traditional FTA TV channels, FAST channels or multi-genre SVOD services. ⁽⁶²⁴⁾ Additionally, negotiations with MVPDs are carried out on a portfolio basis, often including SVOD services, and the Parties compete to offer the most attractive bundle of channels and services. Additionally, the Parties do not have material carriage agreements for children's pay TV channels only, and they do not have separate personnel or teams who only distribute channels for children. Therefore, an analysis limited to children's channels does not reflect commercial reality. ⁽⁶²⁵⁾
- (589) Third, Warner's share in FTA TV channels derives from its 49% interest in the Boing S.p.A joint-venture (majority-owned by Mediaset), which reduces the ability for the merged entity to make unilateral decisions. ⁽⁶²⁶⁾
- (590) Fourth, any attempt post-Transaction to worsen competitive conditions with respect to linear TV channels would only serve to accelerate the global trend towards non-linear services. Therefore, wholesale suppliers of TV channels do not possess any market power to profitably raise prices or worsen terms. ⁽⁶²⁷⁾
- (591) Fifth, the merged entity will lack the incentive to engage in anticompetitive bundling or leveraging between FTA TV and pay TV channels in Spain. There are generally no revenues attached to FTA TV channels, as they are monetized through advertising revenues. The Parties would therefore only stand to lose from not offering their FTA TV

⁽⁶²³⁾ Form CO, paragraphs 1389-1392.

⁽⁶²⁴⁾ Form CO, paragraph 1409.

⁽⁶²⁵⁾ Form CO, paragraph 1393.

⁽⁶²⁶⁾ Form CO, paragraph 1397.

⁽⁶²⁷⁾ Form CO, paragraph 1399.

channels to retailers or MVPDs if they are unwilling to carry the channels in a bundle. ⁽⁶²⁸⁾

6.6.6.2. Commission's assessment

- (592) First, the Commission considers that the merged entity will not have the ability to foreclose competing wholesale suppliers of TV channels by leveraging its market power in the segment for wholesale supply of FTA TV children's channels to strengthen its position in the neighbouring segment for wholesale supply of pay TV children's channels in Spain. According to the Non-Horizontal Merger Guidelines, for foreclosure to be a concern, the merged entity must have a significant degree of market power in one of the markets concerned. ⁽⁶²⁹⁾ The Commission considers that the merged entity does not have a significant degree of market power in the market for the wholesale supply of FTA TV children's channels in Spain.
- (593) In the first place, the Commission notes that the Transaction gives rise to a combined market share of [30-40]% market share in the segment for wholesale supply of FTA TV children's channels in Spain, which only exceeds 30% by a small margin. Warner has a [30-40]% market share and Paramount is not active in this segment. ⁽⁶³⁰⁾
- (594) In the second place, the Parties are constrained by the presence of various competitors. In particular, TVE has a market share of [30-40]%, Disney has a market share of [20-30]%, ETB has a market share of [0-5]% and Televisio de Catalunya with a market share of [0-5]%. ⁽⁶³¹⁾
- (595) In the third place, there is competitive pressure from SVOD services. ⁽⁶³²⁾ In fact, most respondents to the market investigation considered that SVOD services offering children's content are alternatives to dedicated children's TV channels. ⁽⁶³³⁾ Additionally, market participants active in Spain indicated that: *'[w]hile a linear AV offer is easy to use by children, SVoD services which offer content directed (mainly) at children can be seen as alternatives'* and that *'[v]iewing habits and consumption have changed; SVOD content is particularly attractive for children as they tend to consume large volumes of shorter content in one sitting, the content is easier to navigate on the user interface than finding it in linear channels on the EPG, and the lack of advertising holds their attention more'*. ⁽⁶³⁴⁾
- (596) In the fourth place, MVPDs seeking to acquire TV channels are able to switch between different wholesale suppliers of TV channels or SVOD providers. MVPDs may replace channels with alternative TV channels from the same genre or different genres. ⁽⁶³⁵⁾ In fact, the majority of respondents of the market investigation indicated that the acquisition decision of TV channels is based on a multi-genre approach, rather than on the genre of a particular TV channel. ⁽⁶³⁶⁾ A market participant active in the Spanish market indicated that replacing a channel could be modulated by several factors such as *'broader shifts in*

⁽⁶²⁸⁾ Form CO, paragraph 1396.

⁽⁶²⁹⁾ Non-Horizontal Merger Guidelines, paragraph 99.

⁽⁶³⁰⁾ Section 6.3.3.

⁽⁶³¹⁾ Form CO, paragraphs 1426-1427.

⁽⁶³²⁾ Form CO, paragraphs 1434.

⁽⁶³³⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question D.A.C.14.

⁽⁶³⁴⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.14.1.

⁽⁶³⁵⁾ During the market investigation, some participants stated that, should they discontinue a channel, they would replace it with another channel of the same genre. However, other participants indicated that they would not opt for a channel of the same genre, or that their decision would depend on a number of other factors. Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.9.

⁽⁶³⁶⁾ Replies to Questionnaire 'Q2 Audiovisual value chain', question C.A.C.7.1.

our business model (such as reallocating that investment towards SVOD integration rather than a linear channel)’.⁽⁶³⁷⁾

- (597) In the fifth place, the Commission notes the argument of the Parties that MVPDs hold significant bargaining power, as they have the ability to drop a channel and replace it with alternatives, substantial customer basis and developed packaging capabilities.⁽⁶³⁸⁾ Under this assumption, the merged entity would not have the ability to force bundles on MVPDs, as enforcing bundles could lead to a risk of switching to other alternatives or remove the channels altogether.⁽⁶³⁹⁾ For instance, in August 2025, Vodafone Spain dropped Paramount’s channels, replacing them with a mix of FTA, pay TV and FAST channels. Moreover, in January 2025, Movistar+ Spain replaced AMC Networks’ channels with a package of BBC FAST channels.⁽⁶⁴⁰⁾
- (598) Second, most market participants active in Spain that have expressed concerns in the market investigation indicate that the Transaction may cause ‘*bundling pressure*’ and that ‘*[f]orcing MVPDs to acquire their entire portfolio not only secures minimum revenue guarantees, but it also guarantees maximum distribution reach for all their properties, which is essential to sustain their advertising business*’.⁽⁶⁴¹⁾ The Commission considers that such concerns are linked to an increase in market power. However, as indicated above, the Commission considers that the merged entity does not have a significant degree of market power in the market for the wholesale supply of FTA TV children’s channels in Spain.
- (599) Third, given that the conditions under the Non-Horizontal Guidelines are cumulative,⁽⁶⁴²⁾ the Commission does not need to take a position on whether the two other conditions are satisfied.

6.6.6.3. Conclusion

- (600) For all the above reasons, the Commission concludes that the Transaction will not raise serious doubts as to its compatibility with the internal market as a result of a conglomerate foreclosure strategy in the market for the wholesale supply of FTA TV children’s channels and the neighbouring segment for wholesale supply of pay TV children’s channels in Spain, considering the merged entity would not have the ability to engage in such a strategy.

7. COMMITMENTS

7.1. Analytical framework

- (601) The following principles from the Merger Regulation and the Commission’s Notice on Remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004 (the ‘**Remedies Notice**’)⁽⁶⁴³⁾ apply where parties to a concentration offer commitments with a view to rendering a concentration compatible with the internal market.

⁽⁶³⁷⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, question C.A.C.9.1.

⁽⁶³⁸⁾ Form CO, paragraphs 993 and 994.

⁽⁶³⁹⁾ Form CO, paragraph 997.

⁽⁶⁴⁰⁾ El Español, “*Giro de 180 grados en Movistar Plus+: estos son los sustitutos que tomarán el relevo de los 14 canales de AMC en 2025*”, 21 December 2024, available at https://www.elespanol.com/corazon/bluper/20241221/giro-grados-movistar-plus-sustitutos-tomaran-relevo-canales-amc/910409069_0.html (last accessed on 12 July 2026).

⁽⁶⁴¹⁾ Replies to Questionnaire ‘Q2 Audiovisual value chain’, questions C.A.C.12.1, E.1.1 and E.2.

⁽⁶⁴²⁾ Non-Horizontal Guidelines, paragraphs 93-118.

⁽⁶⁴³⁾ OJ C 267, 22.10.2008, p.1.

- (602) Where a notified concentration raises serious doubts as to its compatibility with the internal market, the parties to the concentration may undertake to modify the concentration to remove the grounds for the serious doubts identified by the Commission. Pursuant to Article 6(2) of the Merger Regulation, where the Commission finds that, following modification by the undertakings concerned, a notified concentration no longer raises serious doubts, it shall declare the concentration compatible with the internal market pursuant to Article 6(1)(b) of the Merger Regulation in conjunction with Article 6(2) of the Merger Regulation.
- (603) As set out in the Remedies Notice, the commitments proposed by the parties have to eliminate the competition concerns entirely and have to be comprehensive and effective from all points of view. ⁽⁶⁴⁴⁾ Moreover, commitments in Phase I can only be accepted where the competition problem is readily identifiable and can easily be remedied. The competition problem therefore needs to be so straightforward, and the remedies so clear-cut, that it is not necessary to enter into an in-depth investigation and that the commitments are sufficient to clearly rule out ‘serious doubts’ within the meaning of Article 6(1)(c) of the Merger Regulation. ⁽⁶⁴⁵⁾
- (604) In assessing whether the proposed commitments will maintain effective competition, the Commission considers all relevant factors, including the type, scale and scope of the proposed commitments with reference to the structure and the particular characteristics of the market in which the competition concerns arise, including the position of the parties and other participants on the market. ⁽⁶⁴⁶⁾ In order for the proposed commitments to comply with those principles, they must be capable of being implemented effectively within a short period of time. ⁽⁶⁴⁷⁾
- (605) Concerning the type of acceptable commitments, the Merger Regulation gives discretion to the Commission as long as the commitments meet the required standards. Structural commitments will meet the conditions set out above only in so far as the Commission is able to conclude with the requisite degree of certainty, at the time of its decision, that it will be possible to implement them and that it will be likely that the new commercial structures resulting from them will be sufficiently workable and lasting to ensure that effective competition will be maintained. ⁽⁶⁴⁸⁾

7.2. Initial Commitments

- (606) In order to render the concentration compatible with the internal market, the Parties have modified the notified Transaction by entering into the commitments that the Notifying Party submitted on 30 June 2026 (the ‘**Initial Commitments**’) pursuant to Article 6(2) of the Merger Regulation.
- (607) The Initial Commitments provide for a mechanism through which Paramount will exit theatrical distribution of films through UIP in the EEA. In addition, for ten years, Paramount will not enter into a joint venture partnership or an equivalent arrangement engaged in the theatrical co-distribution of films in the EEA. In addition, the merged entity will not distribute through the same third-party distributors as other major US studios, i.e., Universal and/or Disney in the UIP Countries for the duration of 10 years.
- (608) Under the Initial Commitments Paramount will:
- (a) As a first exit mechanism: reach an agreement with Universal (the ‘Amendment Agreement’) to amend the joint theatrical distribution arrangement between

⁽⁶⁴⁴⁾ Remedies Notice, paragraphs 9 and 61.

⁽⁶⁴⁵⁾ Remedies Notice, paragraph 81.

⁽⁶⁴⁶⁾ Remedies Notice, paragraph 12.

⁽⁶⁴⁷⁾ Remedies Notice, paragraph 9.

⁽⁶⁴⁸⁾ Remedies Notice, paragraph 10.

Paramount and Universal under the UIP shareholders agreement (the ‘SHA’) and Paramount’s nominee agreement with UIP (the ‘Nominee Agreement’, together with the SHA, the ‘UIP governing agreements’) to facilitate Paramount’s prompt withdrawal from all EEA countries where Paramount currently distributes through UIP. The Amendment Agreement shall be concluded promptly after the Commission’s Decision pursuant to Article 6(1)(b) of the Merger Regulation (the ‘Effective Date’), and in any event, no later than a certain date within the third quarter of 2026. Under this termination mechanism, exit from the JV would be achieved within 13 months from closing of the Transaction (‘Closing’).

- (b) As a “fall-back” exit mechanism: Paramount would unilaterally terminate the Nominee Agreement with UIP, if the Amendment Agreement is not executed by a certain date within the third quarter of 2026, by serving a termination notice within a fixed time period from Closing, and at the earliest date permitted under the UIP governing agreements. The termination of the Nominee Agreement will trigger the process provided for in the UIP SHA, leading to a complete exit by Paramount from the UIP joint venture. Under this termination mechanism, exit from the JV would be achieved at the earliest on [fourth quarter of 2027] if Closing occurs in 2026 and on [fourth quarter of 2028] if Closing occurs in 2027.
- (609) For the avoidance of doubt, the termination of the Nominee Agreement shall be pursued only as a “fall-back” option, if the Amendment Agreement contemplated under (a) above has not been executed by a certain date within the third quarter of 2026.
- (610) The Initial Commitments also provide that Paramount, for a period of ten years from the Effective Date, will not, directly or indirectly:
- (a) enter into any agreement, arrangement or understanding with Universal for the purpose of establishing a joint venture partnership engaged in the theatrical co-distribution of films in the EEA;
 - (b) in each EEA country where UIP operates through local offices or through a licensee arrangement with a third-party distributor, shift the distribution of Warner’s films for theatrical release from Warner’s existing distributor in any UIP Country to the theatrical distributor used by Paramount, where that distributor also distributes Universal’s or Disney’s films in that same UIP Country; and
 - (c) in the UIP Countries where Paramount and Universal do not share the same theatrical licensees, shift the distribution of Paramount’s films for theatrical release from Paramount’s existing distributor in any UIP Country to the theatrical distributor used by Warner, where that distributor also distributes Universal’s or Disney’s films in that same UIP Country.
- (611) The Initial Commitments provide for ring-fencing measures from the date of the Closing until the date on which Paramount’s exit from UIP takes full effect (‘Hold Separate Period’), and they govern the separation between, Paramount and Universal – through UIP. In particular, Paramount shall implement, and procure the implementation within UIP, of all necessary measures to ensure that it does not receive any business secrets, know-how, or any commercial information of a proprietary nature that is not in the public domain (‘Confidential Information’) relating to the theatrical distribution of Universal’s films. During the same period, Paramount shall not disclose to Universal Confidential Information relating to the theatrical distribution of films produced by Paramount’s or Warner’s studio labels. During this period, Paramount shall maintain and, where applicable, procure that UIP maintains appropriate contractual, operational and technical safeguards to prevent exchanges of Confidential Information with Universal.

7.3. Assessment of the Initial Commitments

7.3.1. *The Notifying Party's views*

(612) The Notifying Party considers that the Initial Commitments:

- (a) remove any perceived competition concerns in the putative market for the distribution of U.S. films for theatrical release, as Paramount will exit theatrical distribution of films through UIP in the EEA. Accordingly, neither Paramount's film slate nor the merged entity's film slate will be distributed through UIP in the EEA or share distributors with Universal through UIP;
- (b) are comprehensive and effective because they sever every contractual tie between Paramount and Universal in theatrical distribution of US films in the EEA, eliminating the structural link that the Commission identified as the basis for its concerns. Further, the ten-year restrictions on establishing a joint venture partnership engaged in the theatrical co-distribution of films in the EEA, equivalent arrangements in the EEA, and specified theatrical distribution shifts in respect of the EEA prevent circumvention through alternative commercial structures. No residual theatrical co-distribution links relevant to the Commission's perceived concerns will remain between the merged entity and Universal, and there will be no potential consolidation of the distribution of Paramount's, Warner's, Universal's and Disney's slates under a single third-party distribution entity;
- (c) can be implemented within a short period of time. If the Amendment Agreement is concluded, the contractual restrictions in the SHA on the number and types of territories that may be exited at the same time under the SHA will not apply, enabling termination notices for all relevant EEA UIP Countries to be served in parallel, with the applicable notice periods running concurrently. If the Amendment Agreement is not executed by a certain date within the third quarter of 2026, Paramount will unilaterally terminate the Nominee Agreement with UIP, which automatically triggers a mechanism under the SHA that will result in Paramount's complete exit from UIP at the earliest possible date permitted under the UIP governing agreements (i.e., [fourth quarter of 2027] if Closing occurs in 2026).

(613) The Notifying Party considers that competition in the EEA will remain fully preserved during the Hold Separate Period. UIP is a cost-sharing vehicle subject to strict structural safeguards that will continue to be in place throughout the transition period. The Initial Commitments also provide for strict ring-fencing obligations, including safeguards to prevent exchanges of Confidential Information, preserve independent commercial decision-making, and prevent UIP from negotiating jointly on behalf of Paramount and Universal or leveraging a combined slate vis-à-vis cinemas.

7.3.2. *The results of the market test*

(614) The Commission launched a market test of the Initial Commitments on 1 July 2026.

(615) The majority of the respondents to the Commission's market test confirmed that:

- (a) the provisions of the commitments are sufficiently clear and capable of being implemented;⁽⁶⁴⁹⁾
- (b) there are no difficulties or risks for the implementation of the commitments;⁽⁶⁵⁰⁾
- (c) the commitments will be implemented in a sufficiently timely manner;⁽⁶⁵¹⁾

⁽⁶⁴⁹⁾ Replies to Questionnaire 'Q5- Remedies Market test', question D.1.

⁽⁶⁵⁰⁾ Replies to Questionnaire 'Q5- Remedies Market test', question D.2.

⁽⁶⁵¹⁾ Replies to Questionnaire 'Q5- Remedies Market test', question D.3.

- (d) the ringfencing obligations during the Hold Separate Period, are sufficient; ⁽⁶⁵²⁾ and
 - (e) the duration of 10 years of the related commitments is sufficient. ⁽⁶⁵³⁾
- (616) The feedback from the market investigation was mixed as regards to whether the Initial Commitments are sufficient to resolve the identified competition concerns. However, the Commission notes that the market participants' concerns primarily relate to aspects beyond the Commission's concerns identified in the market for the distribution of US films in the UIP Countries, such as output reduction, shortening of theatrical windows, loss of diversity, coordination between studios and distribution concerns in Non-UIP countries or distribution concerning resulting from the mere combination of Warner's must-have portfolio with Paramount's portfolio (regardless of whether they would be distributed with portfolios of other studios). ⁽⁶⁵⁴⁾
- (617) Further, respondents to the Commission's market test identified some shortcomings of the Initial Commitments, namely, that it would be necessary:
- (a) in the UIP Countries where there is no shared licensee, *i.e.*, where Paramount and Universal currently do not both use the UIP licensee, to add a commitment making clear that Warner's films cannot be shifted to a distributor that already distributes for Universal and/or Disney. Currently, the provision applies only to Paramount shifting its film portfolio. However, a similar obligation should also apply to Warner's portfolio to ensure that the merged entity does not distribute with Universal and/or Disney. This makes a difference, for example, in Portugal. In particular, in Portugal, Paramount and Disney distribute through NOS while Warner and Universal distribute through Cinemundo. The commitments currently prevent Paramount from moving to Cinemundo but do not impose the same limitation on Warner, *i.e.*, Warner's film slate could be moved to NOS, which already distributes for Paramount and Disney; ⁽⁶⁵⁵⁾
 - (b) to provide additional guarantees that the first exit mechanism, *i.e.*, through the Amendment Agreement with Universal is followed. Under the alternative exit mechanism (unilateral termination mechanism), the implementation of the commitments would take at least [15-20] months, *i.e.*, would be achieved at the earliest by [fourth quarter of 2027]; ⁽⁶⁵⁶⁾
 - (c) to cover Sony in the commitments in addition to Universal and Disney, *i.e.*, to ensure that post-Transaction, the merged entity would not be able to distribute with Universal, Disney and/or Sony; and ⁽⁶⁵⁷⁾
 - (d) to clarify the type of Confidential Information that cannot be exchanged between Paramount and Universal and, in particular, clarify that information on rental rates and other key commercial terms cannot be exchanged. ⁽⁶⁵⁸⁾

7.3.3. *The Commission's assessment of the Initial Commitments*

- (618) In light of the results of the market test of the Initial Commitments, the Commission concludes that the Initial Commitments are sufficiently clear and suitable to remove the grounds for serious doubts as to the compatibility of the Transaction with the internal

⁽⁶⁵²⁾ Replies to Questionnaire 'Q5- Remedies Market test', question D.7.

⁽⁶⁵³⁾ Replies to Questionnaire 'Q5- Remedies Market test', question D.8.

⁽⁶⁵⁴⁾ Replies to Questionnaire 'Q5- Remedies Market test', question D.3. and D.4.

⁽⁶⁵⁵⁾ Replies to Questionnaire 'Q5- Remedies Market test', question D.1.1.

⁽⁶⁵⁶⁾ Replies to Questionnaire 'Q5- Remedies Market test', question D.2.1.

⁽⁶⁵⁷⁾ Replies to Questionnaire 'Q5- Remedies Market test', question D.4.1.

⁽⁶⁵⁸⁾ Replies to Questionnaire 'Q5- Remedies Market test', question D.7.1.

market in the market for distribution of US films for theatrical release in UIP Countries, subject to the following reservations:

- (a) As indicated by the respondents to the market test, the Initial Commitments contained a drafting gap in relation to the UIP Non-Shared Licensee Countries, as the relevant provision ensured that Paramount's films cannot be shifted to a distributor that already distributes for Universal and/or Disney but did not impose an equivalent obligation on Warner's portfolio.
 - (b) As indicated by the respondents, in case the first termination mechanism fails (because the Amendment Agreement with Universal cannot be concluded), the fallback unilateral termination mechanism produces complete exit only by [fourth quarter of 2027], i.e., within [15-20] months, lengthening the implementation timeline of the Initial Commitments and having a potential impact on the efficiency of the ring-fencing measures given their long duration. The Commission considers that the Notifying Party should introduce a clause enabling migration of Paramount's portfolio within the same timeline as the implementation timeline under the first scenario, i.e., 13 months as of Closing. That would shorten the length of the ring-fencing measures and align the termination timelines under both termination mechanisms, ensuring timelier implementation of the Final Commitments.
 - (c) The Notifying Party should shorten the time period within which the notice terminating the Nominee Agreement and triggering the unilateral termination mechanism ('Nominee Termination Notice') should be served. The wording in the Initial Commitments specified that the Nominee Termination Notice needs to be provided within 30 calendar days from Closing (and as of 1 September). However, it also provides that the Nominee Termination Notice needs to be served between [within the applicable second-half calendar-year notice window] in any calendar year. That also implies that if closing of the Transaction occurs on the [date], under the text of the Initial Commitments, Paramount could only serve the Nominee Termination Notice in [third quarter of 2027]. The Commission considers that the [20-40]-day period in this scenario should be shortened in order to ensure that if closing falls at any point in [date], the Nominee Termination Notice is also served before [fourth quarter of 2026]. If closing falls at any point between [the first and the third quarter of 2027], the Nominee Termination Notice needs to be served on [third quarter of 2027].
 - (d) The Notifying Party should clarify the type of Confidential Information that cannot be exchanged between Paramount and Universal and clarify that information on rental rates and other key commercial terms cannot be exchanged. ⁽⁶⁵⁹⁾
- (619) As regards the respondents' suggestion for the Final Commitments to cover Sony, the Commission concludes that this is not required for the following reasons:
- (620) The Commission recalls that as discussed in Section 6.4.3.2, the Commission's concern in the market for the distribution of US films to exhibitors in the UIP Countries is related to the current structural links between Paramount and Universal to which Warner's portfolio would be added post-Transaction. By including Universal and Disney in Section C of the Initial Commitments, the Commission merely sought to avoid a situation where, as result of the termination of the UIP joint venture, the merged entity would share the same distributor as other large US film studios, i.e., Universal and Disney.
- (621) In that respect, as shown in Table 1 above, the Commission notes that Sony is a smaller player than Disney and Universal. Sony's EEA-wide share of production and licensing

⁽⁶⁵⁹⁾ Replies to Questionnaire 'Q5- Remedies Market test', question D.7.1.

of US films (based on box office revenue) was [5-10]% over the period of 2023-2025. When all studios are taken into account, Sony's EEA-wide box office share was [5-10]% in 2024 and [0-5]% on 2025, with an average share of [5-10]% over the period of 2023-2025.

- (622) Further, a review of the Sony distributors' shares in the UIP Countries where Paramount would likely engage with the current Sony distributor to distribute the merged entity's slate shows that the resulting combined share will remain moderate, i.e., below [30-40]% across all countries. ⁽⁶⁶⁰⁾
- (623) On 9 July 2026, the Commission provided feedback to the Parties on the results of the market test and the Commission's own assessment of the Initial Commitments.

7.4. Assessment of the Final Commitments

- (624) On 16 July 2026, the Parties amended the Initial Commitments to take into account the comments received from the Commission based on the feedback from the market test and the Commission's own assessment of the Initial Commitments (the '**Final Commitments**'). The Final Commitments are annexed to this decision and form an integral part thereof.
- (625) The Final Commitments do not contain any substantial changes to the Initial Commitments that would require a new market test. The Final Commitments contain the following improvements to the Initial Commitments:
- (a) Addition of a new clause in paragraph 9 of the Final Commitments, fourth bullet point, clarifying that in the UIP Countries where there is no shared licensee, Warner's films cannot be shifted to a distributor that already distributes for Universal and/or Disney.
 - (b) Addition of a new paragraph 6 of the Final Commitments, clarifying that in case the Amendment Agreement cannot be concluded by [third quarter of 2026] and if the alternative unilateral termination scenario is followed, Paramount's film portfolio will be migrated away from the UIP OpCos and UIP Licensees within 13 months as of Closing, i.e., following the same shorter implementation timeline as for the termination of the UIP OpCos under the first termination scenario, i.e., conclusion of the Amendment Agreement with Universal.
 - (c) Clarification of the time period when the Nominee Termination Notice needs to be served: The Final Commitments clarify that if Closing falls at any point between [period] in a given year, the Nominee Termination Notice shall be served on 31 August of that same year. If closing occurs between [period], the Nominee Termination Notice shall be served within [20-40] calendar days from closing, but no later than [fourth quarter] of that same year.
 - (d) Clarifying that in the Hold Separate Period, the following types of Confidential Information cannot be exchanged between Paramount and Universal: non-public information concerning release dates, release plans, release schedules, distribution plans, budgets, marketing plans, rental terms and other booking terms, including a number of contractual, operational and technical safeguards to prevent exchanges of Confidential Information with Universal.

7.4.1. Suitability of the Final Commitments to remove serious doubts

- (626) First, the Final Commitments remove competition concerns in the market for the distribution of US films to cinemas in the UIP Countries.

⁽⁶⁶⁰⁾ Response to RFI 27, question 1.

- (627) In the first place, Paramount will exit theatrical distribution of films through UIP in the EEA. Neither Paramount's film slate nor the merged entity's film slate will be distributed through UIP in the EEA or UIP Shared Licensees.
- (628) In the second place, the merged entity's portfolio will not be distributed through distributors holding Universal and/or Disney's portfolio in the UIP Countries, which in the alternative, could lead to a concentration of film portfolios in the hands of one distributor, leading to increased bargaining power vis-à-vis cinemas. Consequently, the Final Commitments are a sufficient measure to ensure that the merged entity's (or the merged entity's third-party distributor's) bargaining power vis-à-vis cinemas does not increase post-Transaction in the UIP Countries in the EEA as a result of the addition of Warner's film portfolio to Paramount's and Universal's film portfolios.
- (629) In the third place, if Disney or Universal change their third-party distributor in the next 10 years, the merged entity must react accordingly and shift its distribution away from that distributor in order to ensure continuous compliance with the Final Commitments.
- (630) Second, the Final Commitments are comprehensive and effective because they sever every contractual tie and eliminate structural links between Paramount and Universal.
- (631) Third, the ten-year restrictions on establishing a joint venture partnership engaged in the theatrical co-distribution of films in the EEA, equivalent arrangements in the EEA prevent circumvention through alternative commercial structures.
- (632) Fourth, the implementation of the Final Commitments will be timely. Two considerations are relevant in this respect.
- (633) In the first place, the Parties have addressed the feedback point from the market test concerning the long implementation period under the alternative termination mechanism, i.e., unilateral termination. In the Final Commitments, the Parties have clarified that in case the Amendment Agreement cannot be concluded by [third quarter of 2026] and if the unilateral termination scenario is followed, Paramount's film portfolio will be migrated away from the UIP OpCos and UIP Licensees within 13 months as of Closing, i.e., following the same shorter implementation timeline as for the termination of the UIP OpCos under the first termination scenario, i.e., conclusion of the Amendment Agreement with Universal. Accordingly, it is irrelevant which termination mechanism is followed as implementation of the Final Commitments will be achieved within 13 months.
- (634) In the second place, the Parties clarified when the Nominee Termination Notice needs to be served in order to avoid any undue delay regarding the implementation of the Final Commitments. Therefore, even if Closing occurs in [date within the fourth quarter of 2026], it has been clarified that the Nominee Termination Notice still needs to be served by [fourth quarter of 2026].
- (635) Fifth, the Final Commitments provide for strict ring-fencing obligations between Paramount and Universal in the interim period, including safeguards to prevent exchanges of confidential information, including information on rental rates, release dates, plans, schedules, distribution plans, budgets, marketing plans or booking terms.
- (636) Finally, the Monitoring Trustee will monitor Paramount's and Warner's compliance with the Final Commitments, including compliance with the ring-fencing measures in the interim period.
- (637) For the reasons outlined above, the Final Commitments are therefore sufficient to rule out serious doubts as to the compatibility of the Transaction with the internal market in the market for the distribution of US films to cinemas in the UIP Countries.

7.4.2. *Conclusion on the Final Commitments*

- (638) The Commission considers that the improvements made in the Final Commitments adequately address the shortcomings identified with respect to the Initial Commitments.
- (639) Based on the results of the market test and the Commission's assessment of the Initial Commitments and the Final Commitments, the Commission considers that the Final Commitments remove the Commission's serious doubts as to the compatibility of the Transaction with the internal market.

8. **CONDITIONS AND OBLIGATIONS**

- (640) Pursuant to the second subparagraph of Article 6(2) of the Merger Regulation, the Commission may attach to its decision conditions and obligations intended to ensure that the undertakings concerned comply with the commitments they have entered into vis-à-vis the Commission with a view to rendering the concentration compatible with the internal market.
- (641) The fulfilment of the measure that gives rise to the structural change of the market is a condition, whereas the implementing steps which are necessary to achieve this result are generally obligations on the Parties. Where a condition is not fulfilled, the Commission's decision declaring the concentration compatible with the internal market is no longer applicable. Where the undertakings concerned commits a breach of an obligation, the Commission may revoke the clearance decision in accordance with Article 6(3)(b) of the Merger Regulation. The undertakings concerned may also be subject to fines and periodic penalty payments under Articles 14(2) and 15(1) of the Merger Regulation.
- (642) In accordance with the basic distinction described in the previous paragraph as regards conditions and obligations, this decision should be made conditional, on the one hand, on the full compliance by the Parties with Sections B and C (including Schedules 1.A, 1.B and 2) of the Final Commitments submitted by the Parties on 12 July 2026. All other Sections of the Final Commitments should be obligations within the meaning of Article 6(2) of the Merger Regulation. The full text of the Final Commitments is attached as Annex A to this decision and forms an integral part thereof.

9. **CONCLUSION**

- (643) For the above reasons, the Commission has decided not to oppose to the notified operation as modified by the commitments and to declare it compatible with the internal market and with the functioning of the EEA Agreement, subject to full compliance with the conditions in Sections B and C (including Schedules 1.A, 1.B and 2) of the commitments annexed to the present decision and with the obligations contained in the other sections of the said commitments. This decision is adopted in application of Article 6(1)(b) in conjunction with Article 6(2) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Teresa RIBERA
Executive Vice-President

Case M.12278 – PARAMOUNT SKYDANCE – WARNER BROS DISCOVERY

COMMITMENTS TO THE EUROPEAN COMMISSION

Pursuant to Article 6(2) of Council Regulation (EC) No. 139/2004 (the “**Merger Regulation**”), Paramount Skydance Corporation (“**PSKY**”) hereby enters into the following Commitments (the “**Commitments**”) *vis-à-vis* the European Commission (the “**Commission**”) with a view to rendering the acquisition of sole control by PSKY of Warner Bros. Discovery, Inc. (“**WBD**”, and together with PSKY, the “**Parties**”) (the “**Concentration**”) compatible with the internal market and the functioning of the EEA Agreement.

This text shall be interpreted in light of the Commission’s decision pursuant to Article 6(1)(b) of the Merger Regulation to declare the Concentration compatible with the internal market and the functioning of the EEA Agreement (the “**Decision**”), in the general framework of European Union law, in particular in light of the Merger Regulation, and by reference to the Commission Notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004 (the “**Remedies Notice**”).

Section A. Definitions

1. For the purposes of the Commitments, the following terms shall have the following meaning:

Affiliated Undertakings: undertakings controlled by the Parties and/or by the ultimate parents of the Parties, whereby the notion of control shall be interpreted pursuant to Article 3 of the Merger Regulation and in light of the Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (the “***Consolidated Jurisdictional Notice***”).

Amendment Agreement: the arrangement between the Committing Party (via its subsidiary PPIL) and NBCUniversal (via its subsidiary USL) to amend the joint theatrical distribution arrangement under the SHA and PPIL’s Nominee Agreement to facilitate PPIL’s prompt withdrawal from UIP OpCos and UIP Shared Licensees in EEA countries.

Appointed Licensee: means, for each relevant UIP Country, the theatrical distributor identified for that UIP Country in Schedules 1.A, 1.B and 2, as applicable.

Closing: the date the acquisition of sole control by PSKY of WBD takes legal effect.

Committing Party: PSKY and, where the Commitments relate to a business on the Target side or include any obligations incumbent on the Target, the undertaking that is the Target of the Concentration. This also includes any legal successors of the Committing Party (notably the merged entity).

Confidential Information: any business secrets, know-how, or any commercial information of a proprietary nature that is not in the public domain.

Conflict of Interest: any conflict of interest that impairs the Monitoring Trustee's objectivity and independence in discharging its duties under the Commitments.

Disney: The Walt Disney Company, a Delaware corporation, including its subsidiaries and affiliates.

Early Withdrawal: for the purposes of paragraph 6 and 7, the cessation of the theatrical distribution of films produced by PSKY's Studio Labels through UIP in the EEA, with any alternative distribution arrangements to be determined by PSKY in compliance with Section C.

Early Withdrawal Deadline: for the purposes of paragraph 6 and 7, the date falling 13 months after Closing, as may be extended pursuant to paragraphs 7 and 33.

Effective Date: the date of adoption of the Decision.

Licensee Termination Notice: a written notice from PPIL to UIP and USL stating that PPIL will cease using a UIP Shared Licensee in the relevant country, or *vice versa*, within the meaning of the SHA, Section [...].

Monitoring Trustee: one or more natural or legal person(s) approved by the Commission and appointed by the Committing Party, with the duty to monitor the Committing Party's compliance with the conditions and obligations attached to the Decision.

NBCUniversal: NBCUniversal, LLC, a Delaware limited liability company, controlled by Comcast Corporation, including its subsidiaries and affiliates.

Nominee Agreement: the nominee agreement between PPIL and UIP, dated [...] and currently in force.

Nominee Termination Notice: a written notice of termination from PPIL to UIP under Section [...] of the Nominee Agreement.

Non-Shared Licensee Agreement: an agreement between UIP and a UIP Appointed Licensee for the distribution of theatrical films in each relevant UIP country listed in Schedule 2.

OpCo Termination Notice: a written notice from PPIL to USL, or *vice versa*, stating that the relevant party elects to terminate the theatrical distribution of its films through UIP in a territory serviced by a particular OpCo, within the meaning of the SHA, [...].

PPIL: Paramount Pictures International Limited, a private limited company under the laws of England and Wales (registered number 03458440) whose registered office is at Building 5 Chiswick Park, 566 Chiswick High Road, London, W4 5YF. PPIL is wholly owned by PSKY.

PSKY's Studio Labels: PSKY's current and future film studio labels producing films for theatrical distribution.

SHA: the shareholders agreement between UIP, PPIL and USL, effective as of [...] and currently in force.

Shared Licensee Agreement: an agreement between UIP and an UIP Shared Licensee for the distribution of theatrical films in each relevant UIP Country listed in Schedule 1.A.

Target: WBD.

UIP: United International Pictures, a private unlimited company under the laws of England and Wales (registered number 01683912), whose registered office is at Building 5 Chiswick Park, 566 Chiswick High Road, London, W4 5YF. UIP is jointly controlled by PSKY and NBCUniversal.

UIP Agreements: the Nominee Agreement and the SHA.

UIP Country: a country listed in Schedules 1.A, 1.B or 2.

UIP OpCos: means the following entities wholly owned by UIP: United International Pictures Aps (Denmark), UIP - Danube International Pictures Ltd (Hungary), United International Pictures A/S (Norway), United International Pictures Sp. Z.o.o. (Poland) and United International Pictures AB (Sweden).

UIP Licensees: means, collectively, the UIP Shared Licensees and UIP Non-Shared Licensees.

UIP Non-Shared Licensee: means any Appointed Licensee engaged by UIP under a separate agreement to serve as theatrical distributor of only PPIL's films, and not USL's films, in the following countries: Croatia, Greece, Iceland, and Portugal.

UIP Shared Licensee: has the meaning given in Section [...] of the SHA, being an Appointed Licensee engaged by UIP under a single agreement to serve as the theatrical distributor of both PPIL's and USL's films in the following countries: Bulgaria, Cyprus, Czechia, Estonia, Finland, Latvia, Lithuania, Romania, Slovakia, and Slovenia.

USL: Universal Studios Limited, a private limited company under the laws of England and Wales (registered number 09074960) whose registered office is at 1 Central St. Giles, St. Giles High Street, London, WC2H 8NU. USL is owned by NBCUniversal.

WBD Studio Labels: WBD's current and future film studio labels producing films for theatrical distribution.

2. Should issues arise relating to the interpretation of the terms listed in paragraph 1 of these Commitments or terms not defined, the Commission will retain the interpretation that is the most favourable for an effective implementation of the Commitments.

Section B. The commitment to exit theatrical distribution through UIP in the EEA

3. The Committing Party commits that PPIL will withdraw from UIP OpCos and UIP Licensees in EEA countries at the earliest date permitted under the SHA and Nominee Agreement, including any amendments thereto that are then in effect, by executing one of the options contemplated in paragraphs 4 and 5 below and, where applicable, by complying with paragraphs 6 and 7 below. For the avoidance of doubt, paragraphs 5 to 7 shall be pursued only as "fall-back" option if the

Amendment Agreement contemplated in paragraph 4 has not been executed by **[in the third quarter of 2026]**.

4. **Amendment of the joint theatrical distribution arrangement between UIP, PPIL, and USL under the SHA and PPIL's Nominee Agreement, to facilitate PPIL's prompt withdrawal from UIP OpCos and UIP Shared Licensees in EEA countries:** PPIL shall procure that the Amendment Agreement is executed promptly after the Effective Date, and in any event, **[in the third quarter of 2026]**, and shall be implemented upon Closing. Pursuant to the Amendment Agreement, the restrictions currently set forth in Sections [...] of the SHA – **[number and types of territories that may be exited]** – shall not apply to UIP OpCos and UIP Shared Licensees located in the EEA. For the avoidance of doubt, the SHA does not impose any restrictions that prevent PPIL from withdrawing from UIP Non-Shared Licensees in EEA countries. If the Amendment Agreement is executed, the Committing Party's exit from the UIP OpCos and UIP Licensee territories shall be carried out as follows, and in accordance with the applicable notice periods set out below, and where relevant, in Schedule 1.A to these Commitments:
 - As regards the UIP OpCos, within **[20-40]** calendar days from Closing, PPIL shall unilaterally give written notice to cease theatrical distribution through all UIP OpCos in the EEA (the **"OpCo Termination Notice"**) (SHA, Section [...]). Within **[40-80]** calendar days of receiving such notice, **[confidential information regarding the OpCo exit process contemplated under the SHA, including the applicable election options and implementation arrangements during the interim period]**. The termination of each relevant UIP OpCo shall become effective at the earliest date permitted by the SHA (**[9-12]** months after the OpCo Termination Notice is given).
 - As regards the UIP Shared Licensees, within **[20-40]** calendar days from Closing, PPIL shall serve the Licensee Termination Notice on UIP and USL. Within **[20-40]** calendar days of receiving the notice, **[confidential information regarding the Shared Licensee exit process contemplated under the SHA, including the applicable election options regarding the future use or termination of the Shared Licensee Agreement]**. The termination of each relevant UIP Shared Licensee shall become effective at the earliest date permitted by the SHA (**[between three to six]** months, as applicable under the relevant Shared Licensee Agreement and as set out in Schedule 1.A, following the expiry of the **[20-40]**-day period from the date of the Licensee Termination Notice).
 - As regards the UIP Non-Shared Licensees, within **[20-40]** calendar days from Closing, the Committing Party shall procure that UIP gives written notice of termination under each relevant Non-Shared Licensee Agreement, with termination to take effect at the earliest date permitted under the relevant agreement (**[between three to six]** months, as applicable to that agreement, following delivery of the relevant termination notice).
 - **[Confidential information regarding the applicable election options under the SHA]**.
5. **Termination of UIP and Early Withdrawal:** If the Amendment Agreement is not executed **[in the third quarter of 2026]**, the Committing Party shall procure that PPIL unilaterally terminates the Nominee Agreement at the earliest date permitted thereunder, by serving a written notice of termination on UIP under Section [...] of the Nominee Agreement (**"Nominee Termination Notice"**) within **[20-40]** calendar days from Closing, and no later than **[the fourth quarter of any given year]**. The Nominee Termination Notice must be provided **[within the applicable second-half calendar-year notice window]**. The Nominee Termination Notice shall trigger the Committing Party's exit from UIP pursuant to Section [...] of the SHA and automatically initiate

[confidential information regarding the applicable SHA mechanism for implementing the transfer or wind-down of the Committing Party's interest in UIP]. The main steps are as follows:

- Upon delivery of the Nominee Termination Notice, PPIL shall be deemed to have offered its entire shareholding in UIP to USL, **[under the applicable SHA transfer process]**. PPIL shall promptly deliver a written notice setting forth the terms and conditions to be applicable to such transfer, including **[confidential details of the Offer Notice]** (“Offer Notice”).
 - Following the delivery of the Offer Notice, **[confidential information regarding the applicable negotiation and election process contemplated under the SHA, which may result in the transfer of PPIL's interest in UIP or the wind-down and liquidation of UIP in accordance with the SHA.]**.
 - Regardless of which option is selected, the Committing Party (through PPIL) shall exit UIP completely – UIP shall no longer distribute the Committing Party's theatrical films, and PPIL shall divest its entire shareholding in UIP. **[The relevant transfer or wind-down of UIP]** shall take effect **[from 12 to 16 months from delivery of the Termination Notice]**.
6. Without prejudice to the continuation of the buy-sell mechanism under Section [...] of the SHA following the Nominee Termination Notice, the Committing Party shall procure that PPIL completes Early Withdrawal by the Early Withdrawal Deadline, regardless of the Notice Window Period in which the Committing Party serves the Nominee Termination Notice. From the Early Withdrawal Deadline, films produced by PSKY's Studio Labels shall no longer be theatrically distributed through UIP in the EEA. Early Withdrawal is separate from, and shall not limit, suspend or otherwise affect, PPIL's exit from UIP pursuant to Section [...] of the SHA or any winding up and liquidation of UIP pursuant to Section [...] of the SHA, as applicable.
7. If Early Withdrawal cannot be achieved by the Early Withdrawal Deadline in one or more UIP Countries due to legal, contractual, regulatory, operational or other implementation impediments, including where Early Withdrawal by that date would materially disrupt the theatrical distribution of films in the affected UIP Country or UIP Countries, the Committing Party shall notify the Monitoring Trustee promptly after identifying the impediment. The Committing Party shall submit a reasoned request to the Commission, accompanied by a report from the Monitoring Trustee, no later than **[one to three months]** before the Early Withdrawal Deadline, showing good cause for an extension limited to the affected UIP Country or UIP Countries. Any extension shall be limited to the shortest period necessary and shall not result in an Early Withdrawal Deadline later **[three to six months]** after the original Early Withdrawal Deadline for the affected UIP Country or UIP Countries.
8. For the avoidance of doubt, the Committing Party reserves the right to (i) reinstate the UIP joint venture outside the EEA; and (ii) continue distributing films for theatrical release through UIP Non-Shared Licensees in the EEA, provided that such licensees are contracted by the Committing Party and subject to any restrictions stipulated in paragraph 9 below.

SECTION C. RELATED COMMITMENTS

9. In furtherance of and to support the foregoing, the Committing Party further commits that it will not, within ten years from the Effective Date, directly or indirectly:
- Enter into any agreement, arrangement, or understanding with NBCUniversal (including any of its Affiliated Undertakings) for the purpose of establishing a joint venture partnership or similar commercial vehicle engaged in the theatrical co-distribution of films in the EEA;
 - Shift the distribution of films for theatrical release produced by WBD's Studio Labels from the Appointed Licensee used by WBD in each relevant UIP Country in Schedule 1.B to the Appointed Licensee in Schedule 1.A that also distributes NBCUniversal's or Disney's films in that UIP Country;
 - Shift the distribution of films for theatrical release produced by PSKY's Studio Labels from the Appointed Licensee used by PSKY in each relevant UIP Country in Schedule 2 to the Appointed Licensee used by WBD in that UIP Country, as listed in Schedule 2, where that licensee also distributes NBCUniversal's or Disney's films in that UIP Country.
 - Shift the distribution of films for theatrical release produced by WBD's Studio Labels from the Appointed Licensee used by WBD in each relevant UIP Country in Schedule 2 to the Appointed Licensee used by PSKY in that UIP Country, as listed in Schedule 2, where that licensee also distributes NBCUniversal's or Disney's films in that UIP Country

Ring-fencing obligations

10. The Committing Party notes that within the SHA and the Nominee Agreement, the Committing Party (through PPIL) and NBCUniversal (through USL) operate fully independently within UIP, *i.e.*, any commercially sensitive information is strictly ring-fenced, each studio retains sole control over the distribution of its own films, and UIP is contractually prohibited from negotiating jointly on behalf of both studios or leveraging a combined slate vis-à-vis exhibitors.
11. In any event, from the date of the Closing until the date on which the Committing Party's exit from the joint theatrical distribution arrangement between PPIL and USL takes full effect, the ring-fencing obligations set out in this paragraph shall govern the separation between, on the one hand, the Committing Party – including PPIL and its Affiliated Undertakings – and, on the other hand, NBCUniversal – including USL and its Affiliated Undertakings – through UIP. The Committing Party shall implement, and procure the implementation within UIP, of all necessary measures to ensure that it does not receive Confidential Information relating to the theatrical distribution of NBCUniversal's films, including non-public information concerning release dates, release plans, release schedules, distribution plans, budgets, marketing plans, rental terms and other booking terms. During the same period, the Committing Party shall not disclose to NBCUniversal Confidential Information relating to the theatrical distribution of films produced by PSKY's Studio Labels or WBD's Studio Labels. During this period, the Committing Party shall maintain and, where applicable, procure that UIP – including the relevant UIP OpCos and UIP Shared Licensees – maintains appropriate contractual, operational and technical safeguards to prevent exchanges of Confidential Information with NBCUniversal, including: **[confidential information regarding contractual, operational and technical ring-fencing safeguards within UIP]**. To that effect,

within [...] weeks of the Effective Date, the Committing Party shall provide a detailed work plan on the implementation of the ring-fencing measures to the Monitoring Trustee for its review.

SECTION D. REPORTING

12. The Monitoring Trustee shall submit written reports in English confirming the Committing Party's compliance with the Commitments to the Commission no later than two weeks (or at any other time requested by the Commission, if necessary) following Closing. Thereafter, until the withdrawal of PPIL from UIP OpCos and UIP Licensees in EEA countries as set out in paragraphs 4 to 7 above, the Monitoring Trustee will submit compliance reports every six months (or at any other interim periods as requested by the Commission, if necessary) as well as a final compliance report within two weeks following such withdrawal. Following that final compliance report, the Monitoring Trustee shall submit an annual report to the Commission for the remainder of the term of the related commitments in Section C, limited to confirming whether those related commitments continue to be satisfied.

SECTION E. MONITORING TRUSTEE

I. Appointment procedure

13. The Committing Party shall appoint a Monitoring Trustee to carry out the functions specified in these Commitments for a Monitoring Trustee. The Committing Party commits not to close the Concentration before the appointment of a Monitoring Trustee.
14. The Monitoring Trustee shall:
 - (a) at the time of appointment, be independent of the Parties and USL, and their Affiliated Undertakings;
 - (b) possess the necessary qualifications to carry out its mandate, for example have sufficient relevant experience as an investment banker or consultant or auditor;
 - (c) neither have nor become exposed to a Conflict of Interest;
 - (d) demonstrate sufficient capacity and resources to take on the Monitoring Trustee role with all the obligations that the role entails, including to report regularly to the Commission;
 - (e) have a sufficient presence in the EU/EEA, and sufficient expertise in the relevant EU/EEA countries covered by the Commitments.
15. The Monitoring Trustee shall be remunerated by the Committing Party in a way that does not impede the independent and effective fulfilment of its mandate.

Proposal by Committing Party

16. No later than one week after the Effective Date, the Committing Party shall submit the names of at least three natural or legal persons whom the Committing Party proposes to appoint as the Monitoring Trustee to the Commission for approval. The proposal shall contain sufficient

information for the Commission to verify that the persons proposed as Monitoring Trustee fulfil the requirements set out in paragraph **14** and shall include:

- (a) the full terms of the proposed mandate, which shall include all provisions necessary to enable the Monitoring Trustee to fulfil its duties under these Commitments; and
- (b) the outline of a work plan which describes how the Monitoring Trustee intends to carry out its assigned tasks.

Approval or rejection by the Commission

17. The Commission shall have the discretion to approve or reject the proposed Monitoring Trustee and to approve the proposed mandate subject to any modifications it deems necessary for the Monitoring Trustee to fulfil its obligations. If only one name is approved, the Committing Party shall appoint or cause to be appointed the person or persons concerned as Monitoring Trustee, in accordance with the mandate approved by the Commission. If more than one name is approved, the Committing Party shall be free to choose the Monitoring Trustee to be appointed from among the names approved. The Monitoring Trustee shall be appointed within one week of the Commission's approval, in accordance with the mandate approved by the Commission.

New proposal by Committing Party

18. If all the proposed Monitoring Trustees are rejected, the Committing Party shall submit the names of at least two more natural or legal persons within one week of being informed of the rejection, in accordance with paragraphs **13** and **17** of these Commitments.

Monitoring Trustee nominated by the Commission

19. If all further proposed Monitoring Trustees are rejected by the Commission, the Commission shall nominate a Monitoring Trustee, whom the Committing Party shall appoint, or cause to be appointed, in accordance with a trustee mandate approved by the Commission.

II. Functions of the Monitoring Trustee

20. The Monitoring Trustee shall assume its specified duties and obligations in order to ensure compliance with the Commitments. The Monitoring Trustee will ensure that the Committing Party and UIP fully comply with the ring-fencing obligations set out in paragraphs **10** and **11**, as well as in the SHA and the Nominee Agreement. The Commission may, on its own initiative or at the request of the Monitoring Trustee or the Committing Party, give any orders or instructions to the Monitoring Trustee in order to ensure compliance with the conditions and obligations attached to the Decision.

III. Duties and obligations of the Monitoring Trustee

21. The Monitoring Trustee shall:
- (i) propose in its first report to the Commission a detailed work plan describing how it intends to monitor compliance with the obligations and conditions attached to the Decision.
 - (ii) propose to the Committing Party such measures as the Monitoring Trustee considers necessary to ensure the Committing Party's compliance with the conditions and obligations attached to the Decision;

- (iii) promptly report in writing to the Commission, sending the Committing Party a non-confidential copy at the same time, if it concludes on reasonable grounds that the Committing Party is failing to comply with these Commitments. The Committing Party shall neither receive nor comment on draft reports that the Monitoring Trustee prepares for the purposes of reporting to the Commission;
- (iv) promptly report in writing to the Commission as soon as it becomes aware of potential exposure to a Conflict of Interest appearing after its appointment, including if it becomes aware of any potential lack of independence or Conflict of Interest with any purchaser participating in the sale process;
- (v) assume the other functions assigned to the Monitoring Trustee under the conditions and obligations attached to the Decision.

IV. Duties and obligations of the Committing Party

- 22. The Committing Party shall provide, and shall cause its advisors to provide, the Monitoring Trustee with all such co-operation, assistance and information as the Monitoring Trustee may reasonably require to perform its tasks. The Monitoring Trustee shall have full and complete access to any of the Committing Party's books, records, documents, management or other personnel, facilities, sites and technical information necessary for fulfilling its duties under the Commitments, and the Committing Party shall provide the Monitoring Trustee upon request with copies of any document. The Committing Party shall procure that UIP similarly provides full access to its books, records, documents, management or other personnel, facilities, sites and technical information necessary for fulfilling the Monitoring Trustee's duties under the Commitments, and shall procure that UIP provides the Monitoring Trustee, upon request, with copies of any documents to which the Committing Party would itself have access. The Committing Party shall, and shall procure that UIP shall, make available to the Monitoring Trustee one or more offices on their premises and be available for meetings in order to provide the Monitoring Trustee with all information necessary for the performance of its tasks.
- 23. The Committing Party shall provide the Monitoring Trustee with all managerial and administrative support that it may reasonably require while carrying out its duties. The Committing Party shall keep the Monitoring Trustee informed of all developments related to the implementation of Sections B and C of these Commitments. Following PPIL's withdrawal from UIP OpCos and UIP Licensees in EEA countries as set out in paragraphs 4 to 7, the Monitoring Trustee's continuing rights and the Committing Party's corresponding obligations shall be limited to what is reasonably necessary to verify compliance with Section C. For that purpose, the Committing Party shall provide an annual certification to the Monitoring Trustee concerning the Appointed Licensees and other third-party distributors used by the Committing Party in the relevant UIP Countries to the extent necessary to confirm compliance with the Commitments in Section C. The Monitoring Trustee may rely on such certification for purposes of preparing its annual report to the Commission, but may request from the Committing Party any additional information, documents or explanations, and take any other steps, that it considers necessary to verify compliance with Section C.
- 24. The Committing Party shall indemnify the Monitoring Trustee and its employees and agents (each an "**Indemnified Party**") and hold each Indemnified Party harmless against, and hereby agrees that an Indemnified Party shall have no liability to the Committing Party for, any liabilities arising out of the performance of the Monitoring Trustee's duties under the Commitments, except to the

extent that such liabilities result from the wilful default, recklessness, gross negligence or bad faith of the Monitoring Trustee, its employees, agents or advisors.

25. At the expense of the Committing Party, the Monitoring Trustee may appoint advisors (in particular for corporate finance or legal advice), subject to the Committing Party's approval (this approval not to be unreasonably withheld or delayed) if the Monitoring Trustee considers the appointment of such advisors necessary or appropriate for the performance of its duties and obligations under its mandate, provided that any fees and other expenses incurred by the Monitoring Trustee are in line with business practice. Should the Committing Party refuse to approve the advisors proposed by the Monitoring Trustee the Commission may approve the appointment of such advisors instead, at the expense of the Committing Party, after having heard the Committing Party. Only the Monitoring Trustee shall be entitled to issue instructions to the advisors. Paragraph **24** of these Commitments shall apply mutatis mutandis.
26. The Committing Party agrees that the Commission may share Confidential Information proprietary to the Committing Party with the Monitoring Trustee. The Monitoring Trustee shall not disclose such information and the principles contained in Article 17(1) and (2) of the Merger Regulation apply mutatis mutandis.
27. The Committing Party agrees that the contact details of the Monitoring Trustee are published on the website of the Commission's Directorate-General for Competition, and it shall inform interested third parties of the identity and the tasks of the Monitoring Trustee.
28. For a period of 10 years from the Effective Date the Commission may request all information from the Committing Party that is reasonably necessary to monitor the effective implementation of these Commitments.

V. Replacement, discharge and reappointment of the Monitoring Trustee

29. If the Monitoring Trustee ceases to perform its functions under the Commitments or for any other good cause, including the exposure of the Monitoring Trustee to a Conflict of Interest:
 - (a) the Commission may, after hearing the Monitoring Trustee and the Committing Party, require the Committing Party to replace the Monitoring Trustee; or
 - (b) the Committing Party may, with the prior approval of the Commission, replace the Monitoring Trustee.
30. If the Monitoring Trustee is removed according to paragraph **29** of these Commitments, the Monitoring Trustee may be required to continue in its function until a new Monitoring Trustee is in place to whom the Monitoring Trustee has effected a full hand over of all relevant information. The new Monitoring Trustee shall be appointed in accordance with the procedure referred to in paragraphs **13 - 19** of these Commitments.
31. Unless removed according to paragraph **29** of these Commitments, the Monitoring Trustee shall cease to act as Monitoring Trustee only after the Commission has discharged it from its duties after all the Commitments with which the Monitoring Trustee has been entrusted have been implemented. However, the Commission may at any time require the reappointment of the Monitoring Trustee if it subsequently appears that the relevant remedies might not have been fully and properly implemented.

SECTION F. INTERPRETATION OF THE COMMITMENTS

32. In case of a conflict between the wording of the text of the present Commitments and the Amendment Agreement or any other contractual instrument executed by the Committing Party for the purposes of implementing the Commitments, the wording of the Commitments shall prevail, without prejudice to the fact that the interpretation of the Commitments shall take into account the solution that is more favourable to the effective implementation of the Commitments. Deviations from the Commitments in the Amendment Agreement or any such contractual instrument shall be valid only if expressly approved by the Commission.

SECTION G. THE REVIEW CLAUSE

33. The Commission may extend the time periods foreseen in paragraphs 4 to 7 of the Commitments in response to a request from the Committing Party or, in appropriate cases, on its own initiative. Where the Committing Party requests an extension of a time period, it shall submit a reasoned request to the Commission no later than a month before the expiry of that period, showing good cause. This request shall be accompanied by a report from the Monitoring Trustee, who shall, at the same time send a non-confidential copy of the report to the Committing Party. Only in exceptional circumstances shall the Committing Party be entitled to request an extension within the last month of any period.
34. The Commission may further, in response to a reasoned request from the Committing Party showing good cause, waive, modify or substitute, in exceptional circumstances, one or more of the undertakings in these Commitments. This request shall be accompanied by a report from the Monitoring Trustee, who shall, at the same time send a non-confidential copy of the report to the Committing Party. The request shall not have the effect of suspending the application of the undertaking and, in particular, of suspending the expiry of any time period in which the undertaking has to be complied with.

SECTION H. ENTRY INTO FORCE

35. The Commitments shall take effect upon the date of adoption of the Decision.

Duly authorised for and on behalf of PSKY

Duly authorised for and on behalf of WBD

[signed]

[signed]

Brussels, 17 July 2026

Brussels, 17 July 2026

SCHEDULE 1.A

UIP Countries	Category	UIP Appointed Licensees	Applicable Notice Period
Bulgaria	UIP Shared Licensee	[...]	[6-9 months' notice]
Czechia	UIP Shared Licensee	[...]	[6-9 months' notice]
Cyprus	UIP Shared Licensee	[...]	[6-9 months' notice]
Denmark	UIP OpCo	N/A	[9-12 months' notice]
Estonia	UIP Shared Licensee	[...]	[6-9 months' notice]
Finland	UIP Shared Licensee	[...]	[6-9 months' notice]
Hungary	UIP OpCo	N/A	[9-12 months' notice]
Latvia	UIP Shared Licensee	[...]	[6-9 months' notice]
Lithuania	UIP Shared Licensee	[...]	[6-9 months' notice]
Norway	UIP OpCo	N/A	[9-12 months' notice]
Poland	UIP OpCo	N/A	[9-12 months' notice]
Romania	UIP Shared Licensee	[...]	[3-6 months' notice]
Slovakia	UIP Shared Licensee	[...]	[6-9 months' notice]
Slovenia	UIP Shared Licensee	[...]	[6-9 months' notice]
Sweden	UIP OpCo	N/A	[9-12 months' notice]

SCHEDULE 1.B

UIP Countries	WBD Appointed Licensees
Bulgaria	[...]
Czechia	[...]
Cyprus	[...]
Denmark	N/A – Local Office
Estonia	[...]
Finland	N/A – Local Office
Hungary	[...]
Latvia	[...]
Lithuania	[...]
Norway	N/A – Local Office
Poland	N/A – Local Office
Romania	[...]
Slovakia	[...]
Slovenia	[...]
Sweden	N/A – Local Office

SCHEDULE 2

UIP Countries	Appointed Licensees			
	UIP (for PSKY)	WBD	Universal	Disney
Croatia	[Licensee A]	[Licensee A]	[Licensee G]	[Licensee A]
Greece	[Licensee B]	[Licensee E]	[Licensee E]	[Licensee B]
Iceland	[Licensee C]	[Licensee C]	[Licensee H]	[Licensee C]
Portugal	[Licensee D]	[Licensee F]	[Licensee F]	[Licensee D]