Anticipated acquisition by Paramount Skydance Corporation of Warner Bros. Discovery, Inc.

Decision on relevant merger situation and substantial lessening of competition

ME/7144/26

The Competition and Market Authority (CMA)'s decision on reference under section 33 of the Enterprise Act 2002 (the Act) given on 6 August 2026. Full text of the decision published on 17 August 2026.

Please note that [✂] indicates confidential information which has been excluded from this published version of the decision. Some numbers have been replaced by a range, which are shown in square brackets.

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SUMMARY

OVERVIEW OF THE CMA'S DECISION

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by Paramount Skydance Corporation (**Paramount**) of Warner Bros. Discovery, Inc. (**WBD**) does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) in the UK.

2. **Paramount** agreed to acquire **WBD** on 27 February 2026. The CMA refers to this acquisition as the **Merger**. Paramount and WBD are referred to as the **Parties** and for statements relating to the future, the **Merged Entity**.

Who are the businesses and what products/services do they provide?

3. The Parties are active across a wide variety of activities in the theatrical and audio visual (**AV**) content value chains. The main activities considered for the purposes of the CMA's investigation included theatrical film distribution, AV content production and licensing, retail supply of non-linear AV content through subscription video on demand (**SVOD**) services via Paramount+, HBO Max, and Discovery+, and the wholesale supply of linear children's TV channels, such as Nickelodeon and Cartoon Network.

Why did the CMA review this merger?

4. The CMA has a duty to investigate mergers that could raise competition concerns in the UK, provided it has jurisdiction to do so. In this case, the CMA has concluded that it has jurisdiction to review this Merger on the basis of the turnover test; the target WBD has revenues in the UK in excess of £100 million.

What evidence has the CMA looked at?

5. The CMA considered a wide range of evidence, including the Parties' submissions and internal commercial and strategy documents, as well as views from all stakeholders that responded to the CMA's invitation to comment. The CMA also spoke to and gathered evidence from customers and competitors to understand the competitive landscape and the likely impact of the Merger.

…about the effects on competition of the Merger?

6. The CMA considered whether the Merger would lead to an SLC in the theatrical distribution of films and wholesale supply of linear children's TV channels in the UK. The CMA also considered but dismissed any concerns arising from other AV overlaps and vertical relationships, including production and licensing of AV

content, retail supply of non-linear content via SVOD and potential foreclosure of downstream competitors.

7. In theatrical film distribution, the CMA found that, although the Parties compete closely, they do not appear closer to each other than to Universal, Disney, or Sony. While the Merged Entity would become the UK's largest distributor, it would continue to face competition from these three major studios and a range of other smaller studios.

8. In relation to linear children's TV channels, we found that although the Parties have a strong position in the supply of linear pay-TV children's channels, consumers have a number of alternatives, including free-to-air channels and children's content available via SVOD. The demand for linear pay-TV children's channels and the importance of these channels for pay-TV providers is declining. Overall, the Merged Entity will be sufficiently constrained in the supply of linear children's TV channels.

9. In relation to the supply of SVOD services, we found that other competitors (eg Netflix, Apple, Disney and Amazon Prime), as well as non-SVOD services such as broadcast video on demand services (eg BBC iPlayer and ITVX), will continue to provide sufficient competition to the Merged Entity. Sufficient competitive constraints will also remain post-Merger in the other areas in which the Parties overlap, including in relation to the production and licensing of AV content.

What happens next?

10. The CMA does not believe that it is or may be the case that the Merger may be expected to result in an SLC within a market or markets in the UK. Accordingly, the Merger will **not** be referred to a phase 2 investigation pursuant to section 33(1) and 34ZA(2) of the Enterprise Act 2002.

ASSESSMENT

1. PARTIES, MERGER, AND MERGER RATIONALE

11. On 27 February 2026, Paramount Skydance Corporation (**Paramount**) agreed to acquire Warner Bros. Discovery, Inc. (**WBD**) (**the Merger**).[1] Paramount and WBD are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.

12. The Parties submitted the strategic rationale of the Merger is to increase content scale to compete more strongly with Netflix in streaming, increase scale of theatrical content, create combined complementary offerings to increase viewership and advertiser appeal, and generate cost synergies to compete more effectively against major competitors, including Netflix and Disney in the production of content.[2] The Parties' internal documents reviewed by the CMA broadly support this stated rationale.[3]

2. JURISDICTION

13. The CMA believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.

14. Each of Paramount and WBD is an enterprise. As a result of the Merger, these enterprises will cease to be distinct. The UK turnover of WBD exceeded £100 million in 2025, therefore the turnover test in section 23(1)(b) of the Act is satisfied.[4]

3. OVERLAPS BETWEEN THE PARTIES' ACTIVITIES

15. The Parties are active in the theatrical and audio visual (**AV**) content value chains, each comprising of production and licensing (upstream), distribution (intermediate), and retail (downstream) levels.[5]

16. In the theatrical value chain, the production of films involves the acquisition of intellectual property (**IP**), talent, financing, and other inputs.[6] Films are then

[1] Final Merger Notice submitted to the CMA on 5 June (FMN), paragraph 92.
[2] FMN, paragraphs 6–10.
[3] Paramount's internal document, response to questions 8 and 9 of the FMN '[✂]', PAR-WBD-CMA-0004400, 28 August 2025, slide 4; Paramount's internal document, response to question 8 of the FMN, '[✂]', PAR-WBD-CMA-0004854, 2 October 2025, pages 6 and 7; Paramount's internal document, response to question 8 of the FMN, '[✂]', PAR-WBD-CMA-0005793, December 2025, page 2.
[4] FMN, paragraph 11(b).
[5] FMN, paragraph 171.
[6] FMN, paragraph 171(a).

distributed by the producers (self-distribution) or via licence by third parties. Each of the big 5 studios (the Parties, Disney, Universal and Sony) predominantly self-distribute their films in the UK.[7] At the distribution level, distributors manage the marketing and release timing of films and negotiations with cinemas. At the retail level, content is supplied to consumers, through a film's theatrical release in cinemas.[8]

17. In the AV value chain, the production and licensing of AV content generally involves the acquisition of similar inputs to those required to produce content in the theatrical value chain.[9] However, AV content may be produced and licensed directly to players active at the AV retail level, or packaged into TV channels and distributed at the intermediate wholesale level to pay-TV providers (such as Sky or Virgin Media) for onward sale at the retail level.[10] Finally, at the retail level, AV content is supplied to consumers in a variety of formats including pay or free-to-air (**FTA**) linear television channels, and/or video-on-demand (**VOD**) platforms, with Subscription Video On Demand (**SVOD**) platforms such as Netflix becoming increasingly significant at the retail level.[11]

18. The Parties overlap at all three levels of the AV value chain and in the upstream and intermediate levels of the theatrical value chain.[12] Within the AV value chain, the Parties further overlap in the supply of different genres of AV content, including the supply of film content, pre-produced television content and children's content.[13]

19. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).[14] In this case, the CMA has assessed the impact of the Merger against the prevailing conditions of competition.

20. The main focus of the CMA's investigation was the assessment of the effects of the Merger in relation to the theatrical distribution of films in the UK and the wholesale supply of linear children's TV channels in the UK.

21. The CMA considered, but dismissed, competition concerns in relation to the following overlaps and vertical relationships between the Parties in the AV value chain, which are not considered further in this Decision. The CMA found that:

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[7]Response to the CMA questionnaire from a number of third parties, June 2026, questions 12 and 23; Parties' response to the CMA's Request for Information 2, 30 April 2026 (**RFI2**), paragraph 8.11 and 8.15.
[8] FMN, paragraph 185 and 198.
[9] FMN, paragraph 174.
[10] FMN, paragraph 189 and 195
[11] FMN, paragraphs 200-205.
[12] FMN, paragraph 15 and Table 1. For completeness, the Parties also overlap in the acquisition of sports rights, the retail supply of AV sports content, the supply of display advertising, the licensing of IP rights for merchandise and the development and publishing of video games, but the CMA concluded at an early stage of its investigation that these overlaps do not give rise to competition concerns and they are not considered further in this Decision.
[13] Pre-produced content refers to content which can be licenced 'off-the-shelf' to numerous third-party broadcasters and VOD services.
[14] CMA's Merger Assessment Guidelines (**CMA129**), March 2021, paragraph 3.1.

(a) No concerns arise in relation to the Parties' overlap in the production and licensing of AV content, including pre-produced film and TV content, given the Merged Entity's modest shares of supply, including on the narrowest segmentations (eg specific types of content such as children's content or films), and the sufficient remaining competitive constraints post-Merger.

(b) No concerns arise in relation to the Parties' overlap in the retail supply of non-linear content via SVOD (ie Paramount+ and WBD's HBO Max, and Discovery+), given the Merged Entity's modest share of supply, both currently and in the near future, and third-party evidence indicating that other SVOD competitors (eg Netflix, Amazon Prime, and Disney+) and non-SVOD services (eg Broadcast Video on Demand (**BVOD**) services such as BBC iPlayer and ITVX) will continue to sufficiently constrain the Merged Entity.

(c) The Merged Entity would not have the ability to foreclose downstream competitors in the retail supply of AV content based on the Parties' modest share of supply in the upstream production and licensing of AV content.

4. MARKET DEFINITION

4.1.1 Theatrical distribution of films in the UK

22. The CMA assessed the impact of the Merger in the theatrical distribution of films. The CMA has not considered the production and licensing of films separately, as both Parties self-distribute all their films in the UK. The CMA took into account evidence that strong upstream production capabilities, particularly for high-profile or franchise films based on established IP, can strengthen a distributor's position in the theatrical distribution of films and considered this as part of its competitive assessment relating to the Parties' theatrical distribution activities in the UK.[15]

23. The CMA considered whether it was appropriate to distinguish separate segments within the theatrical distribution of films based on (i) geographical origin of production (US vs non-US produced); (ii) genre; and (iii) the 'blockbuster' or 'tentpole' status of a film.[16] The evidence indicated there is no 'bright line' in

[15] Notes of calls with a number of third parties, May and June 2026. Known IP and franchise content refers to films and AV content based on well-known IP, brands, characters, or story universes with an existing audience and proven commercial appeal, such as the *Wizarding World* universe, *Star Wars*, or *Mission: Impossible*.
[16] Third-party evidence indicates that 'blockbuster' films may be identified by reference to production budget, with some indicating that a production budget of, or above, $100 million may be an indicator of a 'blockbuster' film, as well as these films relying more frequently on established franchises or IP, higher marketing spend and being distributed more widely through global, vertically integrated distribution networks: Submissions to the CMA from a number of third parties, June 2026. The Parties' internal documents also distinguish between major 'tentpole' releases as higher budget releases alongside a theatrical slate containing lower and mid-budget films: WBD Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026 '2026 Slate Review', WBD-00011400, December 2025, page 9; Paramount Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026 '[✂]', PAR-WBD-CMA-0008465, 27 March 2025, page 36; Paramount Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026 '[✂]', PAR-WBD-CMA-0008483, August 2025, page 3; WBD Internal Document, response to

assessing the appropriate boundaries as to whether a theatrical production sits within a defined genre or constitutes a 'blockbuster' or 'tentpole' release.[17]

24. As the Merger does not give rise to competition concerns on any of these bases, the CMA left the precise market definition open and took into account any differences where relevant in its competitive assessment.

4.1.2 Wholesale supply of linear children's TV channels in the UK

25. The Parties overlap in the wholesale supply of linear pay-TV children's channels. Third-party evidence indicates that children's AV content is not substitutable with general entertainment AV content and internal documents generally categorise children's channels separately from general entertainment channels.[18] Accordingly, the CMA has not widened the market definition beyond children's AV content.

26. The CMA considered whether linear pay-TV children's channels is the narrowest appropriate product market. Third-party evidence indicates that FTA linear children's channels are a close or somewhat close substitute to linear pay-TV children's channels for consumers.[19] Some third parties also noted that children's AV content delivered via VOD services may also be substitutable with linear children's TV channels.[20] The CMA considers the appropriate product market to be wider than the supply of linear pay-TV children's channels, but the exact boundaries of the appropriate market can be left open, as no competition concerns arise on any basis in the UK.[21] For the purposes of its competitive assessment, the CMA has assessed the wholesale supply of linear children's TV channels in the UK.

4.1.3 Geographic Market

27. The CMA considers the evidence to show that the appropriate geographic market for the theatrical distribution of films and wholesale supply of linear children's TV channels is the UK. Third-party evidence indicates that film distribution rights are sold by territory and that distribution activities are conducted by taking into

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question 1 of CMA's section 109 Notice, 20 May 2026 'Global Franchise QBR, FY25Q2', WBD-00011458, 7 April 2025, page 21.

[17] Note of a call with a third party, June 2026, paragraph 15; Parties submission to the CMA, 'Submission on Production & Distribution of Films for Theatrical Release in the UK', 19 June 2026, paragraph 2.2.

[18] Response to the CMA questionnaire from a number of third parties, June 2026, question 89; Submission to the CMA from a third party, July 2026, question 6; Paramount Internal Document, response to question 9 of the FMN, '[✂]', PAR-WBD-CMA-0004661, 10 September 2025, slide 32 and 33; Paramount Internal Document, response to question 9 of the FMN, '[✂]' PAR-WBD-CMA-0006320, 1 October 2024, slide 5.

[19] Response to the CMA questionnaire from a number of third parties, June 2026, question 131.

[20] Response to the CMA questionnaire from a number of third parties, June 2026, question 131 or 133; Submission to the CMA from a third party, July 2026, question 6.

[21] For completeness, the CMA has, on a cautious basis, considered the Parties' activities in the hypothetical narrower segmentation of linear pay-TV children's channels in its competitive assessment, due to the significance of the Parties' market shares, without prejudice to the CMA's conclusions on the appropriate market definition.

consideration UK-specific market conditions.[22] The Parties' submissions indicate that TV channels are generally supplied to retail platforms on a national basis, with the Parties' internal documents also indicating that Paramount and WBD assess the competitive conditions of children's TV channels on a UK basis.[23]

5. COMPETITIVE ASSESSMENT

28. In view of the Parties' overlaps, the CMA's investigation focused on the horizontal unilateral effects of the Merger in relation to:

(a) The theatrical distribution of films in the UK (Theory of Harm 1); and

(b) the wholesale supply of linear children's TV channels in the UK (Theory of Harm 2).

5.1.1 Theory of Harm 1: Horizontal unilateral effects in the theatrical distribution of films in the UK

29. The CMA found that the Merger would not give rise to a realistic prospect of a SLC as a result of horizontal unilateral effects in the theatrical distribution of films in the UK. While the Parties compete closely with each other, they compete equally as closely with Universal, Disney and Sony, who will continue to constrain the Merged Entity. Furthermore, although a lesser constraint, several smaller studios will also remain to constrain the Merged Entity.

[22] Response to the CMA questionnaire from a number of third parties, June 2026, question 33; Note of a call with a third party, May 2026, paragraph 3
[23] Paramount Internal Document, response to question 9 of the FMN, '[✂]', PAR-WBD-CMA-0004661, 10 September 2025, slide 25 and slide 33; Paramount Internal Document, response to question 9 of the FMN, '[✂]' PAR-WBD-CMA-0006320, 1 October 2024, slide 5; FMN, paragraph 41(c).

5.1.1.1 Shares of supply

Table 1: Shares of supply – theatrical distribution of films in the UK (2023-2025)[24]

Supplier	Share of supply (%)
Paramount	[5–10]%
WBD	[10–20]%
Combined Entity	***[20–30]%***
Universal	[20–30]%
Disney	[20–30]%
Sony	[5–10]%
StudioCanal	[0–5]%
Lionsgate	[0–5]%
Others	[10–20]%

Source: Paramount Skydance Corporation's estimates

30. A WBD internal document and third-party evidence aligned with the estimates in Table 1.[25]

31. The Parties' share of supply estimates show that the Merged Entity would have a combined share of [20–30]% in the theatrical distribution of films in the UK for the period between 2023 and 2025, with an increment of [5–10]%.[26]

32. While the Merged Entity will become the largest distributor of films in the UK, other distributors have a material share, in particular Universal, with a share of [20–30]% and Disney with a share of [20–30]%. Sony's market position, with a share of [5–10]%, is similar to that of Paramount before the merger.

33. WBD, Paramount, Universal, Disney and Sony (the **Big 5 studios**)[27] account for a high proportion of the market, but there are other smaller studios, such as StudioCanal, Lionsgate, A24, Black Bear and Park Circus, that together account for more than [20–30]% of the market. Although Amazon MGM does not currently distribute films in the UK, it submitted that it has plans to start international direct

[24] Shares of supply estimates submitted by the Parties are based on UK box office revenue data from a third-party, Comscore: Parties' submission to the CMA, 'Distribution of Films (including MGM)', 10 June 2026. The shares were estimated as an average across the period 2023 to 2025.
[25] Notes of calls with a number of third parties, April and May 2026; WBD's internal document, response to question 1 of the CMA's section 109 Notice, 20 May 2026, 'Theatrical 2023 Annual Report UK & Ireland', WBD-00011005, March 2024, slide 4.
[26] Parties' submission to the CMA, 'Distribution of Films (including MGM)', 10 June 2026. Based on this, the CMA calculated shares of supply estimates covering a three-year period due to the cyclical nature of the industry. This approach is consistent with views expressed by third-party stakeholders on calls with the CMA. One third party pointed to market shares based on box office revenue data covering 2022 to 2025, noting that relative positions may change from year to year depending on the success of individual films. Another third party similarly noted that annual figures can fluctuate from one year to the next when pointing to 2025 box office revenues: Notes of calls with a number of third parties, April and May 2026
[27] In this Decision, the CMA refers to Universal, Disney and Sony collectively as the **other Big 5 studios**.

distribution of films it produces, which may include distribution in the UK, in the near future.[28]

34. The CMA also considered the Parties' shares (by box office revenue) between 2023 and 2025 across narrower segments, including shares by film genre,[29] for films produced by US studios, and for films generating high levels of box office revenue (as an indicative proxy to 'blockbuster' or 'tentpole' films).[30] In relation to all of these narrower segments, the analysis found that while the Parties generally have slightly higher shares, the other Big 5 studios also account for a significant share and provide a sufficient competitive constraint to the Parties in these narrower segments. In relation to genre, the position of the Parties and other competitors varies across genre and from year to year.[31]

5.1.1.2 Closeness of competition

35. The Parties submitted that they are not close competitors in any particular type of film.[32] WBD films include higher budget films (eg '*Dune', 'Superman', and 'Harry Potter')* as well as a range of original and other diverse titles. Paramount generally offers a slate featuring fewer high-budget titles and a mix of mid-budget titles.[33]

36. Third-party evidence indicates that:

(a) While the Parties compete fairly closely, they compete equally as closely with the other Big 5 studios.[34] Several third parties noted that the closeness

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[28] Response to the CMA questionnaire from a third party, June 2026, question 146.

[29] Paramount's response to the CMA's section 109 Notice, 14 April 2026, question 3; Annex 1.2 and Annex 1.14 'UK and Ireland split 2023 & 2025' to Paramount's response to the CMA's section 109 Notice, 14 April 2026.

[30] The CMA calculated distributors' shares of UK box office revenue for films generating more than $10 million, $20 million, $30 million, and $40 million in UK box office revenue. 2023 and 2025 UK box office revenue is estimated by apportioning total UK and Ireland box office revenue. As a result, estimates may differ slightly from actual UK box office revenue figures, however, any differences are expected to be negligible and are not expected to affect overall findings. The Merged Entity held the largest share when considering films generating box office revenues that exceed $10 million, $20 million and $30 million and had the second largest share, behind Universal, at the $40 million threshold. Paramount's response to the CMA's section 109 Notice, 14 April 2026, question 3; Annex 1.2 and Annex 1.14 '[✂]' to Paramount's response to the CMA's section 109 Notice, 14 April 2026; Parties' submission to the CMA, '[✂]', 10 June 2026.

[31] Boundaries between each genre are not clear, and the CMA based its film genre classifications on Comscore's primary genre variable.

[32] FMN, paragraph 333.

[33] FMN, paragraph 333. This is supported by budget data provided by the Parties. Paramount's response to the CMA's section 109 Notice, 20 May 2026, question 3; Annex 3.45 to Paramount's response to the CMA's section 109 Notice, 20 May 2026; WBD's response to the CMA's section 109 Notice, 20 May 2026, question 3; Annex 3.1 to WBD's response to the CMA's section 109 Notice, 20 May 2026; Paramount's response to the CMA's section 109 Notice, 14 April 2026, question 11; Annex 1.21 to Paramount's response to the CMA's section 109 Notice, 14 April 2026; WBD's response to the CMA's section 109 Notice, 14 April 2026, question 11; Annex 11 to WBD's response to the CMA's section 109 Notice, 14 April 2026.

[34] For instance, half of third parties indicated that the Parties are 'very close' or 'close' competitors, and a small minority indicated that the Parties are 'not close at all': Response to the CMA questionnaire from a number of third parties, June 2026, questions 8, 28 and/or 37.

between Paramount and WBD is driven by the Parties being two of the Big 5 studios.[35]

(b) There are some differences between the Parties' theatrical slates, with WBD's film slate seen as stronger than Paramount's and the variety of films offered by each to be distinct.[36] While both Parties are considered strong competitors, WBD is generally seen as stronger than Paramount.[37] Almost all cinemas indicated that while content from both Parties is important to them, WBD's content was considered to be slightly more important to their businesses.[38]

37. Third-party views were supported by the Parties' internal documents, which monitored each other as competitors, but no more frequently than the other Big 5 studios (see paragraph 41). Furthermore, several internal documents highlighted that both Parties have a strong focus on franchises and known IP, but not more so than the other Big 5 studios.[39] Some internal documents also suggested that Paramount has slightly weaker franchises and known IP compared to WBD.[40]

38. The CMA's analysis of theatrical release data provided by the Parties also suggests that whilst the Parties' theatrical releases commonly overlap with each other, they also commonly overlap with the other Big 5 studios.[41]

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[35] Response to the CMA questionnaire from a third party, June 2026, question 8; Notes of calls with a number of third parties, April and May 2026

[36] For example, one third party noted that whilst some degree of overlap is present between the Parties' respective theatrical slates, this overlap can be present across each of the Big 5 studios to a certain extent. One third party said that Paramount does not produce superhero films, where WBD is active, and that WBD is willing to take on risks compared to other studios, including Paramount, by releasing original IP projects (Note of a call with a third party, May 2026, paragraphs 18, 20 and 21.) Another third party noted that recently WBD has demonstrated greater slate strength, by releasing more films that open at number one in the box office and generating higher average box office revenue per release than Paramount (Note of a call with a third party, May 2026, paragraphs 25 and 26.)

[37] For instance, most third parties indicated that both WBD and Paramount are 'very strong' or 'strong' distributors. However, more considered WBD to be a 'very strong' distributor: Response to the CMA questionnaire from a number of third parties, June 2026, question 7, 27 or 36.

[38] For instance, almost all cinemas indicated that WBD theatrical films are 'very important' to their business, with a minority of cinemas referencing WBD's slate variety as a reason why. In contrast, only around two thirds of cinemas indicated that Paramount theatrical films are 'very important' to their business, with one cinema indicating that Paramount films represent a smaller amount of UK box office revenue compared to WBD. Response to the CMA questionnaire from a number of third parties, June 2026, question 9.

[39] For instance, a February 2025 WBD [✂] sets out that one of the core aspects of WBD's studio strategy is to increase its focus on [✂]: WBD's Internal Document, response to questions 8 and 9 of the FMN, '[✂]', WBD-00010094, February 2025, slide 90. Similarly, a Paramount document from May 2024 puts '[✂]' as a key part of its strategy, and a Paramount document from January 2026 sets out how Paramount Studios is '[✂]': Paramount's Internal Document, response to question 9 of the FMN, '[✂]', PAR-WBD-CMA-0001300, May 2024, slides 5 and 14-16; Paramount's Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026 '[✂]', PAR-WBD-CMA-0008489, November 2025, slide 16.

[40] For instance, a third-party due diligence report on Paramount from April 2024, submitted by Paramount, ranks Paramount and Sony as equal on franchise and IP power, whilst WBD (alongside Disney) is ranked the strongest: Paramount's Internal Document, response to question 9 of the FMN, '[✂]', PAR-WBD-CMA-0001085, April 2024, slide 43. Furthermore, a consumer study conducted in July 2025 submitted by Paramount also found that Paramount's action franchises are less popular than several others ([✂]): Paramount's Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026 '[✂]', PAR-WBD-CMA-0008479, July 2025, slides 2, 3, and 45.

[41] The CMA analysed theatrical release dates for films distributed by the Parties and other Big 5 studios in the UK between 2022 and 2024, considering a range of release windows. This analysis is based on data from Comscore covering films released between 2022 and 2024 in the UK. This includes new film releases and re-releases. The analysis considered releases on the same day, within three days, within a week, and within two weeks of each other. The one-

5.1.1.3 Alternative constraints

39. The Parties' internal documents and third-party evidence indicate that the Merged Entity will continue to face several alternative constraints, including from the other Big 5 studios, and, to a lesser extent, the smaller studios, such as StudioCanal, Lionsgate, Amazon MGM, and other independent studios.

5.1.1.3.1 Parties' submissions

40. The Parties submitted that the Merged Entity would continue to face competition from the distribution arms of multiple competing studios, such as Disney, Sony, Universal, StudioCanal, Lionsgate, and Amazon MGM.[42] The Parties submitted that there will also be competition from several local and regional competitors, including, for example, Altitude Film Distribution and Vertigo Releasing.[43] For instance, Paramount submits that when it analyses the marketing campaigns and competitive positioning of rival films, it devotes the same depth of analysis to films distributed by smaller or independent studios such as A24 and StudioCanal as it does to films from the Big 5 studios.[44] Further, the Parties submitted that the list of studios capable of producing a 'blockbuster' release includes Universal, Disney, and Sony as well as Amazon MGM (*James Bond),* Lionsgate (*Hunger Games),* and Apple (*F1).*[45] This is alongside A24, Black Bear, and others who have also proved capable of producing high grossing films.[46]

5.1.1.3.2 Internal documents

41. The Parties' internal documents also show that there is also a constraint from competitors outside the Big 5 studios. Whilst mentioned less frequently, the Parties regularly monitor and discuss these competitors. For instance:

(a) In a March 2026 strategy document, Paramount lists its main studio competitors as the other Big 5 studios plus Lionsgate, Amazon MGM, Neon, A24, and Angel.[47] Similarly, in a March 2025 competitive development document, Paramount assesses the developments of several of its competitors, including the Big 5 studios, Amazon MGM, Apple, Lionsgate,

week and two-week windows are consistent with internal documents showing that WBD assesses the competitive landscape for its releases over those periods, as set out in paragraph 41.

[42] FMN, paragraph 329.

[43] FMN, paragraph 331.

[44] Parties submission to the CMA, 'Submission on Production & Distribution of Films for Theatrical Release in the UK', 19 June 2026, paragraph 2.36; Annex 1 to the Parties submission to the CMA, 'Submission on Production & Distribution of Films for Theatrical Release in the UK', 19 June 2026, pages 9–85.

[45] Parties submission to the CMA, 'Rivalry-enhancing Incentives in Studio Film Production Post-merger', 27 May 2026, paragraphs 43 and 44.

[46] Parties submission to the CMA, 'Rivalry-enhancing Incentives in Studio Film Production Post-merger', 27 May 2026, paragraph 47.

[47] Paramount's Internal Document, response to question 1 of CMA's section 109 Notice, 20 May 2026, '[✂]', PAR-WBD-CMA-0008244, April 2024, slide 6.

Netflix, and New Line Cinema (part of WBD).[48] This document also points to a growing competitive threat from Amazon MGM and Apple. [49]

(b) A WBD strategy document from March 2025 sets out how it sees smaller studios such as Blumhouse, Atomic Monster, Screen Gems, and Miramax as the main competitors for its New Line Cinema label. [50] On the other hand, WBD identify the other Big 5 studios as the main competitors for its DC Studios, Warner Bros. Animation, and Warner Bros. divisions.

(c) WBD provided a series of documents that summarise WBD's upcoming releases from competitors within two weeks after and before the release of its films. When considering the 'competitive landscape' for each release. In this 'competitive landscape', WBD consider the releases of the Big 5 studios as well as smaller and independent distributors, including StudioCanal, Lionsgate, and Entertainment Film Distribution.[51]

(d) Industry reports submitted by the Parties point to a competitor set wider than just the Big 5 studios, with some also pointing to the growing competitive threat from Amazon MGM.[52]

5.1.1.3.3 Third-party evidence

42. Third-party feedback, including from cinemas, producers and distributors also indicates that the Big 5 studios, in particular WBD, Disney and Universal are the strongest competitors in the market.[53] Furthermore, as set out in paragraph 38

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[48] Paramount's Internal Document, response to question 1 of CMA's section 109 Notice, 20 May 2026 '[✂]', PAR-WBD-CMA-0008465, March 2025.
[49] Paramount's Internal Document, response to question 1 of CMA's section 109 Notice, 20 May 2026 '[✂]', PAR-WBD-CMA-0008465, March 2025, page 1 and 7.
[50] WBD's Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026, 'Model Film Slate Strategy', WBD-00011184, March 2025, page 3.
[51] WBD's Internal Document, response to question 9 of the FMN, 'Sinners', WBD-00005010, April 2025, page 1; WBD's internal document, response to questions 8 and 9 of the FMN, 'The Alto Knights', WBD-00005109, March 2025, page 1; WBD's internal document, response to question 9 of the FMN, 'Dune: Part Two', WBD-00003788, March 2024, page 1; WBD's internal document, response to question 9 of the FMN, 'Challengers (MGM)', WBD-00003924, April 2024, page 1.
[52] For example, an August 2025 Raine Theatrical industry report sets out two other categories of competitors alongside the major studios: 'mini-majors' (A24 and Lionsgate) and 'tech-natives' (Amazon MGM, Apple, and Netflix): Paramount's Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026, '[✂]', PAR-WBD-CMA-0008483, February 2025, slide 3. Furthermore, a July 2024 industry report, submitted by WBD, refers to 'six major studios', including Lionsgate alongside the rest of the Big 5 studios: WBD's Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026 '[✂]', WBD-00011182, July 2024, slide 7; WBD's Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026, '[✂]', WBD-00011073, April 2025, slides 4, 5 and 14; Paramount's Internal Document, response to question 9 of the FMN, '[✂]', PAR-WBD-CMA-0000964, April 2024, page 2.
[53] For instance, almost all third parties indicated that Universal is a 'very strong' distributor: Response to the CMA questionnaire from a number of third parties, June 2026, question 6, 27 or 36. Similarly, three quarters of third parties indicated that Disney is a 'very strong' distributor: Response to the CMA questionnaire from a number of third parties, June 2026, question 6, 27 or 36. WBD was seen as the next strongest with just under half of third parties indicating that WBD is a 'very strong' distributor: Response to the CMA questionnaire from a number of third parties, June 2026, question 6 or 36. Paramount and Sony were identified as the weakest of the Big 5 studios, with more than a quarter indicating that Sony is a 'very strong' distributor: Response to the CMA questionnaire from a number of third parties, June 2026, question 6 or 36. A quarter of respondents indicated that Paramount is a 'very strong' distributor: Response to the CMA questionnaire from a number of third parties, June 2026, question 6 or 36.

above, CMA analysis found that the Parties' theatrical releases commonly overlap with the other Big 5 studios.[54]

43. Third-party feedback also indicated that studios outside the Big 5 were generally seen as weaker, but still a constraint.[55]

5.1.1.3.4 Alternative constraints in relation to 'blockbuster' or 'tentpole' films

44. Two third parties noted that the Merged Entity would face fewer constraints in relation to the production and distribution of 'blockbuster' films, mainly because smaller studios lack extensive IP rights and the investment required to produce and market these films at a global scale is high.[56] These third parties also noted that 'blockbusters' generate a disproportionate share of cinema admissions and box office revenue.[57]

45. In light of these third-party submissions, the CMA assessed what constraints the Merged Entity would face in relation to the production and distribution of 'blockbuster' or 'tentpole' films, while acknowledging that this is not a well-defined category of films.

46. Reports and studies submitted by the Parties indicate that, generally, the other Big 5 studios have strong franchises and IP and that this is a key strategic focus for all of them, although Paramount's IP power seems to be behind Disney, Universal and WBD.[58] This is also supported by franchise box office revenue data provided by the Parties.[59] Some of the reports submitted by Paramount suggest that not all

[54] For instance, Paramount released [20-30] films on the same day as a Universal release and [30-40] films within two weeks of a Universal release, representing [50-60]% and [90-100]% of Paramount's releases respectively over the three-year period. Similarly, WBD released [20-30] films on the same day as a Sony release and [50-60] films within two weeks of a Sony release, representing [40-50]% and [80-90]% of WBD's releases respectively over the same period.
[55] For instance, over half of third parties that rated StudioCanal, rated them as either a 'very strong' or 'strong' distributor: Response to the CMA questionnaire from a number of third parties, June 2026, question 6, 27 or 36. Similarly, more than a quarter of third parties that rated Lionsgate, rated them as either a 'very strong' or 'strong' distributor, and more than a quarter of third parties that rated Black Bear rated them as 'very strong' or 'strong' distributor: Response to the CMA questionnaire from a number of third parties, June 2026, question 6, 27 or 36. A few third parties also mentioned A24, and of these third parties almost all rated them as a 'moderate' or 'weak' distributor: Response to the CMA questionnaire from a number of third parties, June 2026, question 6, 27 or 36. Other competitors listed include Entertainment Film, MUBI, and Trafalgar releasing: Response to the CMA questionnaire from a number of third parties, June 2026, question 6, 27 or 36.
[56] Submissions to the CMA from a number of third parties, May and June 2026.
[57] Submissions to the CMA from a number of third parties, May and June 2026.
[58] For instance, an industry report, submitted by Paramount from August 2025, sets out that generally major studios are focusing on pre-branded IP (Paramount's Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026 '[✂]', PAR-WBD-CMA-0008483, February 2025, slide 2). Another report submitted by Paramount which shows how in each year since 2021, franchises have made up between 43% and 76% of major studio slates (Paramount's Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026 '[✂]', PAR-WBD-CMA-0008481, February 2025, slide 17). Finally, a third-party due diligence report on Paramount from April 2024, submitted by Paramount, points to franchises and IP being a key strength for all the Big 5 studios. The report also sees Disney and WBD as the strongest on franchises and IP, followed by Universal, and [✂] Paramount and Sony seen as [✂] on franchise and IP power. (Paramount's Internal Document, response to question 9 of the FMN, '[✂]', PAR-WBD-CMA-0001085, April 2024, slide 43.
[59] For instance, data provided by the Parties show that Paramount and WBD [✂] of the top 20 most valuable franchises in the last 10 years, by total box office revenue in the UK and Ireland. For WBD, these are the '[✂]' and '[✂]'. These are two of the most valuable franchises, ranking as the [✂] and [✂] most valuable franchises respectively. For Paramount, these are '[✂]', and '[✂]'. These ranked as the [✂] most valuable franchises respectively. In contrast, Disney own [✂]

franchise films are successful and one suggests that there may be some saturation and audience fatigue for some major franchises.[60]

47. Studios outside the Big 5 also have some strong franchises. For instance, UK and Ireland box office revenue data provided by the Parties shows that Amazon MGM own one of the top 20 most valuable franchises in the last 10 years (‘*James Bond’*, ranking 11th), as do StudioCanal (‘*Paddington’*, ranking 14th).[61] Furthermore, Lionsgate own the rights to the ‘*John Wick’* and ‘*Hunger Games’* franchises.[62]

48. Budget data provided by the Parties and third parties indicates that the Big 5 studios all have higher production budgets than studios outside the Big 5, with Universal, Disney, and WBD generally producing more higher-budget films.[63] While budgets outside the Big 5 studios tend to be significantly smaller, these studios do still produce some high-budget films, for example, StudioCanal’s ‘*Paddington 3’* and Amazon MGM’s ‘*Red One’* and ‘*No Time to Die’*.[64]

49. The evidence also shows that franchises do not always guarantee box office success. For instance, Disney’s ‘*The Marvels’* is a franchise film with a reported budget of approximately $223 million which generated only $206 million of box office revenue worldwide.[65] Equally, high budgets do not guarantee box office success. For instance, the Parties submit examples of several high-budget films that made losses at the box office and, by contrast, films such as ‘*Get Out’* and

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(including [✄] of the top [✄] most valuable), and Universal own [✄] (including [✄] of the top 10 most valuable). Sony also own [✄]: Parties’ response to the CMA’s RFI 3, question 13; Annex 3.15 to the Parties’ response to CMA’s RFI 3.

[60] For instance, an industry report, submitted by Paramount from February 2025, points to a risk of studios assuming audiences would return for past hits, and points to costly franchise flops including [✄] (Paramount’s Internal Document, response to question 1 of the CMA’s section 109 Notice, 20 May 2026 ‘[✄]’, PAR-WBD-CMA-0008481, February 2025, slide 12.). Another industry report, submitted by Paramount from April 2024, indicates that key threats to the Big 5 studios include a heavy reliance on “[✄]” as well as saturation and audience fatigue for some major franchises. (Paramount’s Internal Document, response to question 1 of the CMA’s section 109 Notice, 20 May 2026 ‘[✄]’, PAR-WBD-CMA-0001085, April 2024, slide 43.)

[61] Parties’ response to the CMA’s RFI 3, question 13; Annex 3.15 to the Parties’ response to CMA’s RFI 3.

[62] Annex 1 to the Parties submission to the CMA, ‘Submission on Production & Distribution of Films for Theatrical Release in the UK’, 19 June 2026, paragraphs 1.13.

[63] Response to the CMA questionnaire from a number of third parties, June 2026, questions 13, 15, and/or 31; Parties’ response to the CMA’s RFI 3, questions 6 and 7; Annexes 3.15 and 3.16 to the Parties’ response to CMA’s RFI 3; Paramount’s response to the CMA’s section 109 Notice, 20 May 2026, question 3; Annex 3.45 to Paramount’s response to the CMA’s section 109 Notice, 20 May 2026; WBD’s response to the CMA’s section 109 Notice, 20 May 2026, question 3; Annex 3.1 to WBD’s response to the CMA’s section 109 Notice, 20 May 2026; Paramount’s response to the CMA’s section 109 Notice, 14 April 2026, question 11; Annex 1.21 to Paramount’s response to the CMA’s section 109 Notice, 14 April 2026; WBD’s response to the CMA’s section 109 Notice, 14 April 2026, question 11; Annex 11 to WBD’s response to the CMA’s section 109 Notice, 14 April 2026. Estimates submitted by a third-party indicate that the Big 5 studios accounted for the vast majority of high-budget films (above $100 million) produced between 2023 and 2025, with that share increasing further at higher thresholds ($125 million and $150 million). However, the estimates also indicate that smaller studios produced a few high-budget films during this period: Submission to the CMA from a third party, June 2026, slide 19.

[64] Response to the CMA questionnaire from a number of third parties, June 2026, question 13(i) and/or 15. Further, evidence from the Parties suggests smaller studios are not dependent on the financing or co-financing from either of the Parties. For instance, [✄] ([✄], [✄], [✄]) and [✄]. These films were distributed by the Parties and are includes in their distribution shares. Paramount’s response to the CMA’s section 109 Notice, 20 May 2026, paragraphs 4.1 and 5.1–5.2; Annex 3.45 to Paramount’s response to the CMA’s section 109 Notice, 20 May 2026; WBD’s response to the CMA’s section 109 Notice, 20 May 2026, questions 4 and 5; Annex 3.16 to WBD’s response to the CMA’s section 109 Notice, 20 May 2026.

[65] Parties submission to the CMA, ‘Submission on Production & Distribution of Films for Theatrical Release in the UK’, 19 June 2026, paragraphs 2.5 and 2.6.

'Everything Everywhere All at Once' which had relatively small production budgets, but substantial box office success. Some further data provided by the Parties suggests there may be no correlation between a film's production budget and its box office revenue.[66]

50. Feedback from third parties also indicated that the process to acquire IP rights and other film inputs (such as creative talent) is often competitive.[67] One competitor said it faces competition for theatrical inputs from the Big 5 studios, streaming platforms (such as Netflix, Apple, and Amazon), independent producers, and international production companies.[68] Another competitor (not one of the Big 5 studios) said that it generally competes with the Parties for the same creative talent, although some directors and other talent prioritise 'blockbuster' projects with a theatrical release, which tend to be reserved for the Big 5 studios.[69]

5.1.1.4 Conclusion on Theory of Harm 1

51. On balance, the CMA considers that the evidence above indicates that the Merged Entity will face sufficient competition in the theatrical distribution of films in the UK, including in relation to the so-called 'blockbusters' or 'tentpole films'.

52. For the reasons set out above, the CMA found that the Merger would not give rise to a realistic prospect of a SLC as a result of horizontal unilateral effects in the theatrical distribution of films in the UK.

5.1.1.5 Third-party specific concerns

53. Some third parties, particularly cinemas, highlighted that post-Merger, the Merged Entity might reduce the volume of theatrical output.[70] Some pointed to the anticipated debt level of the Merged Entity as further evidence that the volume of theatrical output could not be sustained post-Merger.[71] As set out above, the CMA found that the Merged Entity will face sufficient alternative constraints post-Merger. The CMA considers that these constraints will likely prevent any increase in price, or corresponding reduction in quality, range or service in theatrical distribution by the Merged Entity. As mentioned above, the Parties' theatrical releases commonly overlap with the other Big 5 studios, which does not support concerns that the

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[66] Parties submission to the CMA, 'Submission on Production & Distribution of Films for Theatrical Release in the UK', 19 June 2026, paragraphs 2.5–2.12.
[67] Notes of calls with a number of third parties, April and May 2026.
[68] Note of a call with a third party, May 2026, paragraph 9.
[69] Note of a call with a third party, April 2026, paragraph 9.
[70] Response to the CMA questionnaire from a number of third parties, June 2026, questions 40 and/or 146; Notes of calls with a number of third parties, April and May 2026; Submissions to the CMA from a number of third parties, May 2026. Several third parties pointed to Disney's acquisition of 21st Century Fox as a past example of this reduction in content. The CMA believes, as this is a different merger, it is not appropriate to speculate that the impact may be similar in this Merger. Response to the CMA questionnaire from a number of third parties, June 2026, questions 40 and/or 146; Notes of calls with a number of third parties, April 2026; Submission to the CMA from a third party, May 2026, slide 5.
[71] Response to the CMA questionnaire from a third party, June 2026, question 146; Note of a call with a third party, April 2026, paragraph 29; Submission to the CMA from a third party, May 2026, paragraphs 144–146.

Parties would have the incentive to reduce output to avoid cannibalisation of its own theatrical sales. Furthermore, some evidence submitted by the Parties suggests that they have an incentive to maintain the same level of theatrical output, as the theatrical window provides onwards monetisation of content.[72] Finally, the number of films is only one of the parameters of competition in which distributors compete, and whether the Merger would have a negative impact on the Parties' offering should be assessed by reference to the overall quality of their offering.

54. One third party expressed the view that, post-Merger, the consolidation of two of the Big 5 studios would increase the likelihood of studios coordinating release dates to reduce head-to-head competition at the expense of cinemas.[73] Through its assessment the CMA found that, as set out in paragraph 38, the Big 5 studios regularly release films close to one another, suggesting limited pre-existing co-ordination. Furthermore, co-ordination is more challenging where there are other competitors (eg smaller studios) that could destabilise any coordination attempt and where products are differentiated, which is particularly the case for theatrical films.[74]

55. Several third parties highlighted that the Merged Entity's position might lead to greater negotiating leverage over cinemas, including less favourable revenue share terms or reduced theatrical windows.[75] Given the CMA's findings that the Merged Entity will continue to face sufficient competition in the distribution of films in the UK, the Merger will not materially affect the Parties' bargaining power in relation to the cinemas. Furthermore, evidence submitted by the Parties is consistent with the importance of the theatrical window in the UK for the monetisation of films in streaming.[76] The CMA also notes that, although the evidence shows that smaller cinemas have less bargaining power than larger cinema chains, this difference in bargaining power will not be affected by the Merger.

56. Several third parties also expressed concerns with the increased buyer power of the Merged Entity in relation to creative inputs, which might lead to reduced bargaining power in different areas of the creative industry, stagnating wages and reduced mobility for specialised talent.[77] The CMA considers that, as the evidence shows that sufficient competition will remain in the production and distribution of films after the Merger, the Merger will also not materially affect competition for creative inputs upstream. Furthermore, the evidence considered above does not suggest that the Parties compete with each other more closely for these creative inputs than with the

[72] Parties submission to the CMA, 'Rivalry-enhancing incentives in studio film production', May 2026, paragraphs 12–23.
[73] Submission to the CMA from a third party, May 2026, paragraphs 172–192.
[74] CMA129, paragraph 6.13.
[75] Response to the CMA questionnaire from a number of third parties, June 2026, questions 40 and/or 146; Notes of calls with a number of third parties, April and May 2026; Submissions to the CMA from a number of third parties, May 2026.
[76] Parties submission to the CMA, 'Rivalry-enhancing incentives in studio film production', May 2026, paragraphs 12–23.
[77] Submissions to the CMA from a number of third parties, April–June 2026; Response to the CMA questionnaire from a third party, June 2026, question 146. Additional concerns included fewer opportunities for work in the UK and expected job losses, tied to the announced efficiencies: Submissions to the CMA from a number of third parties, April and June 2026.

other Big 5 studios, and competition for these inputs would also be provided by studios outside the other Big 5 studios and streamers.[78]

5.1.2 Theory of Harm 2: Horizontal unilateral effects in the wholesale supply of linear children's TV channels in the UK

57. The CMA found that the Merger would not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the wholesale supply of linear pay-TV children's channels in the UK, as sufficient competition will remain to constrain the Merged Entity, with strong evidence of constraints from FTA children's TV channels and SVOD, in the context of a decline in the number of viewers of linear pay-TV children channels.[79]

5.1.2.1 Shares of supply

58. As set out in paragraph 26, the CMA considers the boundaries of the relevant market can be left open. In the wholesale supply of linear children's TV channels in the UK (including pay-TV and FTA), the Parties' combined share is [10–20]% and only a small increment of less than 5% will be brought by the Merger to Paramount's existing share of [10–20]%.[80] The Merged Entity will become the second largest supplier, behind the BBC, which accounts for a significant [60–70]% share of the market. Narrative Entertainment accounts for a similar share to the Parties at [10–20]%, followed by ITV at [0–5]%.[81] The remaining [0–5]% is made up of a number of suppliers, including VOD365, Sky and Disney.

59. While the Parties' share would be high in the supply of linear pay-TV children's channels, as set out in paragraphs 25 and 26, the CMA considers that the market at a minimum is wider than the supply of linear pay-TV children's channels in the UK and does not consider it appropriate to segment the market on the narrowest pay-TV only basis.[82] For the reasons explained below, the Merged Entity will also face

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78 For example, evidence from the Parties suggests that Paramount and WBD do not often compete against each other to acquire films underlying IP or source material. Both Parties submitted data on the ten most recent bidding processes for underlying IP or source material for theatrical films that each Party won, and the ten most recent bidding processes that each Party lost. Underlying IP and source material are one of several key inputs needed to produce a theatrical film, with studios having multiple ways to secure source material, including participating in a bidding process. Parties' response to the CMA's request for information, 11 May 2026 (**RFI 2**), question 3; Parties' response to the CMA's request for information, 18 May 2026 (**RFI 3**), question 12; Annex 3.15 to the Parties' response to the CMA's RFI 3.
79 The CMA did not have to conclude on the strength of the constraint posed by YouTube.
80 Shares of supply estimates submitted by the Parties are based on channel audience share data sourced from the One TV Year in the World report by a third party, Glance. Note, the CMA calculated shares of supply in the wholesale supply of Children's TV channels in the UK for the period 2022 to 2024 to reduce the impact of year-to-year fluctuations. Parties' response to the CMA's Request for Information 5, 1 July 2026 (**RFI 5**), question 3; Annex 5.1 to the Parties' response to the CMA's RFI 5. ITV's share is based on data from 2022 to 2023 due to data unavailability.
81 The CMA notes that currently both Narrative and ITV channels are available only on streaming or FAST. [✂], mainly because [✂]. The CMA considers that both Narrative and ITV continue to constrain the Parties with their presence in streaming and FAST. Response to the CMA questionnaire from a third party, June 2026, question 91; Narrative Entertainment to shutter Pop linear channels and app next month | News | C21Media; CITV channel closes as ITVX Kids streaming service launches - BBC Newsround.
82 The Parties would have a combined share of [80–90]% in the supply of pay-TV children channels. This is largely because Paramount is by far the largest supplier in the market with a share of [70–80]%. The remaining supply is

material constraints from beyond the wholesale suppliers of linear children's TV channels.

5.1.2.2 Closeness of competition

60. Paramount distributes Nickelodeon and associated channels,[83] and WBD distributes the Cartoon Network, Cartoonito and Boomerang channels.[84] Third-party feedback indicates that the Parties are close competitors in the supply of linear pay-TV children's channels.[85]

5.1.2.2.1 Alternative constraints

61. The evidence received by the CMA indicates that consumers have alternatives to the linear pay-TV children's channels distributed by the Parties, such as linear FTA children's channels and children's content in streaming services. As consumers have these alternatives, linear pay-TV children's channels are less important to pay-TV providers and these alternatives – some of which, such as SVOD services and linear FTA children's channels are part of pay-TV providers retail packages - pose a competitive constraint on the Parties' supply of linear pay-TV children's channels.

5.1.2.2.2 Parties' submissions

62. The Parties submitted that children's content is consumed in various ways, including via YouTube, Netflix, Disney+, Amazon Prime, BBC iPlayer and ITVX alongside other SVOD and BVOD options and linear FTA channels. The Parties submitted that VOD services, in addition to FTA channels, are close substitutes to the Parties' pay-TV channels as they (i) often have the same titles as pay-TV channels; (ii) are almost always available on the same subscriber interface and (iii) are available on the same smart TV or mobile device.[86]

63. Evidence submitted by the Parties show that over the past five years, the Parties' linear pay-TV children's channels have seen a significant decline in viewership. For instance, viewership of WBD's Cartoon Network has declined by [80-90]% and

accounted for by a small number of competitors, including Sky, Disney, Ayozat and RTE, each with a share of [0–5]%, followed by TG4 with [0–5]%. See footnote 80 for data source.

[83] Nick Jr., Nick Jr. Too, Nicktoons, and Nickelodeon.

[84] Annex 014, FMN.

[85] Over half of third parties considered the Parties to be 'very close' competitors in the wholesale supply of children's TV channels: Response to the CMA questionnaire from a number of third parties, June 2026, questions 134 and/or 142. Furthermore, over half of pay-TV provider respondents indicated that the Parties' channels are 'very important' to them, due to the Parties channels making up a large part of their children's pay-TV offering or viewership: Response to the CMA questionnaire from a number of third parties, June 2026, question 135.

[86] Parties' submission to the CMA, 'Wholesale Supply of Children's TV Channels', 17 April 2026, paragraphs 2–6.

viewership of Paramount's Nickelodeon has declined by around [90-100]%.[87] Internal documents submitted by the Parties also highlight this decline.[88]

64. In the Parties' view, the decline in viewership of linear pay-TV children's channels has greatly reduced the willingness of pay-TV providers to [✂] and that affects the Parties' [✂] in negotiations with pay-TV providers.[89]

65. The Parties also noted that the decline in viewership and alternatives available to consumers reduced the importance of these channels to pay-TV providers.[90] The Parties submit this is reflected by the fact that:

(a) [✂], and [✂].[91]

(b) Sky regularly changes the structure of its retail offerings and, on Sky's NOW TV service, children's channels are part of its wider "Entertainment" package rather than a separate add-on.[92]

(c) Sky and Virgin Media, as content aggregators, typically offer consumers a vast array of children's content and include Netflix, Disney+, YouTube, BVOD content and more as part of their standard interface, premium packages or add-ons.[93]

5.1.2.2.3 Internal documents

66. The Parties' internal documents indicates that the Merged Entity would face sufficient competition from alternative retail providers of children's content to consumers, including providers of linear FTA children's channels and SVOD.[94] Furthermore, one internal document submitted by Paramount from February 2026, sets out how in the households of one pay-TV provider to which Paramount supplies its linear children's channels, '[50-60]% of Kids TV viewing is YouTube and

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[87] FMN, paragraph 411.

[88] For instance, a WBD document from December 2024 set out how children's TV is in decline, with a reduced share of viewing on linear, and more VOD viewing: WBD's Internal Document, Annex 33 to the 'Wholesale supply of Children's TV Channels' submission dated 17 April 2026, 'Commercial Workshop', December 2024, slides 11 and 12. Furthermore, a Nickelodeon (Paramount) document from February 2024, sets out that how children consume content is changing and this is disrupting their traditional business, and in the last 10 years a once 'loyal-to-only-TV audience' has largely migrated to digital platforms: Paramount's Internal Document, response to question 9 of the FMN, '[✂]', PAR-WBD-CMA-0000611, February 2024, pages 1 and 2. Finally, a Paramount document from December 2025 suggests that they are [✂]. For instance, it sets out how Paramount is reviewing its 'international Pay TV portfolio given shifts in audience behaviour towards streaming and digital platforms': Paramount's Internal Document, response to question 1 of the CMA's section 109 Notice, 20 May 2026, '[✂]', PAR-WBD-CMA-0008493, December 2025, page 1.

[89] Parties' submission to the CMA, 'Wholesale Supply of Children's TV Channels', 17 April 2026, paragraph 8.

[90] Parties' submission to the CMA, 'Wholesale Supply of Children's TV Channels', 17 April 2026, paragraphs 8 and 9.

[91] Parties' submission to the CMA, 'Wholesale Supply of Children's TV Channels', 17 April 2026, paragraphs 40 and 41.

[92] Parties' submission to the CMA, 'Wholesale Supply of Children's TV Channels', 17 April 2026, paragraph 39.

[93] Parties' submission to the CMA, 'Wholesale Supply of Children's TV Channels', 17 April 2026, paragraph 8.

[94] For instance, a WBD document sets out how WBD increasingly considers the competition from SVOD, games and social media. WBD's Internal Document, Annex 34 to the 'Wholesale supply of Children's TV Channels' submission dated 17 April 2026, 'How to talk to our kids', document undated, slide 15.

Netflix', with the remainder split across multiple services including the BBC, Disney, Sky, and ITV.[95]

67. Other internal documents submitted by the Parties highlight the decline in viewers of linear pay-TV children's channels, as a result of the various alternatives available to consumers.[96]

68. Internal documents also support the Parties' submissions that pay-TV providers that purchase the Parties' linear pay-TV children's channels [✄] and that the importance of these channels for these pay-TV providers is reducing.[97]

5.1.2.2.4 Third-party evidence

69. Third-party evidence also shows that the Merged Entity will face competitive constraints from other TV channels and services, in particular SVOD services. Third parties identified a range of competitors in the market including pay-TV providers, FTA TV providers, SVOD services, and YouTube.[98] For instance, third parties indicated that generally linear pay-TV and FTA channels are close or somewhat close alternatives to each other for end consumers.[99] Furthermore, one third party said that it considers SVOD and VOD to exert a meaningful competitive constraint on linear pay-TV children's channels.[100] Similarly, one third party said that there are many ways children consume content including via YouTube, SVOD, linear FTA channels, BVOD, and linear pay-TV channels.[101]

70. Third-party feedback also suggests that the Parties' linear pay-TV children's channels are not essential for the pay-TV providers that acquire these channels and that the Parties are constrained by the bargaining power of pay-TV providers, due to the decline in consumer demand for linear children's pay-TV. In particular, while a customer noted that there are limited options outside the Parties in relation to pay-TV channels,[102] evidence submitted by these pay-TV providers indicates that:

(a) Children's channels do not drive subscriptions to pay-TV packages,[103] and are only a marginal proportion of their total customer TV revenue.[104]

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[95] Paramount's Internal Document, Annex 36 to the '[✄]' submission dated 17 April 2026, '[✄]', February 2026, slide 11.
[96] See footnote 88.
[97] Paramount's Internal Document, response to question 9 of the FMN, '[✄]', PAR-WBD-CMA-0004661, September 2025, slide 25; WBD Internal Document, '[✄]', WBD-00009958', 23 April 2024, page 1.
[98] Response to the CMA questionnaire from a number of third parties, June 2026, question 141.
[99] Response to the CMA questionnaire from a number of third parties, June 2026, question 131.
[100] Submission to the CMA from a third party, July 2026, question 6.
[101] Response to the CMA questionnaire from a third party, June 2026, question 131.
[102] Response to the CMA questionnaire from a third party, June 2026, question 136.
[103] Submissions to the CMA from a third party, July 2026, question 1.
[104] Submissions to the CMA from a number of third parties, July 2026.

(b) Overall subscriber volumes for dedicated children's pay-TV packages have declined significantly in the last 5 years in the UK,[105] which is consistent with evidence presented above in paragraph 63 showing a decline in linear children's pay-TV viewership; and

(c) These providers would [✀] in case of a worsening of their linear pay-TV children's channel offering (for example by increasing prices or decreasing quality).[106]

71. The evidence above is consistent with pay-TV providers having credible alternatives to the Parties' linear pay-TV children's channels if the Merged Entity were to worsen their offering post-Merger (for example by increasing prices or decreasing quality).

5.1.2.3 Conclusion on Theory of Harm 2

72. For reasons set out above, the CMA found that the Merger would not give rise to a realistic prospect of a SLC as a result of horizontal unilateral effects in the wholesale supply of linear children's TV channels in the UK.

6. OTHER THIRD-PARTY VIEWS ABOUT THE MERGER

73. The CMA received a significant number of submissions in response to its ITC and evidence-gathering via questionnaires.

74. Several third parties expressed concerns with the anticipated high debt levels of the Merged Entity.[107] A number of respondents also expressed negative views about the Merger that were not Merger-specific or related to the impact of the Merger on competition, falling outside the scope of the CMA's Merger investigation. These views included concerns about job losses in the filmmaking industry and other adjacent creative industries due to reduced investment, concerns related to foreign investment and some commentary relating to the political independence of news channels operated by the Parties.[108]

[105] Response to the CMA questionnaire from a third party, June 2026, question 127; Submission to the CMA from a third party, May 2026, question 4.
[106] Response to the CMA questionnaire from a third party, June 2026, question 136; Submission to the CMA from a third party, July 2026, question 5; Submission to the CMA from a third party, May 2026, question 3.
[107] The debt level of the Merged Entity is only relevant for the competition assessment of the Merger to the extent it affects the Merged Entity's ability to compete. The Parties submitted financial modelling and analysis to the CMA, explaining that it does not consider the Merged Entity's post-Merger debt level to impact either company's standalone theatrical output. Third parties also indicated that while the Merged Entity's debt may lead to 'safer' creative choices relating to its output, it would continue to compete against other studios: Annex 3 to the Parties submission to the CMA, 'Rivalry-Enhancing Incentives in Studio Film Production Post-Merger', May 2026, paragraphs 9-11; Note of a call with a third party, April 2026, paragraph 30; Response to the CMA's questionnaire from a third party, May 2026, question 146.
[108] Submissions to the CMA from a number of third parties, April - July 2026.

7. DECISION

75. In view of the above, the CMA does not believe that it is or may be the case that the Merger may be expected to result in an SLC within a market or markets in the United Kingdom.

76. The Merger will **not be referred** under section 33 of the Act.

Joel Bamford
Executive Director
Competition and Markets Authority
6 August 2026