Response from Trooli LTD to the CMA’s Interim Report

Purpose and scope

Trooli LTD ("Trooli") welcomes the opportunity to comment on the Competition and Markets Authority’s ("CMA") interim report in the nexfibre / Substantial merger inquiry.

Trooli submits these comments solely as an active infrastructure player in the UK fiber market, owning and operating a regional FTTH network, and seeking a clear, predictable and accessible regulatory framework for the UK fibre market. Trooli is not a party to the proposed transaction, has not reviewed the CMA’s confidential case file and does not advocate for any party. Throughout this submission, Trooli remains neutral on the outcome of the inquiry and expresses no concluded view on whether the statutory substantial lessening of competition test is met. All observations below concern general analytical principles: none should be read as supporting clearance, prohibition or any particular remedy in this case, or as a finding on the transaction-specific evidence.

Trooli’s concern is broader. Drawing on its experience in the fixed broadband market in the UK since 2002, Trooli believes market participants should be able to understand the principles governing consolidation, the evidence required and the circumstances in which intervention or remedies may arise. Such clarity and stability are essential because fibre investment is capital-intensive, long-term and reliant on sustained access to equity and debt.

Trooli’s position and scope of comments

With respect to the UK fibre-to-the-home market, Trooli believes that:

- The regulatory framework should be clear, stable, consistently applied and understandable before investors commit capital.
- Consolidation can support a healthier and more investable UK fibre market, provided several credible consolidation routes remain available.
- A large number of alternative networks does not necessarily constitute durable competition where their financial sustainability is weak or unproven. Without viable routes to scale or exit, some networks may face creditor-led restructuring or sales to a narrow group of buyers, potentially including an incumbent.
- Uncertain recovery and exit prospects are likely to reduce the willingness of equity and debt providers to commit capital. Lower funding may prevent

infrastructure providers from completing their plans and reaching sustainable positive cash flow, to the detriment of market competitiveness.

- Consolidation can create credible routes to scale, improve the prospects of sustainable cash generation while providing consumers with competitive pricing and give capital providers a basis for continued support.

- For consolidation to strengthen infrastructure competition and to ultimately benefit the consumers, multiple credible options must remain achievable.

- This submission does not advocate clearance of the transaction. Whether the CMA clears, prohibits or approves it subject to safeguards, its reasoning and the applicable rules should enable infrastructure owners/operators and investors to understand how comparable cases will be assessed.

- Predictability does not require approval of every transaction or reduced scrutiny of competition concerns. It requires a coherent framework for assessing market structure, counterfactual funding, consolidation, efficiencies and remedies, applied consistently across comparable cases.

- This clarity is particularly important in fibre, where capital is committed before demand, penetration and cash flow mature. Regulatory uncertainty can therefore affect both transaction execution and the willingness of operators, lenders and shareholders to fund and support networks until they become self-sustaining.

The need for regulatory clarity and scale

This submission sets out Trooli's perspective as a long-term active infrastructure player in the UK fiber market, owning and operating a regional FTTH network: the CMA's reasoning and the applicable rules should be clear enough for infrastructure owners/operators and investors to anticipate how comparable cases will be assessed. The framework should address market structure, counterfactual funding, consolidation, efficiencies and remedies coherently and consistently.

Because fibre requires substantial capital before demand, penetration and cash flow mature, regulatory stability and visibility are essential.

Viewed holistically, a large number of alternative networks does not necessarily deliver sustainable competition if some lack a credible path to positive cash flow and continued financing. If viable consolidation routes are unavailable or unpredictable, financially weak networks may be pushed towards creditor-led restructuring, enforcement or sales driven primarily by the need to preserve lender recoveries.

A fragmented market without credible routes to scale therefore risks producing distressed rather than orderly consolidation.

In Trooli's view, this can create a self-reinforcing constraint on capital formation. If equity investors and lenders see no clear path to scale, positive cash flow or an orderly exit, they may withhold further funding. Network owners/operators may then struggle to complete deployment, connect customers and reach cash-flow breakeven, increasing restructuring risk and further eroding confidence in the sector. This will ultimately harm consumers by reducing infrastructure choice.

A framework that allows appropriate consolidation should nevertheless preserve several credible routes. Independent infrastructure platforms, wholesale networks, regional combinations and new or existing financial sponsors should be able to participate where they can demonstrate sufficient funding, operational capability and a sustainable business plan.

From Trooli's perspective, the desirable outcome is a market with several well-capitalised, durable platforms—not the greatest possible number of weak networks, nor a market concentrated among very few large operators.

Closing observations

Trooli does not ask the CMA to protect this transaction or any individual party. It respectfully asks the CMA to articulate a clear and stable framework that enables investors, before committing capital, to understand the rules governing the credible routes through which UK fibre networks may achieve sustainable scale.

Predictable consolidation routes can support further equity and debt investment, help networks reach positive cash flow and move the market away from fragmented ownership, weak financial profiles and constrained access to capital. Without such routes, consolidation may occur through distress, narrowing potential outcomes to creditor-led solutions or acquisitions by incumbents and further weakening investor appetite.

At the same time, consolidation must preserve choice if it is to support durable infrastructure competition. The regulatory framework should therefore accommodate multiple credible routes capable of creating well-capitalised alternatives to incumbent platforms.

Trooli remains neutral on the outcome of the present case and seeks only to contribute to the broader discussion on the future of the UK fibre market.

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