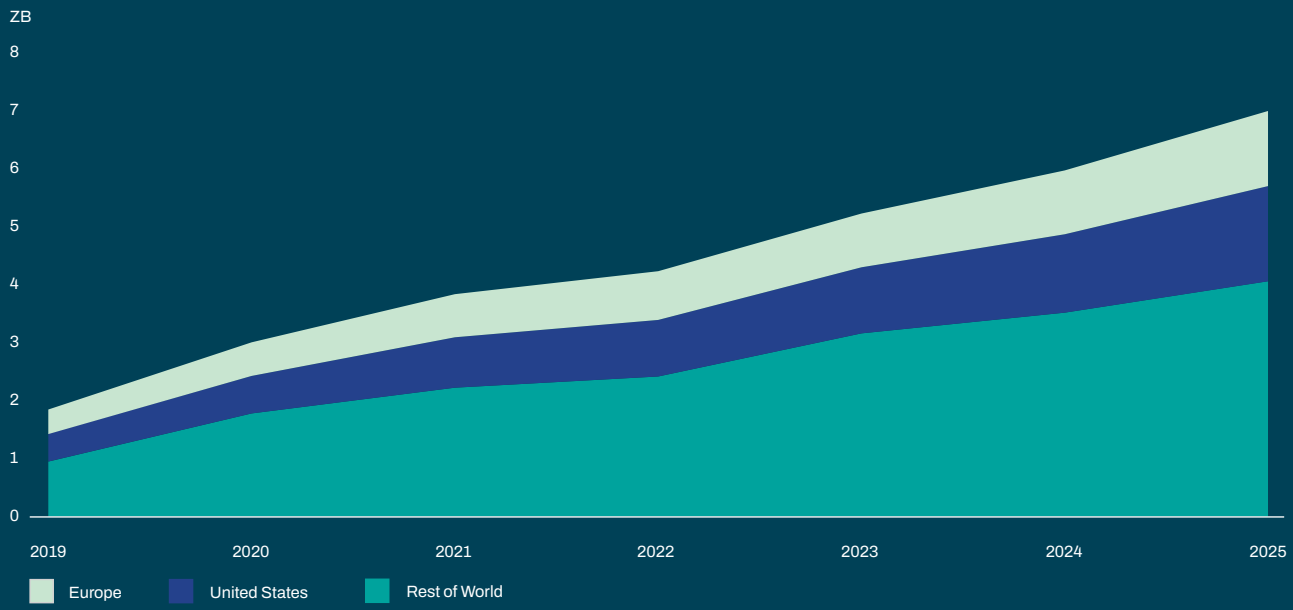
EUROPEAN FIBRE: FROM ROLLOUT TO TAKE-UP

Introduction

Over the past decade, global data traffic has grown at an unprecedented rate, driven by the rapid expansion of video streaming, cloud computing, remote working and increasingly data-intensive digital services. Global fixed broadband traffic increased from over 1.9 billion gigabytes in 2019 to more than 7.3 billion gigabytes by 2025. Over the same period, the proportion of the global population using the internet rose from 54% in 2019 to 74% in 2025, and in Europe, internet penetration increased from 82% in 2019 to 92% in 2025[1].

This surge in demand has accelerated investment in fixed broadband infrastructure since the COVID pandemic, most notably in fibre-optic networks. This has been supported by proactive government policies and regulatory frameworks, including national broadband strategies, public funding programmes, and incentives aimed at closing the digital divide and strengthening digital infrastructure. Across the EU-27 and the UK, approximately 67% of households have access to fibre, with 37% of households subscribed by the end of 2024. Continued technological developments in fibre deployment have further improved the economic viability of large-scale fibre rollouts for operators, with approximately 90% of European households expected to have fibre access by 2028.

GLOBAL FIXED BROADBAND TRAFFIC (ZB)[1]



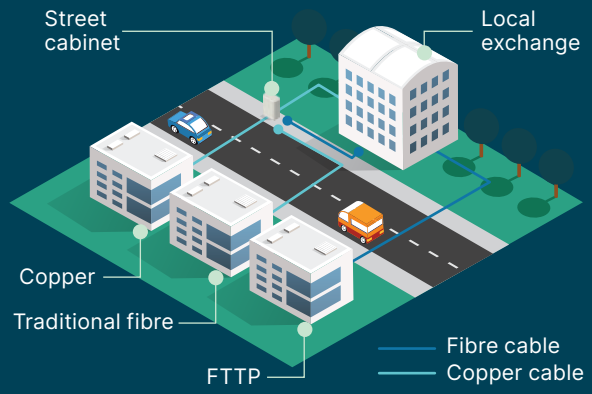
What is fibre?

Fibre-optic broadband provides superfast download and upload speeds and highly reliable connectivity. Current network rollouts are increasingly focused on Fibre to the Premises (FTTP), where fibre is deployed directly from a nearby exchange to individual households. Alternative networks ('Altnets') are telecom operators that build and operate broadband infrastructure outside of the incumbent provider. They are primarily focused on deploying FTTP networks which typically benefit from low ongoing maintenance costs, as only certain active equipment requires periodic replacement, alongside high barriers to entry.

Fibre operators can either sell directly to retail customers or sell wholesale network access to Internet Service Providers (ISP), which then market broadband services under their own brands. Once a home is passed, meaning the fibre infrastructure is installed close enough to enable a connection, some additional engineering work is required to complete connection when a customer subscribes. Following customer activation, network performance is typically monitored and managed centrally through a Network Operations Centre.

1. Source: The UN agency for digital technologies. ZB: Zettabyte, equal to 10^{21} bytes, or 1 trillion GB.

EUROPEAN FIBRE: FROM ROLLOUT TO TAKE-UP CONTINUED



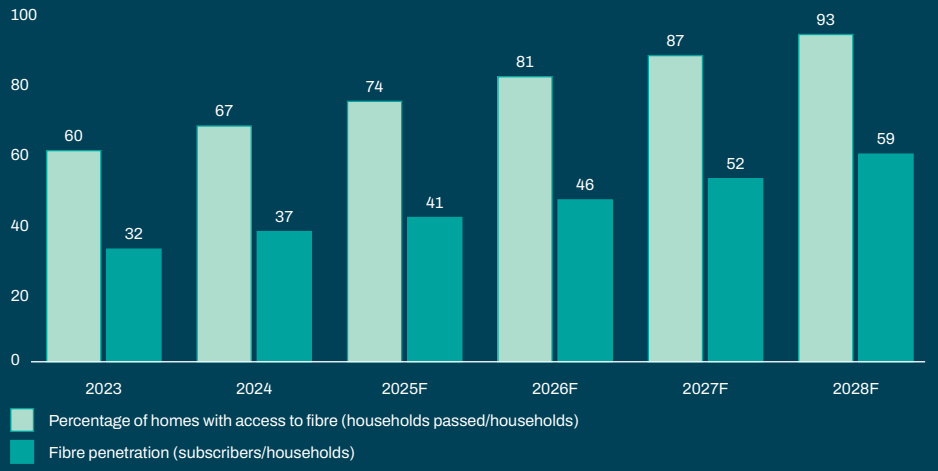
Challenges

Network rollouts have become more challenging in recent years, driven by higher labour and material costs, shortages of skilled workers, and elevated borrowing costs. Despite an improving interest rate environment, transaction volumes have also slowed since 2022, with investors remaining selective and access to funding continuing to be a key consideration for network operators. Regulatory and policy complexity, particularly around permitting processes and pricing controls, can create further uncertainty around delivery timelines. Scaled operators can benefit from more favourable contractor terms, better access to capital, greater geographic diversification, and broader brand recognition that supports penetration and strengthens competitive positioning.

While fibre rollout across Europe has accelerated rapidly, customer adoption has lagged in many markets, particularly in the early years following deployment. This is driven by a combination of factors, including network overbuild, where multiple fibre operators deploy infrastructure in the same areas, increasing competition and diluting market share. Other contributing factors include price sensitivity, as fibre pricing often remains higher than legacy copper-based services, continued customer reliance on existing copper networks, limited awareness of the benefits of fibre, and the upfront cost or perceived disruption associated with switching providers. As a result, many operators have experienced slower-than-expected revenue growth despite significant upfront capital investment.

EUROPEAN TELECOMS: CAPEX[1]

PERCENTAGE OF EU-27 AND UK HOMES WITH ACCESS TO FIBRE AND TAKE-UP RATE[2]



1. Fitch Ratings.
2. FTTH Council; ING.

EUROPEAN FIBRE: FROM ROLLOUT TO TAKE-UP CONTINUED

Outlook

Network consolidation is expected to play an increasingly important role in shaping the sector, with the potential to reduce network overbuild, ease competition and enable operators to expand their customer base more efficiently. Consolidation may occur through combinations of larger Altnets seeking to create greater scale or through acquisitions of sub-scale operators facing liquidity pressure. However, execution remains challenging, particularly around valuations, as the potential synergies from consolidation may be insufficient to offset the high levels of capital investment. Many fibre operators remain highly leveraged, operating with negative cash flow and facing sustained liquidity pressure, with lenders increasingly playing an active role in accelerating consolidation.

While the exceptional surge in data traffic seen during the COVID period has moderated, underlying data consumption continues to grow, with fibre demand driven primarily by the structural transition away from legacy copper networks. Copper infrastructure is increasingly constrained in terms of performance, reliability and energy efficiency, supporting continued migration to fibre. Alternative technologies such as 5G-fixed wireless access and satellite broadband are expected to play a complementary role, particularly in hard-to-reach areas, with fibre expected to remain the preferred long-term solution, due to its scalability and its role as the backbone for mobile and wireless networks.

Network operators are increasingly focused on targeted marketing efforts to drive retail penetration, supported by competitive pricing, simplified installation processes and partnerships with ISPs. Many are also prioritising rollouts in areas with more demand and limited overbuild and accelerating copper switch-off initiatives where possible.

Within the B2B segment, operators are positioning fibre as part of integrated enterprise ICT solutions to drive greater uptake. In parallel, government strategies and funding programmes continue to actively support fibre network expansion and adoption.

PINT's portfolio

National Broadband Ireland

National Broadband Ireland is a FTTP network developer and operator, targeting connection to approximately 560,000 rural homes in Ireland within its intervention area under the National Broadband Plan. The company benefits from a flexible government subsidy regime, as deployment in these areas would otherwise be uneconomic, significantly limiting the risk of competition or network overbuild.

The rollout remains on plan and on budget, with deployment now approximately 80% complete and customer take-up at around 40% in the early years following deployment, ahead of the underwritten case. With the network build expected to complete this year, management is focused on commercialising the network and driving penetration and long-term profitability.

Delta Fiber

Delta Fiber is an owner and operator of fixed telecommunications infrastructure in the Netherlands, providing services over a predominantly fibre-based network. The company has substantially completed its network rollout, benefiting from first-mover advantage, and is now transitioning from the rollout phase to network penetration.

Over the past year, the company has faced sustained competitive pressure from network overbuild and increasingly aggressive customer retention strategies by competitors.

In response, Delta Fiber is prioritising customer adoption through additional wholesale network-sharing arrangements, such as those already established with Odido (formerly T-Mobile Netherlands) and, more recently, VodafoneZiggo. At this stage, the primary focus is on increasing penetration and generating cash flow to support further deleveraging of the business. In parallel, the company is undertaking headcount optimisation initiatives as it transitions to a leaner operational phase, with initial reductions following the completion of the rollout phase. Further efficiencies are expected over time as the company transitions towards a more wholesale-focused operating model and continues to automate customer care.

GlobalConnect

GlobalConnect is a leading pan-Nordic wholesale and retail telecommunications business, operating an extensive fibre network and data centre portfolio. FTTP represents the company's largest revenue stream, with the remainder generated primarily from fibre-to-the-building (FTTB) services to business customers and data centres. The company operates established FTTP businesses in Sweden, Norway and Denmark, supported by a strong operating track record, quasi-monopolistic positions in rural areas, a supportive regulatory environment and high barriers to entry.

Following PINT's investment in 2023, the company exited the German FTTP market in light of highly competitive dynamics and the incumbent copper network operator's sticky customer base. This decision, reflecting disciplined capital allocation, resulted in near-term underperformance versus the underwritten case, driven by lower revenues and a reduced expected terminal value. Investment is now being refocused on core markets, with increased emphasis on Finland, where FTTP penetration remains below the Nordic average and offers longer-term growth potential. A sale process was launched in the second half of 2025, with a partial asset sale anticipated in 2026.