

# Flutter Entertainment plc

NYSE: FLUT · ISIN IE00BWT6H894 · Online sports betting and iGaming: FanDuel in the US; Sky Betting & Gaming, Paddy Power, Betfair, Sisal, Snai, PokerStars, Sportsbet and others internationally · calendar year · reports in USD under US GAAP

Billen Capital Research

Initiating Coverage

13 October 2026

|                                 |                                                                                                                                                                                                                                                                                                  |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>RATING</b>                   | <b>ACCUMULATE</b> — below our buy level, but the binding gain/loss ratio (2.16x) clears 2.0x narrowly: 2.0x at a base value of USD 116. Build in steps; HOLD if H2 2026 US adjusted EBITDA is below USD 400m                                                                                     |
| <b>TARGET PRICE (12-month)</b>  | USD 110 per share                                                                                                                                                                                                                                                                                |
| <b>FAIR VALUE RANGE</b>         | Base case USD 114 – 133 (cost of equity 12.38% / 11.25%); base USD 123; probability-weighted value today USD 98; five scenarios USD 8 – 206                                                                                                                                                      |
| <b>CURRENT PRICE</b>            | USD 78.28 (close 12 October 2026, NYSE); 52-week range USD 74.45 (29 Sep 2026) – 252.34 (22 Oct 2025); –64% year to date                                                                                                                                                                         |
| <b>UPSIDE</b>                   | To target 40.5%; to probability-weighted value today 25.8%; no dividend (capital is returned through buybacks once leverage is back at the 2.0–2.5x target)                                                                                                                                      |
| <b>WHAT THE PRICE DISCOUNTS</b> | 70% of the market value is growth beyond our 2027E operating profit; 3.6 years of excess returns on our base path against a benchmark of $\approx 17.7$ . Our margins with no real growth (USD 80), or our growth with a 2035 US margin of 13.2%; implied cost of equity 15.5% against our 11.8% |
| <b>DECISION LEVELS</b>          | Not held: start below USD 80 (our buy level; the price is just below it), in steps · reduce above USD 117 (our reduce level; rolls to $\approx$ USD 131 in 12 months). Decision levels are research guidance for the Investment Committee, not trading instructions.                             |
| <b>CONVICTION</b>               | 2 of 5                                                                                                                                                                                                                                                                                           |

Market cap USD 13.58bn (173.5m shares) · EV USD 24.89bn (net debt 10,480, non-controlling interests 605, Fox option 220) · net debt / adjusted EBITDA 4.3x (covenant 5.20x) · LTM revenue USD 17,161m, adjusted EBITDA USD 2,449m (14.3%) · 2026 guidance: revenue USD 17.91bn, adjusted EBITDA USD 2.655bn (before the Brazil exit) · next catalyst: Q3 2026 results, 4 November 2026

**The one variable that decides this case: the adjusted EBITDA margin FanDuel earns at scale in the US — and whether prediction markets cap it.** The US margin rose from 5.3% in 2023 to 8.7% in 2024 and 13.2% in 2025, fell to 7.1% in the second quarter of 2026 and is guided to 10.3% for the year, after a USD 270m second-half investment to regain sportsbook momentum. Our base takes it to 14% in 2027, 18% in 2029 and 20% from 2031. At USD 78.28 the market needs only about 13% by 2035. Each two points of US margin across the forecast are worth about  $\pm 11\%$  of our value; US player growth of one point a year is worth  $\pm 15\%$ .

**The world's largest online betting operator, priced as if its US business has already peaked.** Flutter earns 57% of revenue outside the US, mostly in regulated markets where it holds podium positions (UK and Ireland, Italy, Australia), and owns FanDuel, with 39% of US online sportsbook and 27% of iGaming gross gaming revenue. The shares have fallen from USD 252 to USD 78 in twelve months: a weak FanDuel in late 2025, the August guidance cut, prediction markets and the Brazil exit; leverage is 4.3x after USD 2.7bn of acquisitions in 2025. Our base is not heroic: revenue grows 5.5% a year to 2035 and the US margin stays below the company's target. It is worth USD 123, and USD 98 weighted across five scenarios that include a 10% chance that prediction markets take the US sports wager. **ACCUMULATE**, conviction 2, target USD 110: the gain/loss test passes with little to spare, so a position is built in steps.

Author: Billen Capital Research. Research for private investment purposes. Not investment advice. Decision levels are research guidance for the Investment Committee, not trading instructions. Position: Flutter is not held in the Billen Capital portfolio at the date of this report; it is on the watch list for one mandate. Company figures in USD m; per-share values in USD on 173.539m shares outstanding at 31 July 2026. Tags: [R] reported, [M] management statement, [S] secondary source (consensus, data vendors, broker research), [calc.] our calculation from reported figures, [BCR est.] Billen Capital Research estimate. Sources with page references in each exhibit; bibliography in Appendix A5; disclaimer in Appendix A6.

## Investment summary

**The Investment Committee's question** — after a 69% fall from the 52-week high, is Flutter a structurally impaired business facing prediction markets, higher taxes and a stretched balance sheet, or a scale leader whose US profit pool has been mispriced through an investment year? **Our answer: the price fits either of two pessimistic readings — our margins with no real growth (USD 80), or our growth with FanDuel's margin stuck near its 2025 level for ever. Consensus 2027 adjusted EBITDA is above ours, so the gap is less a forecast gap than a discount rate: on our cash flows the price implies a cost of equity of 15.5% against our 11.8%. We give FanDuel a margin that rises to 20% by 2031 — below the company's own 25% target — and that is worth USD 123. ACCUMULATE, with a target of USD 110: the gain/loss test is the binding one and it passes narrowly, so the position is built in steps; we would re-test the rating if US second-half 2026 adjusted EBITDA misses USD 400m.**

### THESIS IN FIVE FALSIFIABLE CLAIMS

- 1. FanDuel's margin scales, but more slowly than promised.** US adjusted EBITDA margin 5.3% / 8.7% / 13.2% in 2023–25 [R, 10-K FY2025 p. 68]; 7.1% in Q2 2026 [R]; 2026 guidance 10.3% [M]. Base: 14% in 2027, 20% from 2031. *Falsified* if second-half 2026 US adjusted EBITDA is below USD 400m, or the trailing four-quarter US margin is below 7% after Q4 2026; in the bulls' favour if the 2027 margin exceeds 18%.
- 2. The second-half 2026 investment buys volume, not just defence.** Guidance implies US adjusted EBITDA of USD 522m in H2 2026 against USD 361m a year earlier, despite USD 270m of net investment [calc. from M]. Base: US revenue +12% in 2027 on players +5% and revenue per player +6.5%. *Falsified* if US revenue is below the prior year in two consecutive quarters from Q4 2026, or the sportsbook share of gross gaming revenue falls below 35%. The base needs second-half 2026 US revenue about 12.6% above a year earlier.
- 3. International absorbs the UK tax increases.** Remote gaming duty rose from 21% to 40% in April 2026 and the remote betting duty rises from 15% to 25% in April 2027 [R, 10-K FY2025]. International margin 25.0% (2024) → 23.4% (2025) → 20.9% (2026 guidance) [R; M]. Base: 20.5% in 2027, 22% from 2030, with the USD 500m gross cost programme. *Falsified* if the trailing International margin is below 19% after Q2 2027.
- 4. Leverage falls without a rights issue.** Net debt / adjusted EBITDA 4.3x at June 2026 against a 5.20x covenant and a 2.0–2.5x target [R]. Base: 3.9x at December 2026, 3.1x at December 2027, 2.5x in 2028 when buybacks resume. *Falsified* if leverage is above 4.5x at any half-year from December 2026.
- 5. The price discounts too little.** 70% of the price is growth beyond our 2027E operating profit [calc.]; on our base path the price pays for 3.6 years of excess returns against a benchmark of 17.7. The price needs a 2035 US margin of 13.2%, or US growth of 4.0% a year, or a WACC of 10.74%. *Falsified* in the market's favour if FY2027 adjusted EBITDA guidance (February 2027) is below USD 2.8bn.

### TARGET PRICE AND METHOD

Discounted free cash flow to the firm for 2026–35, by segment, from the balance date of 30 June 2026, rolled to the price date at the cost of equity. Free cash flow is after share-based compensation and restructuring costs, both of which the company excludes from adjusted EBITDA. Terminal value with fading excess returns (industry fade rate 0.13 for hotels, restaurants and consumer services; growth 2.33% = 10-year US break-even inflation). WACC 8.75%: cost of equity 11.81% = US 10-year Treasury 5.24% + beta 1.44 × equity risk premium 4.05% + country premium 0.74 pp; cost of debt 6.69% before tax, anchored on the July 2025 bond. Bridge USD 11,305m: net debt 10,480, non-controlling interests 605 and the Fox option 220. Five scenarios weighted 10/30/40/15/5 give USD 98.48; rolled at the cost of equity:  $98.48 \times 1.1181 = 110.12$ , rounded to **USD 110**.

### EXPECTED RETURN DECOMPOSITION

|                                                                               | 12 months | 5 years, a year |
|-------------------------------------------------------------------------------|-----------|-----------------|
| Earnings growth (EPS on the company definition: 2027E/2026E; 2026–31E a year) | 36.5%     | 27.1%           |

### THREE REASONS IT WORKS (FOR A BUYER)

- 1. Scale pays in the US.** FanDuel's revenue per player rose from USD 1,397 to 1,730 in 2023–25 and its margin from 5% to 13% [R]. *Confirmed by* H2 2026 US adjusted EBITDA of at least USD 500m.
- 2. The courts are moving towards the states.** The Ninth Circuit held on 28 August 2026 that sports event contracts are likely bets that Nevada may regulate [S]. *Confirmed by* further circuit rulings for the states and a stable US handle.
- 3. Cash comes back in 2027.** Restructuring falls from USD 500m in 2026 to 250m in our 2027; free cash flow to the firm doubles to USD 1,241m. *Confirmed by* leverage at or below 3.5x by mid-2027.

### THREE REASONS IT FAILS (FOR A BUYER AT USD 78)

- 1. Prediction markets win federally.** A Supreme Court ruling for federal pre-emption would let event contracts reach all 50 states without state tax [S]. *Confirmed by* US handle falling year on year while FanDuel Predicts grows.
- 2. Generosity becomes permanent.** The 2026 reinvestment becomes a recurring cost. *Confirmed by* US margin below 10% in 2027.

|                                                                         | 12 months    | 5 years, a year |
|-------------------------------------------------------------------------|--------------|-----------------|
| Dividend yield                                                          | 0.0%         | 0.0%            |
| Multiple change and scenario weighting (residual)                       | 2.9%         | -7.9%           |
| <b>Total: to target / expected return a year (probability-weighted)</b> | <b>40.5%</b> | <b>17.1%</b>    |

3. **Leverage bites.** Our severe case reaches 4.97x in 2027 against a 5.20x covenant. *Confirmed by* leverage above 4.5x at December 2026.

**Key monitorables (Section M, now):** US adjusted EBITDA margin 8.6% over the last four quarters (amber; 7.1% in Q2 2026, Q3 guided to about break-even) · US revenue -6% year on year in Q2 2026 (**red**; -6 pp from sports results) · US sportsbook share of gross gaming revenue 39% (green) · US players +9% (green) · International trailing margin 21.1% (amber) · leverage 4.3x (amber; covenant 5.20x) · transaction and restructuring costs USD 500m in 2026 (**red**). **Flag line:** 40% of the probability weight (severe downside and bear) lies below the price, and the severe case is close to the leverage covenant; the gain/loss ratio of 2.16x only just clears our 2.0x hurdle. Revenue is not contracted: it is customers' gaming, and sports results alone moved US revenue by six points in Q2 2026. **How fragile the ratio is:** moving 2.5 points of probability from base to bear, or a base value of USD 116, takes it to 2.0x; a joint shortfall of 2 points on the US margin, 1 point a year on US revenue per player and 1 point on the International margin across all scenarios takes the weighted value to USD 75 and the ratio to 0.86x; half that shortfall gives 1.38x. That is why the rating is ACCUMULATE and the conviction 2.

### What would make us wrong

1. **US adjusted EBITDA below USD 400m in the second half of 2026** (Q3 report 4 November 2026 and Q4 report in February 2027). Guidance implies USD 522m; a miss of that size would mean the investment is defensive and the bear case (US margin 11-13%) becomes the base.
2. **FY2027 adjusted EBITDA guidance below USD 2.8bn** (February 2027). Our base is USD 3,065m and consensus USD 3,298m; a guide below 2.8bn would confirm the market's discount.
3. **A federal ruling that sports event contracts are swaps** (Supreme Court, timing not set). This is our severe downside (USD 8, 10% weight); a ruling would move weight from base to severe.
4. **Leverage above 4.5x at December 2026 or any later half-year** (Q4 report onwards). The company expects leverage to fall from 4.3x; our base is 3.9x. Above 4.5x the covenant becomes binding and buybacks recede.
5. **International trailing margin below 19%** after the April 2027 betting-duty increase (Q2 2027 report). Our base is 20.5% in 2027; International is 58% of 2026 revenue.

# Contents

|                                                            |    |
|------------------------------------------------------------|----|
| Investment summary.....                                    | 2  |
| What would make us wrong .....                             | 3  |
| Three debates that decide the case .....                   | 6  |
| A0 · Security, structure and the cash path .....           | 7  |
| A · Company and business model .....                       | 9  |
| A2 · Revenue mechanics and cash timing .....               | 10 |
| B · Industry structure and value chain .....               | 12 |
| C · Revenue drivers by unit .....                          | 13 |
| C4 · Unit economics .....                                  | 14 |
| C5 · Growth initiative register .....                      | 14 |
| D · Competitive landscape and moat .....                   | 16 |
| E · Products, technology and prediction markets .....      | 17 |
| F · Financial analysis .....                               | 18 |
| F2 · Forensic accounting and quality of earnings .....     | 19 |
| F3 · Reported to economic earnings .....                   | 20 |
| G · Capital allocation and balance sheet .....             | 21 |
| G2 · Financing, covenants and solvency stress .....        | 21 |
| G3 · Per-share progression .....                           | 23 |
| G4 · Management: said versus delivered .....               | 23 |
| H0 · The Q2 2026 read-through and the Q3 preview .....     | 25 |
| H1 · Market expectations and variant perception .....      | 27 |
| H · Forecasts .....                                        | 29 |
| I · Valuation .....                                        | 31 |
| I1 · Reverse valuation and discount-rate sensitivity ..... | 32 |
| I2 · Five end-points and multiples cross-checks .....      | 33 |
| J · Scenarios and sensitivities .....                      | 35 |
| K · Risk register, bear case and pre-mortem .....          | 38 |
| K2 · Permanent capital impairment .....                    | 38 |
| L · ESG, governance and sustainability .....               | 40 |
| M · Monitoring dashboard .....                             | 41 |
| N · Conclusion, rating and decision rule .....             | 43 |
| O · Owner's manual .....                                   | 43 |
| P · Unresolved questions and management Q&A .....          | 44 |
| Q · Portfolio fit (SEK holder) .....                       | 44 |
| Appendices A1–A6 .....                                     | 45 |
| A4 · Valuation methodology .....                           | 46 |
| A5 · Sources .....                                         | 47 |
| A6 · Disclaimer .....                                      | 47 |

## List of exhibits

|                                                                                        |    |
|----------------------------------------------------------------------------------------|----|
| 1. The three debates: market view, our view, the test and the value at stake .....     | 6  |
| 2. Capital structure and the bridge from equity to enterprise value .....              | 7  |
| 3. From market capitalisation to enterprise value .....                                | 7  |
| 4. Flutter and DraftKings share prices over two years .....                            | 8  |
| 5. Two segments: FanDuel in the US and a portfolio of national leaders elsewhere ..... | 9  |
| 6. International revenue by region, 2025 .....                                         | 9  |
| 7. Group revenue and adjusted EBITDA margin, 2021–2030E .....                          | 10 |
| 8. How a sportsbook and a casino make money .....                                      | 10 |
| 9. Where Flutter competes and what the regulator is doing .....                        | 12 |
| 10. Revenue and margin drivers by segment: history, guidance and our base .....        | 13 |
| 11. US players and revenue per player .....                                            | 13 |
| 12. Quarterly revenue and margin by segment, Q1 2024 – Q2 2026 .....                   | 14 |
| 13. Unit economics per player .....                                                    | 14 |
| 14. Growth initiatives and what is in our base .....                                   | 15 |
| 15. FanDuel against DraftKings: similar US scale, very different valuation .....       | 16 |
| 16. Relative valuation: Flutter against DraftKings .....                               | 16 |
| 17. Products and reach .....                                                           | 17 |
| 18. Income statement and cash flow, 2023 – LTM June 2026 .....                         | 18 |
| 19. Segment margins: reported and our scenarios .....                                  | 18 |
| 20. Adjusted EBITDA against cash flow .....                                            | 19 |
| 21. From adjusted EBITDA to reported operating profit, 2025 .....                      | 19 |
| 22. Our operating profit: adjusted EBITDA less every recurring cost .....              | 20 |
| 23. Capital allocation, 2023–25 .....                                                  | 21 |
| 24. Return on invested capital including goodwill against WACC .....                   | 21 |
| 25. Debt by instrument at 30 June 2026 .....                                           | 22 |
| 26. Contractual principal repayments .....                                             | 22 |
| 27. Net debt / adjusted EBITDA by scenario against the covenant .....                  | 22 |
| 28. Covenant stress: bear and severe cases .....                                       | 23 |
| 29. Per-share progression .....                                                        | 23 |

|                                                                                                  |    |
|--------------------------------------------------------------------------------------------------|----|
| 30. Said versus delivered: the 2024 Investor Day targets .....                                   | 24 |
| 31. The second quarter of 2026 .....                                                             | 25 |
| 32. Our quarterly estimates against consensus .....                                              | 25 |
| 33. Quarterly revenue and adjusted EBITDA: ours against consensus .....                          | 26 |
| 34. What the price discounts: steady-state value and the share of the price that is growth ..... | 27 |
| 35. Steady-state value against the price .....                                                   | 27 |
| 36. How long the price assumes excess returns last .....                                         | 28 |
| 37. Implied competitive advantage period by scenario .....                                       | 28 |
| 38. Income statement forecast, base case .....                                                   | 29 |
| 39. Free cash flow and net debt, base case .....                                                 | 29 |
| 40. NOPAT and free cash flow to the firm .....                                                   | 30 |
| 41. Our forecast against consensus .....                                                         | 30 |
| 42. Cost of capital in three views .....                                                         | 31 |
| 43. Base-case valuation .....                                                                    | 31 |
| 44. The terminal value with fading excess returns .....                                          | 31 |
| 45. The base value under three capital-structure methods .....                                   | 32 |
| 46. Reverse valuation: what the price requires, one driver at a time .....                       | 32 |
| 47. Value against US growth .....                                                                | 33 |
| 48. Value against the cost of equity: beta and equity risk premium together .....                | 33 |
| 49. Five end-points from the same forecast .....                                                 | 34 |
| 50. What FanDuel is worth: our base against the Fox option .....                                 | 34 |
| 51. Five scenarios: drivers, values and probabilities .....                                      | 35 |
| 52. Scenario values against the price .....                                                      | 35 |
| 53. Each scenario across the fade range .....                                                    | 36 |
| 54. What moves the base value most .....                                                         | 36 |
| 55. US margin against US growth .....                                                            | 37 |
| 56. Distribution of the base value under uncertainty .....                                       | 37 |
| 57. Risk register .....                                                                          | 38 |
| 58. Pre-mortem .....                                                                             | 38 |
| 59. Severe downside: the path .....                                                              | 39 |
| 60. ESG and governance: what is material to the value .....                                      | 40 |
| 61. Core indicators and thresholds .....                                                         | 41 |
| 62. Thesis pillars and falsification thresholds .....                                            | 41 |
| 63. Catalyst calendar .....                                                                      | 41 |
| 64. Rating and decision levels .....                                                             | 43 |
| 65. Owner's manual: what we would do when .....                                                  | 44 |
| 66. Income statement summary .....                                                               | 45 |
| 67. Cash flow summary .....                                                                      | 45 |
| 68. Balance sheet summary .....                                                                  | 45 |
| 69. Quarterly segment figures .....                                                              | 46 |
| 70. Billen Capital valuation methodology .....                                                   | 46 |
| 71. Bibliography .....                                                                           | 47 |

## Three debates that decide the case

Three questions carry the valuation. The first, FanDuel's margin, is the largest single value driver after US player growth and the terminal fade rate. The second, prediction markets, is the reason the first could go either way. The third decides whether shareholders have to fund the answer to the first two.

### Exhibit 1 — The three debates: market view, our view, the test and the value at stake

USD m unless stated; value effects in % of the base value USD 123

| Debate                                              | Market / bull or bear view                                                                                                                | Billen Capital Research view                                                                                                  | Observable test                                                                                   | Value at stake                         |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------------------|
| 1. What margin can FanDuel earn at scale?           | Investor Day 2024: 25% US margin by 2027; consensus 2027E implies ≈ 15% (≈ USD 1.3bn of 3.3bn); bears: prediction markets cap it near 10% | 14% in 2027, 18% in 2029, 20% from 2031; US adjusted EBITDA USD 1,159m in 2027                                                | H2 2026 US adjusted EBITDA against USD 522m implied by guidance; Q4 2026 US revenue against 2,142 | ±2 pp = ±11%                           |
| 2. Do prediction markets take the regulated volume? | Kalshi and Polymarket reach all states without state tax; Third Circuit (April 2026) for the federal view                                 | Contained: the Ninth Circuit (August 2026) for the states; FanDuel runs its own prediction product; severe case at 10% weight | Court rulings; monthly state handle; FanDuel Predicts revenue (not material in Q2 2026)           | Severe downside USD 8 against base 123 |
| 3. Can the balance sheet carry the investment year? | Leverage 4.3x against a 5.20x covenant; buybacks stopped after USD 250m in May                                                            | Leverage 3.9x at December 2026 and 3.1x at December 2027; no equity issue                                                     | Leverage at December 2026; restructuring costs in 2027 against our USD 250m                       | Severe case peaks at 4.97x             |

Source: Flutter Investor Day presentation (2024); Zacks consensus (10 Oct 2026); Covers and Public Gaming reports of the Ninth Circuit ruling (28 Aug 2026); Flutter Q2 2026 results release (5 Aug 2026); Billen Capital Research estimates.

**Takeaway:** The market is pricing the bear answer to the first question as if the second had already been decided against Flutter; the third is a timing risk rather than a solvency risk in all but our severe case.

**Valuation implication.** The US margin debate alone spans USD 110–136 per share in our base, and even the bottom of that range is 40% above the price.

## A0 · Security, structure and the cash path

Flutter has one share class, with its primary listing on the New York Stock Exchange since May 2024. It is incorporated in Ireland and reports under US GAAP in US dollars. The equity is the junior claim on a highly levered enterprise: net debt of USD 10.5bn equals 77% of the market capitalisation and 4.3 times trailing adjusted EBITDA [R, Flutter Q2 2026 results release (5 Aug 2026)]. Two option-like claims sit between the enterprise and the shareholder. Fox Corporation may buy 18.6% of FanDuel at a strike price of USD 3.7bn (December 2020) escalating at 5% a year until December 2030 [R, Flutter Form 10-Q Q2 2026 p. 22]; Flutter carries this at a fair value of USD 220m, down from 810m at December 2024 as the US valuation has fallen. Minority shareholders in NSX (Brazil, 44%), MaxBet (Serbia, 49%) and Junglelee (India) hold put and call options; the redeemable interests are carried at USD 377m [R, p. 35–38].

### Exhibit 2 — Capital structure and the bridge from equity to enterprise value

USD m unless stated

| Item                                                  | Value       | Basis                                                            |
|-------------------------------------------------------|-------------|------------------------------------------------------------------|
| Share price (close 12 Oct 2026)                       | USD 78.28   | NYSE; 52-week USD 74.45–252.34                                   |
| Shares outstanding (31 Jul 2026)                      | 173.539m    | 10-Q cover; 173.48m issued at 30 Jun; diluted weighted Q2 175m   |
| Market capitalisation                                 | USD 13,585  | price × shares outstanding                                       |
| Net debt (company definition, 30 Jun 2026)            | USD 10,480  | debt 11,978 + issuance costs 82 – hedged FX 17 – cash 1,563      |
| Non-controlling interests (book)                      | USD 605     | redeemable 377 (NSX 269 at fair value) + equity 228              |
| Fox option liability (fair value)                     | USD 220     | 18.6% of FanDuel at USD 3.7bn (Dec 2020) + 5% a year to Dec 2030 |
| Enterprise value                                      | USD 24,890  | market cap + 11,305                                              |
| Operating leases (outside the bridge)                 | USD 581     | rent is inside adjusted EBITDA under US GAAP                     |
| Player deposits and restricted cash (outside)         | USD 2,063   | customer money against a player liability of 1,887               |
| EV / adjusted EBITDA 2026E (ours) / 2027E (consensus) | 9.4x / 7.5x | DraftKings 2027E 9.4x                                            |

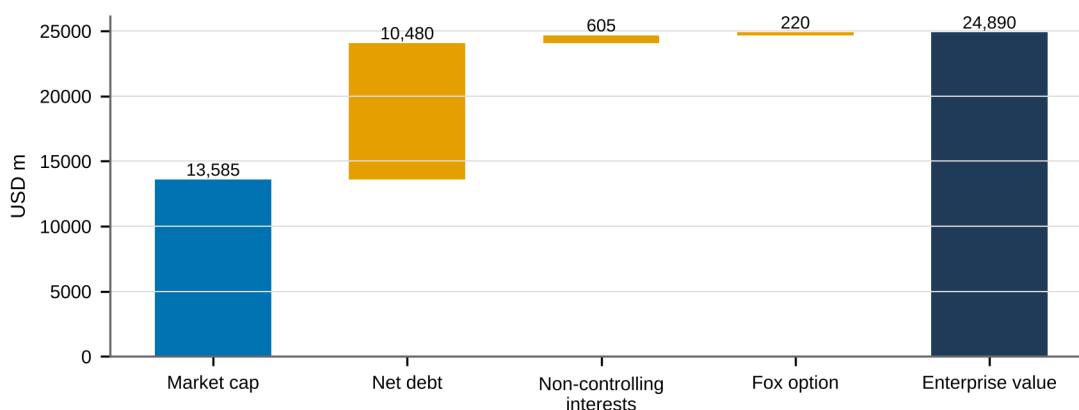
Source: Flutter Form 10-Q Q2 2026 p. 1, 7, 22, 29, 35–38; Flutter Q2 2026 results release (5 Aug 2026) (net debt reconciliation); NYSE closing price; Billen Capital Research estimates.

**Takeaway:** Equity is only 55% of enterprise value: every dollar of enterprise value change moves the share price by almost two dollars.

We deduct the company's own net debt definition, USD 10,480m, which uses the principal amount of debt rather than the carrying amount (book net debt is USD 10,415m), because that is what has to be repaid. Player deposits (USD 1,991m) are customer money held against a player liability of USD 1,887m and sit outside the bridge, as does USD 72m of restricted cash. Operating leases of USD 581m are excluded because rent is already deducted in adjusted EBITDA; including both would count the cost twice.

### Exhibit 3 — From market capitalisation to enterprise value

USD m, 30 June 2026 balance sheet and 12 October 2026 price

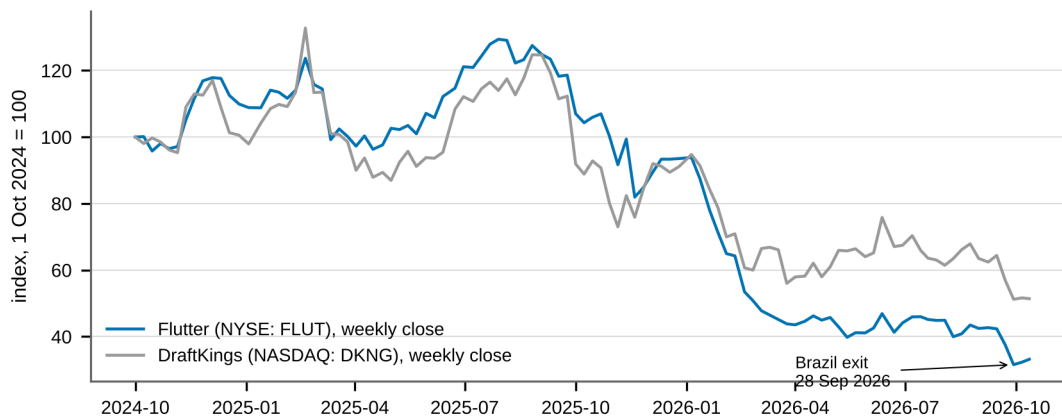


Source: Flutter Form 10-Q Q2 2026 p. 7, 22; Flutter Q2 2026 results release (5 Aug 2026); Billen Capital Research estimates.

**Takeaway:** The non-equity claims in the bridge are almost entirely debt; the Fox option and minorities add 7% to net debt.

**Exhibit 4 — Flutter and DraftKings share prices over two years**

Index, 1 October 2024 = 100; weekly closes



Source: NYSE and Nasdaq weekly closing prices via market data vendor; Billen Capital Research estimates.

**Takeaway:** Both US operators have lost about two-thirds of their value since the summer of 2025: the market is pricing an industry-wide US problem, not a Flutter-specific one.

**The cash path in 2026.** Guidance implies a cash-poor year: adjusted EBITDA of USD 2,655m before the Brazil exit, interest of 640, capital expenditure of 815, transaction, restructuring and integration costs of about 500 (including USD 95m of historic tax provisions), and buybacks of 250, already completed in May [M, Flutter Q2 2026 results release (5 Aug 2026)]. The company expects second-half cash generation to reduce leverage by year-end. Our base has net debt falling to USD 10,240m at December 2026 and USD 9,429m at December 2027 (3.9x and 3.1x adjusted EBITDA), with buybacks resuming in 2028 once leverage reaches 2.5x.

**Valuation implication.** At 4.3x leverage the equity is a geared claim: a 10% change in enterprise value moves our value per share by about 15%. This is why a modest difference in the US margin produces a large difference between our value and the price.

## A · Company and business model

Flutter is the product of serial combinations: Paddy Power and Betfair (2016), FanDuel (2018–20), The Stars Group (2020), Sisal and Tombola (2022), MaxBet (2024) and Snaitech and 56% of NSX (2025). It operates online sportsbooks, casino (iGaming), poker, exchange betting and, in the US, daily fantasy sports, horse-racing wagering and, since December 2025, prediction markets through a partnership with CME Group [R, Flutter Form 10-K FY2025 p. 8]. In 2025, 53% of group revenue came from sportsbook, 44% from iGaming and 3% from other products; 88% was online [R, p. 8]. The group employed 28,518 people in 27 countries at the end of 2025 [R, p. 23].

### Exhibit 5 — Two segments: FanDuel in the US and a portfolio of national leaders elsewhere

USD m; 2026E = first-half actual plus second half from guidance (midpoint) and the Brazil exit

|                                           | 2023  | 2024   | 2025   | 2026E  |
|-------------------------------------------|-------|--------|--------|--------|
| US revenue                                | 4,404 | 5,798  | 6,967  | 7,400  |
| growth                                    | —     | 31.7%  | 20.2%  | 6.2%   |
| US adjusted EBITDA                        | 232   | 507    | 922    | 760    |
| margin                                    | 5.3%  | 8.7%   | 13.2%  | 10.3%  |
| US average monthly players (k)            | 3,152 | 3,784  | 4,028  | 4,263  |
| International revenue                     | 7,386 | 8,250  | 9,416  | 10,440 |
| International adjusted EBITDA             | 1,830 | 2,065  | 2,202  | 2,185  |
| margin                                    | 24.8% | 25.0%  | 23.4%  | 20.9%  |
| International average monthly players (k) | 9,173 | 10,114 | 11,884 | 10,139 |
| Corporate costs                           | –187  | –215   | –279   | –310   |
| Group adjusted EBITDA                     | 1,875 | 2,357  | 2,845  | 2,635  |
| margin                                    | 15.9% | 16.8%  | 17.4%  | 14.8%  |

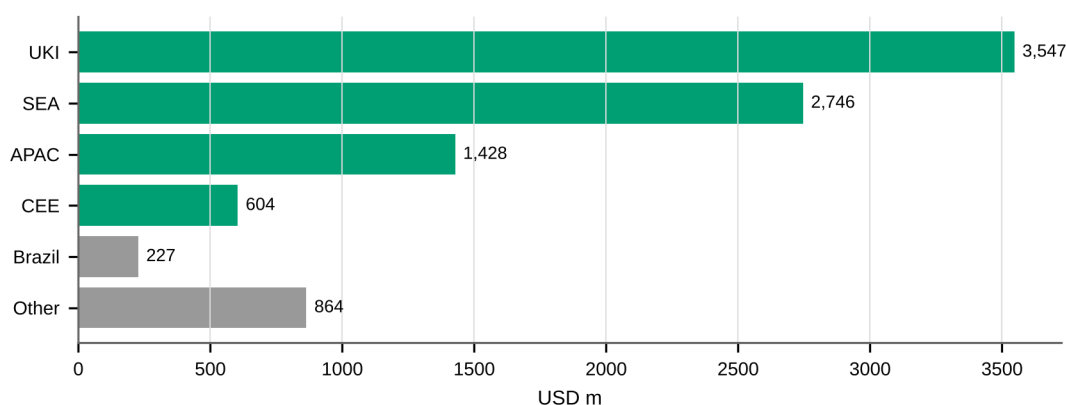
Source: Flutter Form 10-K FY2025 p. 68, 70, 74, 108; Flutter Q2 2026 results release (5 Aug 2026); Billen Capital Research estimates (2026E).

**Takeaway:** The US is 41% of revenue but has never produced more than a third of segment profit; International funds the group while FanDuel scales.

The two segments have different economics. **International** is mature: a set of national leaders (Sky Betting & Gaming and Paddy Power in the UK and Ireland, Sisal and Snai in Italy, Sportsbet in Australia, PokerStars globally, MaxBet and Adjarabet in Central and Eastern Europe) that earned a 23–25% adjusted EBITDA margin in 2023–25 and grows mid-single digits organically. **The US** is FanDuel, the leader in online sportsbook (39% of gross gaming revenue in Q2 2026) and iGaming (27%) [M, Flutter Q2 2026 results release (5 Aug 2026)]. It turned profitable on adjusted EBITDA in 2023 and earned 13.2% in 2025. In 2025 FanDuel was live with online sportsbook in 25 states or territories and online casino in 5 [R, p. 9]; 31 states had legalised online sports betting and 6 iGaming [R, p. 14].

### Exhibit 6 — International revenue by region, 2025

USD m

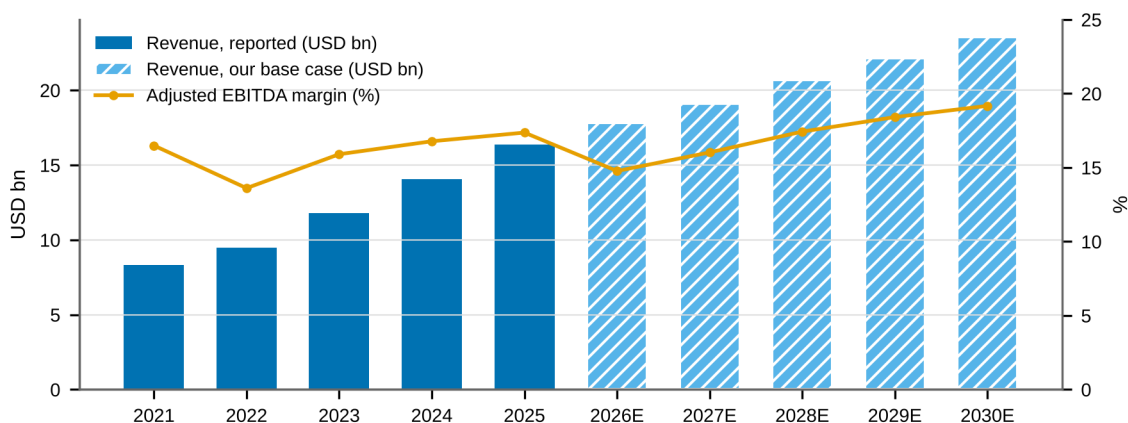


Source: Flutter Form 10-K FY2025 p. 108 (geographic split).

**Takeaway:** UK and Ireland and Southern Europe (Italy, after Snai) are 66% of International; Brazil (closed in September 2026) was 2%.

**Exhibit 7 — Group revenue and adjusted EBITDA margin, 2021–2030E**

USD bn (bars); % (line); 2021–22 on the current adjusted EBITDA definition



Source: Flutter Form 10-K FY2025; Flutter Form 10-K FY2023 p. 96; Billen Capital Research estimates (2026E–2030E).

**Takeaway:** Revenue has doubled since 2021 with acquisitions; the margin has never exceeded 17.4% and is guided down to 14.8% in 2026.

**Corporate costs** of about USD 310m a year (2026 guidance) sit outside the segments. Two items the company excludes from adjusted EBITDA are real costs to us: share-based compensation (USD 260m in 2025) and transaction, restructuring and integration costs (USD 471m in 2025, about 500m guided for 2026). Our valuation deducts both (Section F3).

**Valuation implication.** We value the two segments in one cash flow but report them separately: International at our base is worth about USD 18.3bn (8.2x its 2027E adjusted EBITDA) and the US about USD 13.7bn (11.8x). The market value of the whole group, USD 24.9bn, is less than our value of International plus half of our US value.

**A2 · Revenue mechanics and cash timing**

A sportsbook's revenue is the handle times the net revenue margin. The structural margin is what the book would keep with average sports outcomes, and it rises with the share of multi-leg bets (parlays), where the house edge compounds. Generosity, in the form of bonus bets and odds boosts, is deducted from revenue. Results then add noise: in Q2 2026 customer-friendly outcomes cost FanDuel six points of revenue growth [M, Flutter Q2 2026 results release (5 Aug 2026)]. iGaming revenue is steadier, a statistical house edge on very large volumes. Gaming taxes are levied on gross gaming revenue or, in Illinois since July 2025, also per wager, and are the most political cost in the model.

**Exhibit 8 — How a sportsbook and a casino make money**

Mechanics and the reported drivers

| Line                               | What it is                                           | Flutter evidence                                                                                                | What moves it                                           |
|------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Sportbook handle (stakes)          | Amount wagered by customers                          | US USD 53.8bn in 2025 (+6%); Q2 2026 USD 12.0bn (+2%)                                                           | Volume: players × frequency × stake                     |
| Structural (gross) win margin      | Share of handle the house keeps before promotions    | US 14.2% in 2025                                                                                                | Product mix: parlays and same-game parlays raise it     |
| Generosity (promotions)            | Bonus bets and price boosts, a reduction of revenue  | ≈ 6% of handle in the US in H2 2026 [BCR est.]                                                                  | Competitive intensity; loyalty programme                |
| Net revenue margin                 | Structural margin less generosity and sports results | US 7.5% / 7.9% / 8.6% (2023–25)                                                                                 | Sports results swing quarters by ±1–2 pp                |
| iGaming gross gaming revenue       | Casino stakes less winnings; less promotions         | US iGaming +14% in Q2 2026; 27% share                                                                           | Only 6 US states permit it                              |
| Gaming taxes                       | Charged on gross gaming revenue (or per wager)       | UK iGaming 40% from Apr 2026; UK betting 25% from Apr 2027; Illinois up to 40% plus per-wager fee; New York 51% | Political: the largest single cost line after marketing |
| Customer acquisition and retention | Marketing and promotions                             | Sales and marketing USD 3,678m in 2025 (22% of revenue)                                                         | Scale: national brands spread fixed media cost          |

Source: Flutter Form 10-K FY2025 p. 41, 68, 91; Flutter Q2 2026 results release (5 Aug 2026); 10-K tax disclosures; New York State Gaming Commission (51% tax rate) [S]; Billen Capital Research estimates.

**Takeaway:** Revenue is volume times a margin Flutter partly controls (mix, promotions) and partly does not (sports results, taxes).

**Cash timing.** Customers fund their accounts before they bet, so the business runs on negative working capital; the player balances are segregated and do not belong to shareholders. Capital expenditure is mostly capitalised software (USD 255m of 351m in H1 2026) [R, Flutter Form 10-Q Q2 2026 p. 14]. Cash taxes are paid in the jurisdiction of the customer, which has raised the group's tax bill as Italy and the US have grown (cash taxes USD 445m in 2025 against 255m in 2024) [R, Flutter Form 10-K FY2025 p. 96].

**Valuation implication.** We model revenue as players times revenue per player rather than handle times margin, because players and revenue per player are reported for both segments and absorb the noise from sports results. The net revenue margin and handle are monitored quarterly (Section M).

## B · Industry structure and value chain

Online betting and gaming is a licensed activity in every market Flutter serves. Licences limit the number of operators in some places (Italy's concessions, US states that tether online licences to casinos) and are open in others (the UK), but in all of them scale matters, because marketing, product development, risk management and compliance are largely fixed costs spread over customers. The value chain is short: the operator owns the customer, prices the bet and carries the risk; suppliers provide data, odds feeds and casino content; regulators and tax authorities take a share that has been rising.

### Exhibit 9 — Where Flutter competes and what the regulator is doing

Market position and the main regulatory and tax developments

| Market                     | Structure                                                                          | Flutter position                       | Regulatory direction                                                             |
|----------------------------|------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------|
| US sports betting          | 31 states legal online (Dec 2025); FanDuel 25                                      | 39% of GGR (#1)                        | State taxes rising (Illinois and others); prediction markets in the other states |
| US iGaming                 | 6 states                                                                           | 27% of GGR (#1)                        | Slow legalisation; the largest profit pool per player                            |
| US prediction markets      | CFTC-regulated event contracts; sports contracts in 18 states via FanDuel Predicts | Not material (Q2 2026)                 | Ninth Circuit for the states (Aug 2026); Third Circuit against (Apr 2026)        |
| UK and Ireland             | Mature, regulated                                                                  | Podium (Sky Bet, Paddy Power, Betfair) | iGaming duty 40% (Apr 2026); betting duty 25% (Apr 2027)                         |
| Italy                      | Concession-based                                                                   | Podium (Sisal, Snai)                   | New concession regime; integration of Snai                                       |
| Australia                  | Sports and racing betting only                                                     | Podium (Sportsbet)                     | Point-of-consumption taxes; advertising limits                                   |
| Central and Eastern Europe | Growth markets                                                                     | Leaders in Serbia, Georgia, Armenia    | Country risk (premium in our discount rate)                                      |
| Brazil, India              | Exited (Sep 2026, Aug 2025)                                                        | —                                      | Regulatory reversals: the base rate for emerging markets                         |

Source: Flutter Form 10-K FY2025 p. 9, 14, 41, 62; Flutter Q2 2026 results release (5 Aug 2026); Covers (28 Aug 2026) and Public Gaming (2 Sep 2026) on the Ninth Circuit ruling [S].

**Takeaway:** Every market Flutter serves is regulated and taxed nationally or by state; the direction of travel since 2024 has been higher taxes everywhere and prohibition in two emerging markets.

### THE PREDICTION-MARKET QUESTION

Since early 2025, exchanges regulated by the Commodity Futures Trading Commission (Kalshi, Polymarket, and others) have offered contracts on sports outcomes in states where sports betting is not legal, without state licences or state taxes. Their legal basis is that event contracts are swaps under federal law, which pre-empts state gambling law. The Third Circuit accepted that argument in April 2026; the Ninth Circuit rejected it on 28 August 2026, holding that sports event contracts are likely sports bets and that Nevada may enforce its gaming laws [S, Covers]. The split makes a Supreme Court review more likely; the timing is not set. FanDuel itself launched FanDuel Predicts with CME Group in December 2025; sports event contracts were available in 18 states by February 2026, including California, Florida and Texas, where online sports betting is not legal [R, Flutter Form 10-K FY2025 p. 62]. FanDuel surrendered its Nevada licence to do so [R, p. 40], and says it will stop offering sports prediction contracts in states that legalise online sports betting.

The question for the valuation is therefore not whether prediction markets exist — FanDuel is one of the larger participants — but whether a federal ruling would let untaxed event contracts compete inside the 31 states where FanDuel pays state taxes of 10–51% of gross gaming revenue. We put a 10% probability on that outcome (our severe downside) and model a base case in which the regulated market holds.

**Valuation implication.** If federal pre-emption wins, the severe case (USD 8) replaces part of the base; every 10 points of probability moved from base to severe lower the weighted value by about USD 11 per share.

## C · Revenue drivers by unit

Our unit of analysis is the average monthly player (AMP) and the revenue each player generates in a year, by segment. Both are reported. In the US, players grew from 3.15m in 2023 to 4.03m in 2025 and revenue per player from USD 1,397 to 1,730 [R, Flutter Form 10-K FY2025 p. 68]. In International, players grew to 11.9m in 2025 with acquisitions and fell to 10.4m in Q2 2026 after the closure of India (17 points of the group's player decline) [R, Flutter Q2 2026 results release (5 Aug 2026)]; revenue per player is lower, USD 792 in 2025, because the mix includes lower-value markets.

### Exhibit 10 — Revenue and margin drivers by segment: history, guidance and our base

Growth rates a year unless stated

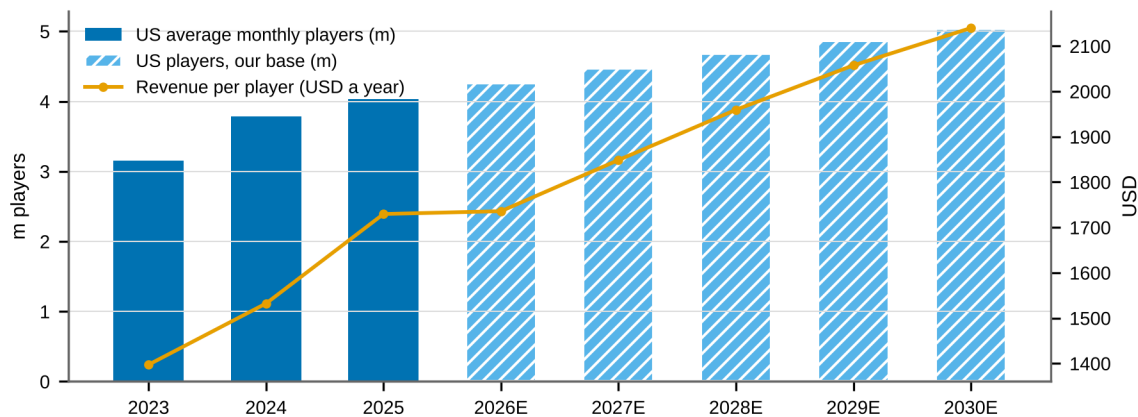
| Driver                                    | 2024 / 2025 actual | 2026E  | 2027E | 2030E | 2035E | Label                             |
|-------------------------------------------|--------------------|--------|-------|-------|-------|-----------------------------------|
| US players (growth a year)                | 20.1% / 6.4%       | 5.8%   | 5.0%  | 3.5%  | 1.5%  | Assumption                        |
| US revenue per player (growth)            | 9.7% / 12.9%       | 0.3%   | 6.5%  | 4.0%  | 2.5%  | Assumption                        |
| US adjusted EBITDA margin                 | 8.7% / 13.2%       | 10.3%  | 14.0% | 19.0% | 20.0% | 2026 guided; then assumption      |
| International players (growth)            | 10.3% / 17.5%      | -14.7% | -1.0% | 2.0%  | 1.0%  | Assumption (India and Brazil out) |
| International revenue per player (growth) | 1.4% / -2.9%       | 30.0%  | 5.0%  | 3.0%  | 2.0%  | Assumption                        |
| International adjusted EBITDA margin      | 25.0% / 23.4%      | 20.9%  | 20.5% | 22.0% | 22.0% | 2026 guided; then assumption      |
| Corporate costs (USD m)                   | -215 / -279        | -310   | -318  | -342  | -387  | 2026 guided; +2.5% a year         |

Source: Flutter Form 10-K FY2025 p. 68–70; Flutter Q2 2026 results release (5 Aug 2026); Billen Capital Research estimates.

**Takeaway:** Our US growth slows from the 2023–25 pace of 20%+ a year to 12% in 2027 and 4% by 2035; International grows with inflation plus a little volume.

### Exhibit 11 — US players and revenue per player

m average monthly players (bars); USD a year (line); 2026E–2030E our base



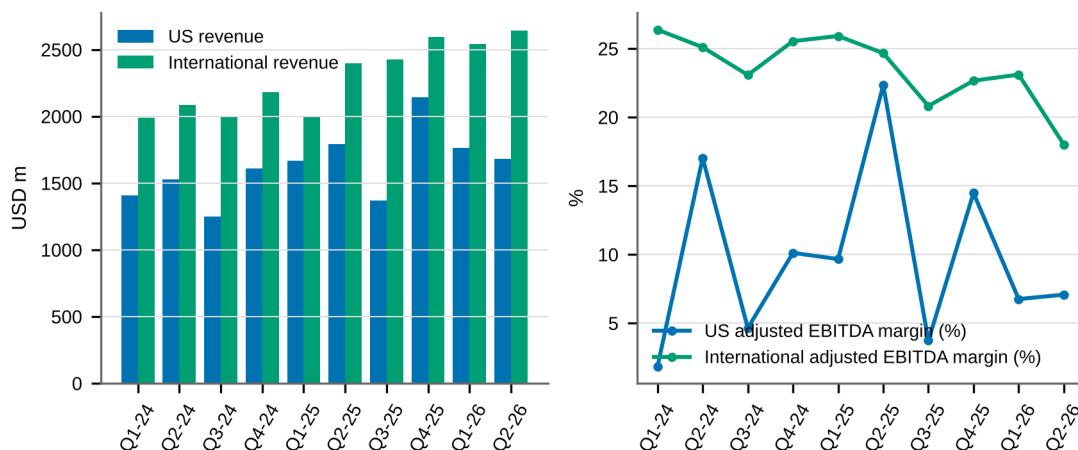
Source: Flutter Form 10-K FY2025 p. 68; Billen Capital Research estimates.

**Takeaway:** Revenue per player has risen 11% a year as iGaming and parlays have grown; we slow that to 6.5% in 2027 and 2.5% by 2035.

**2026.** The year is guided: US revenue USD 7.4bn (+6%) and adjusted EBITDA USD 760m (–18%) after USD 385m of revenue and USD 270m of EBITDA reinvested in the sportsbook in the second half; International USD 10.51bn and USD 2.205bn, before the Brazil exit (–70 revenue, –20 EBITDA) [M]. The second half is therefore heavier than usual: US revenue USD 3,954m and EBITDA USD 522m, of which the third quarter is about break-even [M].

**Exhibit 12 — Quarterly revenue and margin by segment, Q1 2024 – Q2 2026**

USD m (left); adjusted EBITDA margin, % (right)



Source: Flutter quarterly results releases and Forms 10-Q (segment disclosures); Billen Capital Research estimates.

**Takeaway:** The US margin peaks in the second and fourth quarters (NFL, March Madness) and is near zero in the third; International dipped in Q2 2026 on the UK duty and World Cup marketing.

**Valuation implication.** One point of US player growth a year from 2027 moves our value by  $\pm 15\%$ ; the same on International players moves it by  $\pm 11\%$ . Growth matters more than in most consumer businesses because the incremental margin is high: almost no capital is needed to serve another player.

**C4 · Unit economics**

Flutter does not disclose acquisition cost or retention. The illustration below uses the reported revenue per player and our long-run margins with acquisition costs and retention rates we consider conservative for a scale operator. Its point is the mechanism: the economics of a US player depend more on the margin than on the acquisition cost, and the margin depends on scale in product, pricing and marketing.

**Exhibit 13 — Unit economics per player**

USD per average monthly player

| Measure                                      | 2025  | Base  | Note                                              |
|----------------------------------------------|-------|-------|---------------------------------------------------|
| US: revenue per player (USD a year)          | 1,730 | 1,849 | Reported 2025; base 2027E                         |
| US: adjusted EBITDA per player (USD)         | 229   | 259   | 74 in 2023                                        |
| US: acquisition cost per new player (USD)    | —     | 450   | [BCR est.]; not disclosed                         |
| US: players retained a year                  | —     | 70%   | [BCR est.]                                        |
| US: payback on acquisition (years)           | —     | 1.62  | [calc.] at the 2031 margin, after tax             |
| US: lifetime value (USD, discounted at WACC) | —     | 807   | LTV/CAC 1.8x                                      |
| International: revenue per player (USD)      | 792   | 1,081 |                                                   |
| International: lifetime value (USD)          | —     | 601   | acquisition cost USD 150 [BCR est.]; LTV/CAC 4.0x |

Source: Flutter Form 10-K FY2025 p. 68–70; Billen Capital Research estimates.

**Takeaway:** An illustration, not a disclosure: at a mature margin a US player is worth several times the cost of acquiring one, which is why FanDuel spends heavily on promotions when share is at stake.

**Valuation implication.** The unit economics support the base-case margin path only if generosity per player falls back after the 2026 reinvestment; a permanent step-up in promotions would show up as revenue per player growing more slowly than our 6.5% in 2027.

**C5 · Growth initiative register**

We credit only initiatives that are live and guided. The largest, the sportsbook improvement plan with a new loyalty programme, is the reason for the 2026 reinvestment; the company reports that 70% of US customers had access to the programme by the end of Q2 2026 and that underlying sportsbook trends improved during the quarter [M, Flutter Q2 2026 results release (5 Aug 2026)].

**Exhibit 14 — Growth initiatives and what is in our base**

Register

| Initiative                                                                   | Segment       | Evidence                                                                                                    | Status       | In our base?                                                        |
|------------------------------------------------------------------------------|---------------|-------------------------------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------|
| FanDuel sportsbook improvement plan and loyalty programme                    | US            | Loyalty programme available to 70% of customers by end-Q2 2026; underlying trends improved [M]              | Live         | Yes: US revenue +12% in 2027                                        |
| FanDuel iGaming                                                              | US            | iGaming revenue +14% in Q2 2026; direct casino players +26%; 27% share [M]                                  | Live         | Yes                                                                 |
| FanDuel Predicts and market-making                                           | US            | About USD 50m of market-making revenue in 2026; Predicts revenue offset by acquisition costs in H2 2026 [M] | Live, early  | Partly: inside US revenue per player                                |
| New US states                                                                | US            | Launch investment in 2026 guidance [M]                                                                      | Ongoing      | Yes: inside US player growth                                        |
| Cost programme phase two: USD 500m gross savings by 2029                     | Group         | Announced with Q2 2026 results [M]                                                                          | Started 2026 | Partly: International margin back to 22%; restructuring 250/200/150 |
| Brazil (closed 28 Sep 2026)                                                  | International | NSX 56% acquired in 2025; closed after new provisional rules [R]                                            | Exited       | No: excluded                                                        |
| 2024 Investor Day targets for 2027 (US margin 25%, group EBITDA ≈ USD 5.2bn) | Group         | Not reiterated in Q2 2026                                                                                   | Ambition     | Blue-sky case only                                                  |

Source: Flutter Q2 2026 results release (5 Aug 2026); Flutter Form 10-K FY2025 p. 8, 62; Billen Capital Research estimates.

**Takeaway:** Nothing from the 2024 Investor Day targets or new-state legalisation beyond what is guided is in our base; prediction markets add only what is inside US revenue per player.

**Valuation implication.** 39% of our target price depends on real growth (our base against a path with no real growth in players or revenue per player but the same margins: USD 80). That path is itself worth more than the price.

## D · Competitive landscape and moat

In the US, online sports betting has become a duopoly in all but name: FanDuel and DraftKings together take a large majority of online sportsbook gross gaming revenue, with BetMGM, Caesars, Fanatics, ESPN Bet and others behind them. FanDuel holds the number-one position and reported 39% of sportsbook and 27% of iGaming gross gaming revenue in Q2 2026 [M, Flutter Q2 2026 results release (5 Aug 2026)]. Its advantages are the ones that compound in a fixed-cost business: the largest customer file, the best-rated product, the deepest pricing and risk-management capability (the share of parlays raises the structural margin), and national marketing spread across more customers. FanDuel exited 2025 with a smaller customer base after operational problems [M, Flutter Q2 2026 results release (5 Aug 2026)]; the 2026 reinvestment is the response.

### Exhibit 15 — FanDuel against DraftKings: similar US scale, very different valuation

USD m unless stated

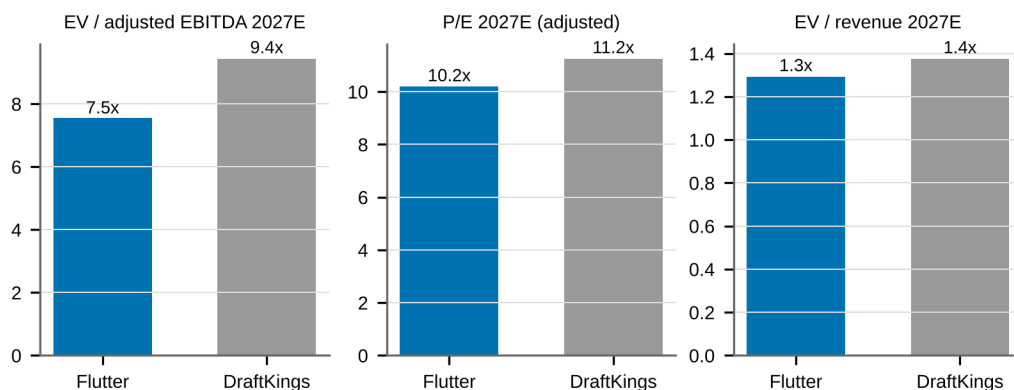
|                                             | Flutter | DraftKings | Note                                                  |
|---------------------------------------------|---------|------------|-------------------------------------------------------|
| US revenue 2026E (USD m)                    | 7,400   | 6,720      | Flutter guidance; DraftKings consensus                |
| US adjusted EBITDA 2026E (USD m)            | 760     | 713        |                                                       |
| margin                                      | 10.3%   | 10.6%      |                                                       |
| US online sportsbook share of GGR (Q2 2026) | 39%     | n/a        | Flutter release                                       |
| US iGaming share of GGR (Q2 2026)           | 27%     | n/a        |                                                       |
| Market cap (USD m, 12 Oct 2026)             | 13,585  | 9,760      |                                                       |
| Enterprise value (USD m)                    | 24,890  | 10,611     | DraftKings: convertible notes and term loan less cash |
| EV / adjusted EBITDA 2027E                  | 7.5x    | 9.4x       | consensus                                             |
| P/E 2027E (adjusted)                        | 10.2x   | 11.2x      | consensus                                             |
| EV / revenue 2027E                          | 1.3x    | 1.4x       | consensus                                             |

Source: Flutter Q2 2026 results release (5 Aug 2026); Zacks consensus (DraftKings 2 Oct 2026, Flutter 10 Oct 2026) [S]; DraftKings Form 10-Q Q2 2026 (debt, cash) [R]; NYSE and Nasdaq closing prices; Billen Capital Research estimates.

**Takeaway:** Flutter trades at a lower multiple than DraftKings although its US business alone is as large and as profitable, and it owns a second, mature segment.

### Exhibit 16 — Relative valuation: Flutter against DraftKings

Multiples of 2027E consensus; enterprise values at 12 October 2026 prices



Source: Zacks consensus [S]; company filings; Billen Capital Research estimates.

**Takeaway:** On every consensus multiple Flutter is cheaper than its only pure-play US peer.

### HOW WIDE IS THE MOAT?

We see a narrow but real moat. Against it: switching costs are low for customers, promotions are easily matched, and the licence itself is not scarce in most states. For it: in an industry with high fixed costs, the leader's margin at maturity is structurally above the followers'; FanDuel's revenue per player rose 24% in 2023–25 as its mix shifted to parlays and iGaming; and Flutter's International businesses — leaders in markets ten to twenty years older than the US — earned adjusted EBITDA margins of 23–25% in 2023–25. We do not apply a lower fade rate than the industry's for the moat; we let the industry fade rate (0.13) do the work and test a wider moat (fade 0) as a sensitivity.

**Valuation implication.** If FanDuel and DraftKings converge on the same multiple, the gap is worth about 25% on Flutter enterprise value at consensus earnings — roughly USD 36 per share. We do not use the peer multiple as a target; it is a cross-check on our base value.

## E · Products, technology and prediction markets

Flutter's technology strategy is to run shared pricing, risk and platform capabilities across national brands ("the Flutter Edge"), which is the main argument for its acquisition model: a local brand acquired onto group technology earns more than it did alone. The evidence is mixed but positive in Italy, where Snai is being integrated with Sisal, and in Central and Eastern Europe, where a unified technology stack is being built [M, Flutter Q2 2026 results release (5 Aug 2026)].

### Exhibit 17 — Products and reach

FanDuel availability at the end of 2025 (Predicts at February 2026)

| Product                                  | Reach                                                         | Comment                                                                             |
|------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------|
| FanDuel Sportsbook                       | 25 states or territories                                      | Same-game parlays, live betting; loyalty programme rolled out in 2026               |
| FanDuel Casino                           | 5 states                                                      | Embedded in the sportsbook app; direct casino players +26% in Q2 2026               |
| FanDuel DFS                              | 43 states                                                     | Daily fantasy sports; legacy funnel into sportsbook                                 |
| TVG / FanDuel Racing                     | 32 states                                                     | Pari-mutuel horse racing                                                            |
| FanDuel Predicts (with CME Group)        | Sports contracts in 18 states; financial contracts nationwide | Launched December 2025; Nevada licence surrendered; revenue not material in Q2 2026 |
| Market-making                            | —                                                             | About USD 50m of revenue expected in 2026                                           |
| International platforms ("Flutter Edge") | Group-wide                                                    | Shared pricing, data and technology; migrations of PokerStars, Sisal and CEE stacks |

Source: Flutter Form 10-K FY2025 p. 8–9, 40, 62; Flutter Q2 2026 results release (5 Aug 2026).

**Takeaway:** FanDuel is already the largest regulated operator offering prediction contracts: the product threat is also a product option.

For FanDuel the technology question in 2026 is prediction markets. FanDuel Predicts lets customers trade event contracts through a futures commission merchant owned by CME Group, regulated by the CFTC, in states where sports betting is not legal [R, Flutter Form 10-K FY2025 p. 62]. Management guides that its second-half 2026 gross revenue will be offset by customer acquisition costs before increasing in 2027 [M]. We include its contribution only within US revenue per player; we do not model a separate prediction-market profit pool.

**Valuation implication.** A federal ruling for prediction markets would hurt FanDuel inside the regulated states but help it outside them. Our severe case models only the first effect, which makes it more severe than a balanced view of the ruling would be.

## F · Financial analysis

Revenue grew from USD 11.8bn in 2023 to 16.4bn in 2025, organically in the US (+26% a year) and with acquisitions in International (Snaitech from 30 April 2025, NSX from 14 May 2025) [R, Flutter Form 10-K FY2025]. Adjusted EBITDA rose from USD 1.9bn to 2.8bn, a margin of 15.9% to 17.4%. Reported results tell a different story: an operating loss in 2023, a small profit in 2024 and USD 36m of operating profit in 2025 after a USD 517m goodwill impairment, USD 857m of amortisation on acquired intangibles and USD 471m of transaction, restructuring and integration costs.

### Exhibit 18 — Income statement and cash flow, 2023 – LTM June 2026

USD m; US GAAP

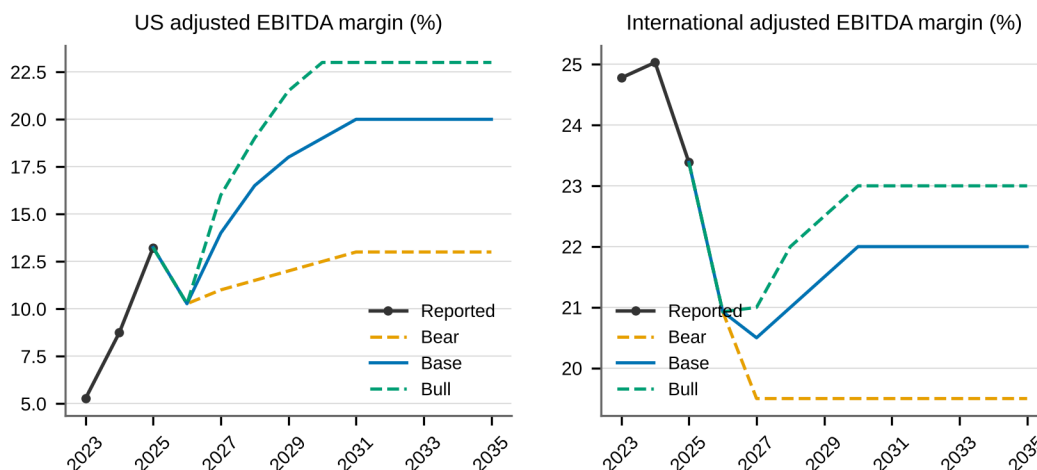
|                                          | 2023   | 2024   | 2025   | LTM Q2-26 |
|------------------------------------------|--------|--------|--------|-----------|
| Revenue                                  | 11,790 | 14,048 | 16,383 | 17,161    |
| growth                                   | —      | 19.2%  | 16.6%  | —         |
| Adjusted EBITDA (company)                | 1,875  | 2,357  | 2,845  | 2,449     |
| margin                                   | 15.9%  | 16.8%  | 17.4%  | 14.3%     |
| Depreciation and amortisation (total)    | -1,285 | -1,097 | -1,517 | -1,669    |
| Operating profit (loss)                  | -549   | 869    | 36     | -641      |
| Other income (expense), incl. Fox option | -157   | -434   | 358    | 534       |
| Interest expense, net                    | -385   | -419   | -515   | -638      |
| Income tax                               | -120   | 146    | -286   | -121      |
| Net income attributable to Flutter       | -1,222 | 43     | -310   | -754      |
| Diluted EPS (USD)                        | -6.89  | 0.24   | -1.75  | -4.24     |
| Adjusted EPS (company, USD)              | —      | 7.27   | 7.94   | —         |
| Operating cash flow                      | 937    | 1,602  | 1,184  | 1,330     |
| Capital expenditure                      | -602   | -661   | -777   | -825      |

Source: Flutter Form 10-K FY2025 p. 91, 95–96; Flutter Form 10-Q Q2 2026 p. 8, 14; Flutter Q4 2024 and Q4 2025 results releases (adjusted EPS).

**Takeaway:** Adjusted EBITDA grew 52% in two years while reported net income was negative in two of three years: acquired amortisation, impairment, restructuring and the Fox option sit between the two.

### Exhibit 19 — Segment margins: reported and our scenarios

Adjusted EBITDA margin, %; 2023–25 reported, 2026E–2035E bear, base and bull



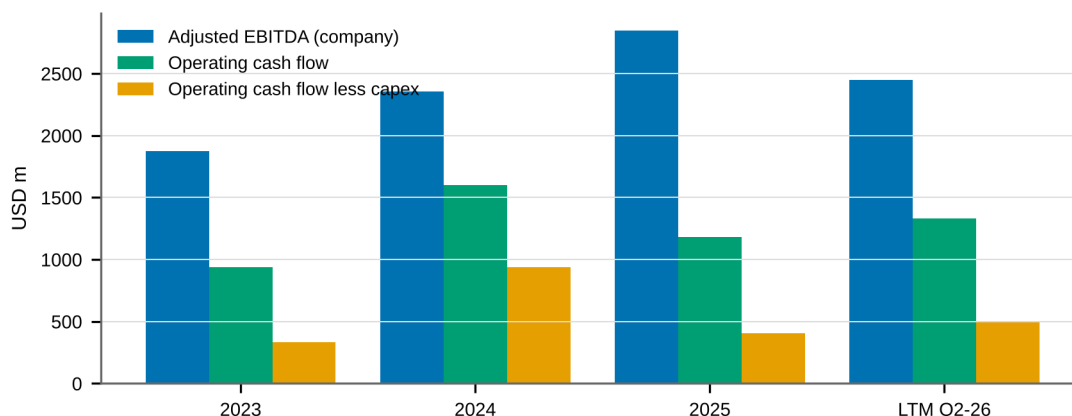
Source: Flutter Form 10-K FY2025 p. 68–70; Flutter Q2 2026 results release (5 Aug 2026); Billen Capital Research estimates.

**Takeaway:** Our base takes the US margin to 20%, below International's reported level; the bear case leaves it near 13%, where the price is.

In the first half of 2026 revenue rose 10% to USD 8.6bn but adjusted EBITDA fell 26% to USD 1.14bn: US EBITDA halved after prediction-market and new-state investment and unfavourable sports results, and International EBITDA fell 4% on the UK duty increase and World Cup marketing [R, Flutter Form 10-Q Q2 2026; M]. The net loss of USD 87m included USD 95m of historic tax provisions (Jungle goods and services tax and US sales and use tax) and a USD 333m gain on the Fox option [R].

**Exhibit 20 — Adjusted EBITDA against cash flow**

USD m



Source: Flutter Form 10-K FY2025 p. 95–96; Flutter Form 10-Q Q2 2026 p. 14.

**Takeaway:** Operating cash flow has been 40–68% of adjusted EBITDA; after capital expenditure, 14–60%. The gap is tax, interest, SBC excluded from EBITDA and restructuring.

**Valuation implication.** Our valuation starts from adjusted EBITDA and deducts every recurring cost the company excludes. The resulting operating profit (our "house EBITA") is 39% below adjusted EBITDA in 2026 and 29% below it in 2028; the market and much of the sell side use the higher number.

**F2 · Forensic accounting and quality of earnings**

Three features of Flutter's accounts need care. First, the definition of adjusted EBITDA changed: the current measure equals what was called "further adjusted EBITDA" in 2023 and excludes share-based compensation from Q4 2024 [R, Flutter Form 10-K FY2023 p. 96; Q4 2024 release]. We use the current definition consistently. Second, adjustments are large and recurring: transaction, restructuring and integration costs have appeared every year, and 2026 guidance includes about USD 500m. Third, items from the acquisition model run through the income statement — the Fox option and the redeemable minority interests are remeasured to fair value (a USD 333m gain in H1 2026), and acquired amortisation is USD 0.8–0.9bn a year.

**Exhibit 21 — From adjusted EBITDA to reported operating profit, 2025**

USD m

| Line                                  | FY2025 | Our treatment                                                      |
|---------------------------------------|--------|--------------------------------------------------------------------|
| Adjusted EBITDA (company)             | 2,845  | —                                                                  |
| Share-based compensation              | –260   | Recurring; a cost to shareholders (we deduct it)                   |
| Transaction fees and associated costs | –224   | Snai, NSX, Boyd stake; partly recurring with the acquisition model |
| Restructuring and integration costs   | –247   | Recurring since 2020 (we deduct 500 in 2026, then 250/200/150)     |
| Impairment (goodwill 517 and other)   | –561   | Non-cash; evidence of overpayment (Brazil)                         |
| Depreciation and amortisation (total) | –1,517 | of which acquired intangibles 857 (non-cash; we exclude)           |
| Operating profit (reported)           | 36     | Ties to the income statement                                       |

Source: Flutter Q4 2025 results release (reconciliation of adjusted EBITDA); Flutter Form 10-K FY2025 p. 91.

**Takeaway:** Every item but acquired amortisation is either a cash cost or evidence of capital destroyed; only the amortisation is a pure accounting charge.

Cash conversion is the cleanest test. Operating cash flow was USD 937m, 1,602m and 1,184m in 2023–25 (40%, 68% and 42% of adjusted EBITDA); the 2025 figure was reduced by higher cash taxes (USD 445m) and acquisition-related costs [R, Flutter Form 10-K FY2025 p. 95–96]. We found one data conflict worth recording: a commercial database reports 2024 operating cash flow of USD 2,256m against the USD 1,602m in the filings; we use the filing. Accounting quality, on our 1–5 scale, is 3: the presentation is transparent and reconciled, but the adjustments are generous.

**Valuation implication.** We deduct share-based compensation and restructuring in full. Adding them back, as the adjusted measures do, would raise our base value by about USD 20 per share for SBC alone — a value we do not count.

### F3 · Reported to economic earnings

Our measure of operating profit — house EBITA — is adjusted EBITDA less share-based compensation, transaction and restructuring costs and depreciation and amortisation excluding acquired intangibles. It is before amortisation of acquired intangibles, which is not a cash cost, and before the remeasurement of the Fox option and minority options, which we deduct in the bridge instead. NOPAT applies a 25% cash tax rate; Flutter paid USD 255m of tax in 2024 against an operating profit on our definition of about USD 1.45bn, and 445m in 2025, inflated by provisions [R, Flutter Form 10-K FY2025 p. 96].

#### Exhibit 22 — Our operating profit: adjusted EBITDA less every recurring cost

USD m; EPS in USD

|       | Adj. EBITDA | SBC  | Restructuring | D&A excl. acquired | House EBITA | Margin | NOPAT (25% tax) | EPS, company basis | EPS, our basis |
|-------|-------------|------|---------------|--------------------|-------------|--------|-----------------|--------------------|----------------|
| 2026E | 2,635       | -246 | -500          | -730               | 1,159       | 6.5%   | 869             | 5.47               | 2.24           |
| 2027E | 3,065       | -268 | -250          | -765               | 1,783       | 9.3%   | 1,337           | 7.46               | 5.23           |
| 2028E | 3,604       | -290 | -200          | -827               | 2,288       | 11.1%  | 1,716           | 10.02              | 7.84           |
| 2029E | 4,081       | -310 | -150          | -887               | 2,734       | 12.3%  | 2,051           | 12.67              | 10.50          |
| 2030E | 4,514       | -330 | -71           | -942               | 3,172       | 13.5%  | 2,379           | 15.40              | 13.39          |

Source: Billen Capital Research estimates; company definitions from Flutter Q2 2026 results release (5 Aug 2026).

**Takeaway:** Our EPS is 30% below the company-basis figure in 2027 and 15% below in 2030: the gap is SBC and restructuring, and it narrows as restructuring fades.

**Owner earnings against the cash flow to the firm.** Discounting the cash flow to equity — free cash flow to the firm after interest and tax, plus the change in net debt along our base path — at the cost of equity, with constant growth after 2035, gives USD 98.7 per share, –20% below our base value of USD 123.1. The gap is the capital structure, not the operations: the cost of equity of 11.8% is set at today's leverage and held while net debt falls from 4.3x to 2.5x adjusted EBITDA, and the equity method gives no credit for the lower risk that follows. An adjusted-present-value calculation, which values the tax shields on the falling debt explicitly, gives USD 111–117 (Section I). We keep the cash flow to the firm at market-value weights, as our method requires, and treat the lower values as the range in which a more conservative reader would place the base.

**Valuation implication.** Consensus EPS (USD 7.68 for 2027) is on the company basis, before SBC and restructuring. Our company-basis EPS for 2027 is USD 7.46, close to consensus; our value rests on our own, lower measure.

## G · Capital allocation and balance sheet

Flutter's capital allocation record is that of a serial acquirer that has paid full prices. Invested capital including goodwill was USD 20.1bn at the end of 2025 (goodwill and intangibles USD 22.8bn; tangible capital is negative because player liabilities and payables exceed operating assets). The return on that capital was 5.2%, 7.5% and 8.0% in 2023–25 on our measure, below the WACC [calc.]. The incremental return on the capital added in 2023–25, mostly Snaitech and NSX, was about 17%, and the Brazil goodwill has since been impaired and the business closed.

### Exhibit 23 — Capital allocation, 2023–25

USD m

|                                           | 2023  | 2024  | 2025   |
|-------------------------------------------|-------|-------|--------|
| Operating cash flow                       | 937   | 1,602 | 1,184  |
| Capital expenditure                       | –602  | –661  | –777   |
| Acquisitions, net of cash                 | 0     | –160  | –2,688 |
| Purchase of redeemable minority interests | –95   | 0     | –1,620 |
| Share repurchases (incl. tax on awards)   | –212  | –219  | –1,123 |
| Net debt at year-end (book)               | 5,559 | 5,205 | 10,438 |
| ROIC incl. goodwill (our calc.)           | 5.2%  | 7.5%  | 8.0%   |

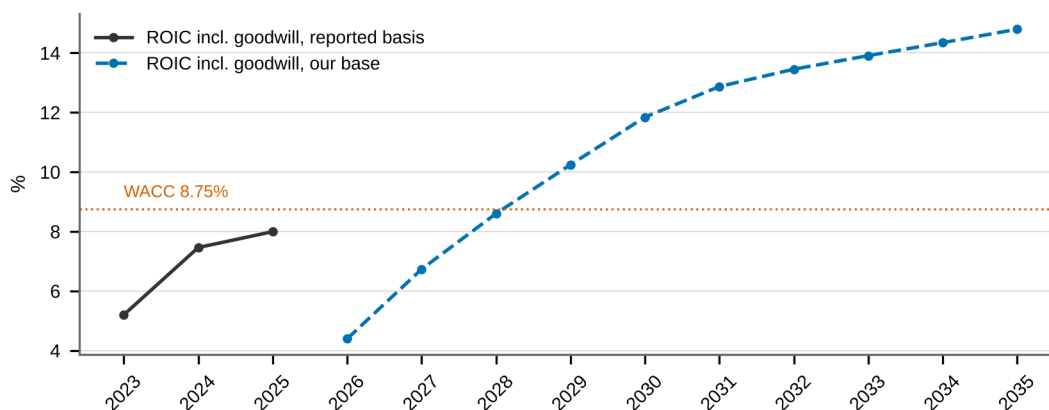
Source: Flutter Form 10-K FY2025 p. 95–96; Billen Capital Research estimates (ROIC).

**Takeaway:** In 2025 Flutter spent USD 5.4bn on acquisitions, minority buy-ins and buybacks against USD 0.4bn of free cash flow; the difference is the new debt.

The 2025 numbers show the strain: USD 2.7bn for Snaitech and NSX, USD 1.6bn for Boyd's 5% of FanDuel and other minority interests, and USD 1.1bn of buybacks, against free cash flow of about USD 0.4bn [R]. Net debt rose from USD 5.2bn to 10.4bn. Buybacks were stopped at USD 250m in May 2026; the USD 5bn programme had USD 3.9bn unused at the end of 2025 [R; M].

### Exhibit 24 — Return on invested capital including goodwill against WACC

%; 2023–25 our calculation from reported figures, 2026E–2035E our base



Source: Flutter Form 10-K FY2025; Billen Capital Research estimates.

**Takeaway:** Flutter has not earned its cost of capital on the capital it has deployed, mostly goodwill; our base gets there in 2028 as the US scales, without new acquisitions.

**Valuation implication.** We assume no further acquisitions, and value the group as it stands. Organic growth needs almost no capital — capital expenditure is about 4% of revenue against depreciation of 4% — so the return on incremental capital in our base is high; the low historical return is a legacy of prices paid, not of the operating economics.

## G2 · Financing, covenants and solvency stress

Debt of USD 12.0bn is senior secured: term loans A (2028) and B (2030 and 2032), a revolving facility (2028; USD 1.08bn undrawn) and senior secured notes in euros, dollars and sterling due 2029 and 2031 [R, Flutter Form 10-Q Q2 2026 p. 29]. The latest issue, USD notes due 2031 priced in July 2025 at par with a 5.875% coupon, anchors our cost of debt at 6.69% after adding the 0.81

pp rise in Treasury yields since then. The net leverage covenant is 5.20x on the credit agreement's definitions, tested half-yearly; the company reports 4.3x on its own definition at June 2026 and was in compliance [R, p. 30].

#### Exhibit 25 — Debt by instrument at 30 June 2026

USD m (incl. accrued interest)

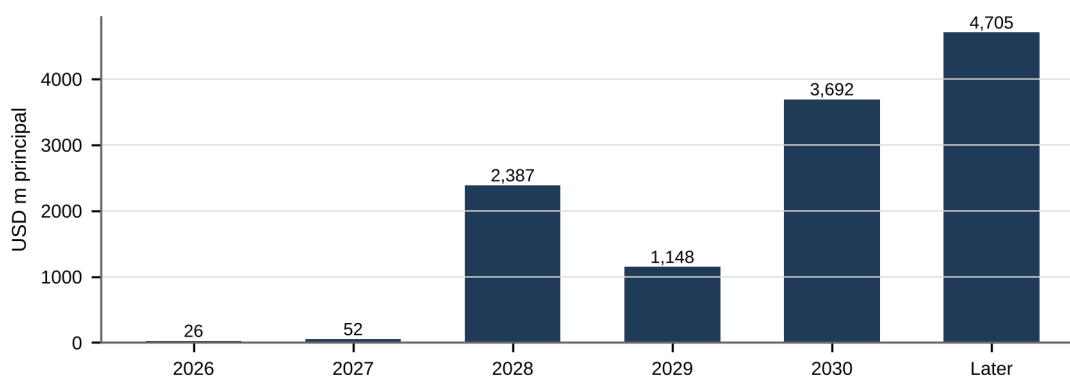
| Instrument                                    | Currency | Amount        | Maturity | Rate                                 |
|-----------------------------------------------|----------|---------------|----------|--------------------------------------|
| GBP First Lien Term Loan A                    | GBP      | 1,371         | 2028     | Floating                             |
| EUR First Lien Term Loan A                    | EUR      | 434           | 2028     | Floating                             |
| USD First Lien Term Loan A                    | USD      | 166           | 2028     | Floating                             |
| GBP revolving credit facility (1,081 undrawn) | GBP      | 365           | 2028     | Floating                             |
| USD First Lien Term Loan B                    | USD      | 3,818         | 2030     | Floating (1,984 swapped to Jun 2027) |
| USD First Lien Term Loan B                    | USD      | 1,238         | 2032     | Floating                             |
| EUR Senior Secured Notes                      | EUR      | 577           | 2029     | Fixed                                |
| USD Senior Secured Notes                      | USD      | 532           | 2029     | Fixed (cross-currency swap)          |
| EUR Senior Secured Notes                      | EUR      | 978           | 2031     | Fixed                                |
| USD 5.875% and GBP senior secured notes       | USD/GBP  | 2,581         | 2031     | Fixed                                |
| <b>Total principal incl. accrued interest</b> |          | <b>12,060</b> |          |                                      |

Source: Flutter Form 10-Q Q2 2026 p. 29.

**Takeaway:** All debt is senior secured; two-thirds matures in 2028–30, and the floating-rate term loans are partly swapped.

#### Exhibit 26 — Contractual principal repayments

USD m, from 30 June 2026

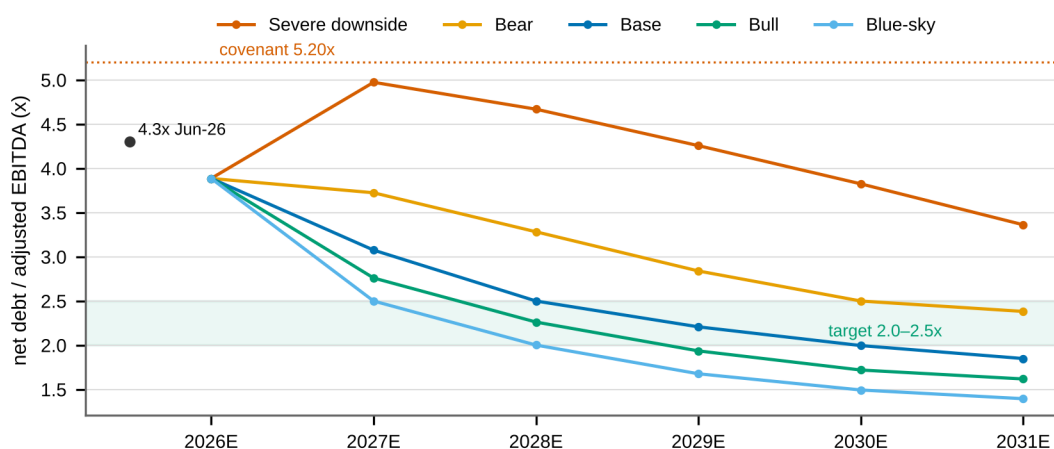


Source: Flutter Form 10-Q Q2 2026 p. 29.

**Takeaway:** Nothing material falls due before 2028, when the term loan A and revolving facility (USD 2.4bn) mature.

#### Exhibit 27 — Net debt / adjusted EBITDA by scenario against the covenant

x, at year-end; company definition



Source: Flutter Q2 2026 results release (5 Aug 2026); Billen Capital Research estimates.

**Takeaway:** Only the severe case comes close to the 5.20x covenant, in 2027; the base reaches the 2.5x target in 2028.

**Exhibit 28 — Covenant stress: bear and severe cases**

USD m; x

| Scenario        | Year  | Adjusted EBITDA | Net debt | Leverage | Headroom to 5.20x |
|-----------------|-------|-----------------|----------|----------|-------------------|
| Bear            | 2026E | 2,635           | 10,240   | 3.89x    | 1.31x             |
| Bear            | 2027E | 2,623           | 9,768    | 3.72x    | 1.48x             |
| Bear            | 2028E | 2,783           | 9,137    | 3.28x    | 1.92x             |
| Severe downside | 2026E | 2,635           | 10,240   | 3.89x    | 1.31x             |
| Severe downside | 2027E | 2,049           | 10,192   | 4.97x    | 0.23x             |
| Severe downside | 2028E | 2,145           | 10,017   | 4.67x    | 0.53x             |

Source: Billen Capital Research estimates; covenant level from Flutter Form 10-K FY2025 p. 76, 128.

**Takeaway:** The severe case leaves 0.2x of headroom in 2027: survivable, but only with buybacks stopped and capital expenditure cut.

**Valuation implication.** Leverage is a timing constraint in our base and a binding one only in the severe case. It is the main reason our conviction is 3 rather than 4: the equity has little room to absorb a second bad year.

**G3 · Per-share progression**

The share count fell from 177m to 173.5m in 2025–26 through buybacks bought at USD 104–300; at today's price those purchases destroyed value. In our base, buybacks resume in 2028 and are bought at our own value per share (we do not assume the company buys below value), so they neither add nor subtract value in the cash flow valuation; they raise earnings per share.

**Exhibit 29 — Per-share progression**

USD per share; shares in millions

| Year   | Revenue | EPS (ours from 2026E; reported before) | Adjusted EPS (company basis) | Free cash flow to equity | Shares |
|--------|---------|----------------------------------------|------------------------------|--------------------------|--------|
| FY2023 | 66.46   | −6.89                                  | —                            | 1.89                     | 177.4  |
| FY2024 | 78.04   | 0.24                                   | 7.27                         | 5.23                     | 180.0  |
| FY2025 | 92.56   | −1.75                                  | 7.94                         | 2.30                     | 177.0  |
| 2026E  | 102.80  | 2.24                                   | 5.47                         | —                        | 173.5  |
| 2027E  | 110.22  | 5.23                                   | 7.46                         | 4.67                     | 173.5  |
| 2028E  | 122.84  | 7.84                                   | 10.02                        | 7.35                     | 168.3  |
| 2029E  | 139.19  | 10.50                                  | 12.67                        | 10.08                    | 159.2  |
| 2030E  | 157.54  | 13.39                                  | 15.40                        | 12.92                    | 149.4  |
| 2031E  | 177.35  | 15.86                                  | 18.12                        | 15.33                    | 139.7  |

Source: Flutter Form 10-K FY2025; Q4 2025 release; Billen Capital Research estimates.

**Takeaway:** Per-share growth from 2028 comes from buybacks as much as from earnings: we assume the share count falls by about 6% a year once leverage reaches 2.5x.

**Valuation implication.** The per-share path is sensitive to the buyback assumption, the cash flow value is not. Our exit-multiple cross-checks use earnings on the share count of the exit year.

**G4 · Management: said versus delivered**

Peter Jackson, chief executive since 2018, handed over to Dan Taylor, previously chief executive of Flutter International, on 1 October 2026 [R]. Under Jackson the group became the global leader and FanDuel the US leader; the 2024 Investor Day set 2027 targets that the group will not meet. The 2026 guidance has been cut once (August), by USD 210m of adjusted EBITDA, and the Brazil exit followed. The new chief executive has said more detail on strategy will come with the Q3 results [M, Flutter Q2 2026 results release (5 Aug 2026)].

**Exhibit 30 — Said versus delivered: the 2024 Investor Day targets**

USD m unless stated

| Target                            | Management             | Our base | Consensus         | Assessment                       |
|-----------------------------------|------------------------|----------|-------------------|----------------------------------|
| US revenue 2027                   | USD 9.7bn              | 8,275    | ≈ 8.4bn (implied) | Not met on our base              |
| US adjusted EBITDA margin 2027    | 25%                    | 14.0%    | ≈ 15%             | Not met                          |
| Group revenue 2027                | ≈ USD 21bn             | 19,127   | 19,261            | Not met                          |
| Group adjusted EBITDA margin 2027 | ≈ 25%                  | 16.0%    | 17.1%             | Not met                          |
| Free cash flow 2027               | ≈ USD 2.5bn            | 811      | —                 | Not met                          |
| 2026 adjusted EBITDA guidance     | USD 2.865bn (May 2026) | 2,635    | 2,624             | Cut to 2.655bn (Aug); Brazil –20 |

Source: Flutter Investor Day presentation (2024); Flutter Q2 2026 results release (5 Aug 2026); Zacks consensus [S]; Billen Capital Research estimates.

**Takeaway:** The 2027 targets are out of reach and have not been reiterated; the credibility gap is part of today's discount.

**Valuation implication.** We give management no credit for the Investor Day targets. Our base reaches the 2027 US margin target in 2035 at the earliest and only 20%, five points below it.

## H0 · The Q2 2026 read-through and the Q3 preview

The second quarter showed the cost of FanDuel's response to a weaker 2025. US revenue fell 6% (sportsbook –15%, iGaming +14%) after six points of adverse sports results, and US adjusted EBITDA fell 70% to USD 119m after investment in prediction markets and new states [R; M, Flutter Q2 2026 results release (5 Aug 2026)]. Two numbers were better than the narrative: US players grew 9% to 3.84m and handle grew 2%, with underlying sportsbook trends improving through the quarter, and International grew 4% organically with strong iGaming in the UK and Ireland (+7%) and Central and Eastern Europe (+16%). Early third-quarter trading was ahead of expectations [M].

### Exhibit 31 — The second quarter of 2026

USD m unless stated; Q2 2026 against Q2 2025

|                               | Q2 2026 | Q2 2025         | Change | Comment                                    |
|-------------------------------|---------|-----------------|--------|--------------------------------------------|
| Group revenue                 | 4,326   | 4,187           | 3.3%   | +10% in H1                                 |
| US revenue                    | 1,683   | 1,791           | –6.0%  | –6 pp from sports results                  |
| US adjusted EBITDA            | 119     | 400             | –70.2% | prediction-market and new-state investment |
| US players (k)                | 3,843   | 3,519           | 9.2%   |                                            |
| US handle                     | 11,958  | 11,699          | 2.2%   |                                            |
| International revenue         | 2,643   | 2,396           | 10.3%  | organic +4%                                |
| International adjusted EBITDA | 476     | 591             | –19.5% | UK duty; World Cup marketing               |
| Group adjusted EBITDA         | 508     | 919             | –44.7% | margin 11.7% (21.9%)                       |
| Adjusted EPS (USD)            | 0.49    | 2.95            | –83.4% | tax provisions 95                          |
| Leverage (x)                  | 4.3x    | 3.7x (Dec 2025) |        | covenant 5.20x                             |

Source: Flutter Q2 2026 results release (5 Aug 2026); Flutter Form 10-Q Q2 2026.

**Takeaway:** The quarter was weak where the market feared it (US profit) and solid where it did not look (US players +9%, International organic growth).

**What to expect on 4 November.** Guidance phases the US to about break-even in Q3 and International to about 24% of its annual revenue and 23% of its EBITDA [M]. Our Q3 estimate is revenue USD 4,002m and adjusted EBITDA USD 433m, against consensus of 4,035m and 437m. The Brazil exit (28 September) affects only the fourth quarter. The new chief executive is expected to set out his priorities; we would read any reduction in the 2026 reinvestment, any new cost target or any change to the leverage target as material.

### Exhibit 32 — Our quarterly estimates against consensus

USD m; EPS in USD on the company definition at a 24% tax rate

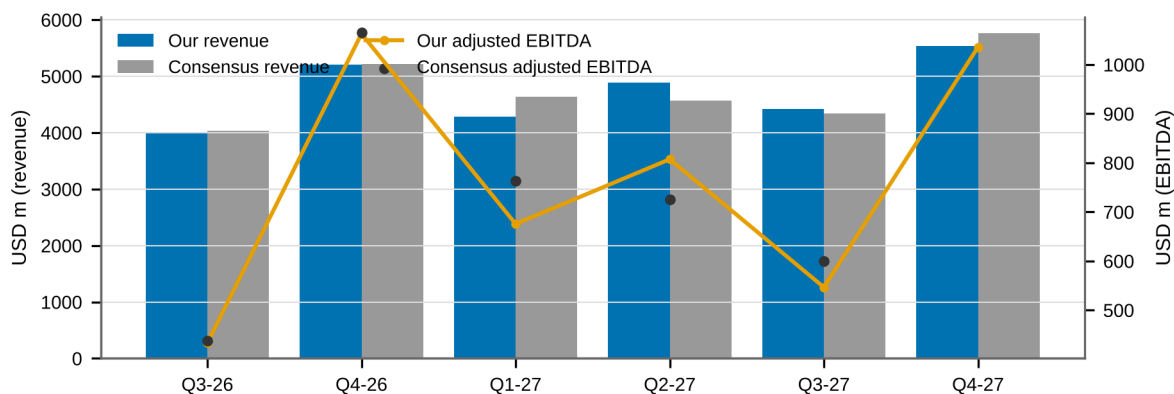
| Quarter | Revenue (ours) | Revenue (cons.) | US revenue | US EBITDA | Intl revenue | Intl EBITDA | Adj. EBITDA (ours) | Adj. EBITDA (cons.) | EPS (ours) | EPS (cons.) |
|---------|----------------|-----------------|------------|-----------|--------------|-------------|--------------------|---------------------|------------|-------------|
| Q3-26   | 4,002          | 4,035           | 1,480      | 0         | 2,522        | 507         | 433                | 437                 | 0.39       | 0.29        |
| Q4-26   | 5,208          | 5,215           | 2,474      | 522       | 2,734        | 615         | 1,063              | 1,065               | 3.15       | 2.73        |
| Q1-27   | 4,283          | 4,641           | 1,979      | 232       | 2,304        | 523         | 676                | 763                 | 1.49       | 1.66        |
| Q2-27   | 4,889          | 4,573           | 2,128      | 290       | 2,762        | 597         | 807                | 725                 | 2.07       | 1.58        |
| Q3-27   | 4,421          | 4,336           | 1,625      | 116       | 2,796        | 510         | 547                | 600                 | 0.93       | 1.19        |
| Q4-27   | 5,535          | 5,758           | 2,544      | 521       | 2,991        | 594         | 1,036              | —                   | 3.07       | 3.76        |

Source: Billen Capital Research estimates; Zacks consensus (9 Oct 2026; six analysts for Q3 and Q4 2026, two to three for 2027) [S].

**Takeaway:** Our second half of 2026 is in line with consensus because both follow guidance; we are below consensus from 2027, by about 7% on adjusted EBITDA.

**Exhibit 33 — Quarterly revenue and adjusted EBITDA: ours against consensus**

USD m



Source: Billen Capital Research estimates; Zacks consensus [S].

**Takeaway:** The Q3 report on 4 November is a low-information quarter for the US (no NFL in July-August); Q4 is the test of the investment.

**Valuation implication.** A third quarter in line with guidance would not move our value; a cut to full-year US guidance would, through the 2027 starting point: every USD 100m of lower 2027 US EBITDA, carried through the forecast, is worth about USD 6–7 per share in our base.

## H1 · Market expectations and variant perception

We start with what the price implies before we look at our forecast. At our WACC of 8.75%, the steady-state value — the value if 2027 operating profit stayed flat for ever with no reinvestment — is USD 23.6 per share on our 2027E NOPAT and USD 42.6 on consensus [calc.]. At USD 78.28, 70% of the price on our earnings, and 46% on consensus, is the present value of growth. That sounds demanding, but the earnings base is depressed: 2026 operating profit is reduced by USD 500m of restructuring and by a US margin of 10%.

### Exhibit 34 — What the price discounts: steady-state value and the share of the price that is growth

NOPAT in USD m; values per share in USD at our WACC of 8.75%

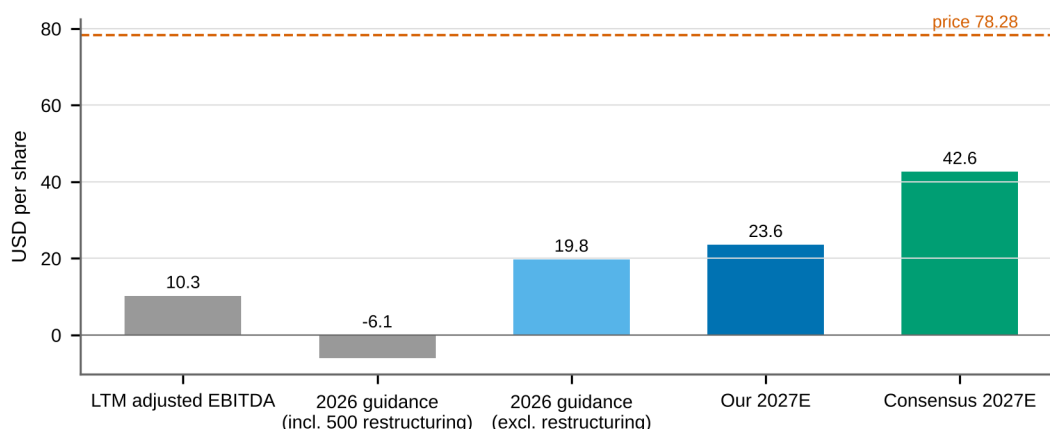
| Basis                                         | NOPAT | Steady-state value per share | Growth share of the price |
|-----------------------------------------------|-------|------------------------------|---------------------------|
| LTM adjusted EBITDA (2,449), no restructuring | 1,141 | 10.26                        | 87%                       |
| 2026 guidance incl. USD 500m restructuring    | 901   | -6.05                        | 108%                      |
| 2026 guidance excl. restructuring             | 1,281 | 19.77                        | 75%                       |
| Our 2027E                                     | 1,337 | 23.60                        | 70%                       |
| Consensus 2027E (USD 3,298m adjusted EBITDA)  | 1,617 | 42.64                        | 46%                       |

Source: Billen Capital Research estimates; consensus from Zacks [S]; guidance from Flutter Q2 2026 results release (5 Aug 2026).

**Takeaway:** On any current earnings level, more than 70% of the price is growth; only on consensus 2027 does the share fall below half.

### Exhibit 35 — Steady-state value against the price

USD per share; NOPAT on each basis ÷ WACC, less the bridge



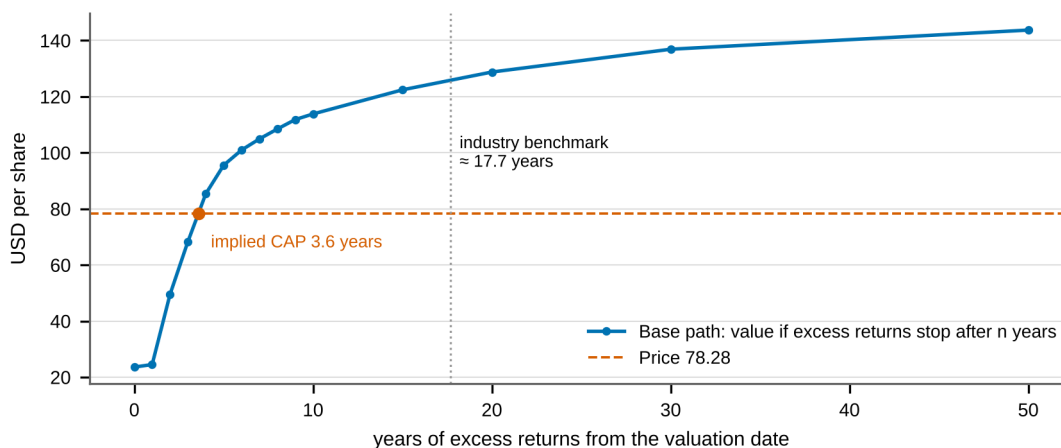
Source: Billen Capital Research estimates.

**Takeaway:** The price is above the steady-state value on every basis: the market is paying for some recovery, but not much.

The competitive advantage period answers the same question in years. On our base path, the price is reached after 3.6 years of excess returns, against a benchmark of about 17.7 years for an industry with a fade rate of 0.13 (ten explicit years plus the expected life of excess returns). The market is pricing Flutter as a business whose recovery stops in 2029 or 2030.

**Exhibit 36 — How long the price assumes excess returns last**

USD per share on our base path, if excess returns stop after n years



Source: Billen Capital Research estimates.

**Takeaway:** The price pays for 3.6 years of our base path against an industry benchmark of 17.7 years.**Exhibit 37 — Implied competitive advantage period by scenario**Years from the valuation date; benchmark ≈ 17.7 years ( $10 + 1/f$ )

| Scenario        | Value (USD) | Implied years at USD 78.28 | Implied years at the 52-week low (74.45) |
|-----------------|-------------|----------------------------|------------------------------------------|
| Severe downside | 8.11        | not reached                | not reached                              |
| Bear            | 43.80       | not reached                | not reached                              |
| Base            | 123.10      | 3.6                        | 3.4                                      |
| Bull            | 166.54      | 2.3                        | 2.1                                      |
| Blue-sky        | 206.25      | 1.7                        | 1.6                                      |

Source: Billen Capital Research estimates.

**Takeaway:** On our base, bull and blue-sky paths the price needs only two to four years of excess returns; on the bear and severe paths no length of excess returns reaches the price.**OUR VARIANT PERCEPTION**

**Two readings of the price.** USD 78.28 fits two different stories, and they should be read together. On the first, the market accepts our margins but no real growth after 2026: that is worth USD 80.5. On the second, it accepts our growth but holds the US margin at about 13% for ever. Neither is a forecast gap with the sell side: consensus 2027 adjusted EBITDA of USD 3,298m is about 8% above ours. The gap is in the discount rate: on our base cash flows the price implies a cost of equity of 15.5% against our 11.81%, a premium of about 3.7 points for prediction markets, leverage and a new chief executive. Our case is therefore partly a bet that this premium narrows as the second-half 2026 results arrive; if the Investment Committee weighted the severe case at 20% rather than 10%, the probability-weighted value would be USD 87 and the gain/loss ratio 1.36x, below our 2.0x hurdle.

Our view differs from the market's on the level of earnings, not on the multiple. The market treats 2026 as the new normal for the US: a margin near 10% and growth that the reinvestment merely defends. We think the reinvestment is front-loaded and the margin resumes its 2023–25 path, more slowly — 14% in 2027, 18% in 2029, 20% from 2031 — as the US operating costs and generosity stabilise against a revenue base that keeps growing. The trigger that changes the market's mind is observable: the second-half 2026 US EBITDA, guided at about USD 522m, and the FY2027 guidance in February. Where the market is probably right: the 2024 Investor Day targets are dead, the UK tax increases are permanent, and prediction markets are a real, unresolved legal risk.

**Valuation implication.** On our base path the market is paying for 3.6 years of excess returns; on the industry benchmark the same path is worth USD 123. The difference — USD 45 per share — is our variant view expressed in time.

## H · Forecasts

Our forecast has three stages. 2026 is the first-half actual plus the second half from guidance, adjusted for the Brazil exit. 2027–31 is the recovery of the US margin and a slower climb in International as cost savings offset the April 2027 increase in UK betting duty. 2032–35 is a fade of growth towards inflation. All drivers are by segment and labelled as guided or assumed in the accompanying financial model.

### Exhibit 38 — Income statement forecast, base case

USD m unless stated

| USD m                           | 2025A         | 2026E         | 2027E         | 2028E         | 2029E         | 2030E         | 2035E         |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| US revenue                      | 6,967         | 7,400         | 8,275         | 9,166         | 10,010        | 10,774        | 13,656        |
| International revenue           | 9,416         | 10,440        | 10,852        | 11,513        | 12,155        | 12,770        | 15,187        |
| <b>Group revenue</b>            | <b>16,383</b> | <b>17,840</b> | <b>19,127</b> | <b>20,679</b> | <b>22,164</b> | <b>23,544</b> | <b>28,843</b> |
| growth                          | 16.6%         | 8.9%          | 7.2%          | 8.1%          | 7.2%          | 6.2%          | 3.5%          |
| US adjusted EBITDA              | 922           | 760           | 1,159         | 1,512         | 1,802         | 2,047         | 2,731         |
| margin                          | 13.2%         | 10.3%         | 14.0%         | 16.5%         | 18.0%         | 19.0%         | 20.0%         |
| International adjusted EBITDA   | 2,202         | 2,185         | 2,225         | 2,418         | 2,613         | 2,809         | 3,341         |
| margin                          | 23.4%         | 20.9%         | 20.5%         | 21.0%         | 21.5%         | 22.0%         | 22.0%         |
| Corporate costs                 | –279          | –310          | –318          | –326          | –334          | –342          | –387          |
| <b>Group adjusted EBITDA</b>    | <b>2,845</b>  | <b>2,635</b>  | <b>3,065</b>  | <b>3,604</b>  | <b>4,081</b>  | <b>4,514</b>  | <b>5,685</b>  |
| Share-based compensation        | –260          | –246          | –268          | –290          | –310          | –330          | –404          |
| Transaction and restructuring   | –471          | –500          | –250          | –200          | –150          | –71           | –87           |
| D&A excl. acquired intangibles  | –660          | –730          | –765          | –827          | –887          | –942          | –1,154        |
| <b>House EBITA</b>              | <b>1,454</b>  | <b>1,159</b>  | <b>1,783</b>  | <b>2,288</b>  | <b>2,734</b>  | <b>3,172</b>  | <b>4,041</b>  |
| Net interest                    | –515          | –640          | –573          | –528          | –505          | –505          | –505          |
| Net income (our basis, 25% tax) | —             | 389           | 907           | 1,320         | 1,672         | 2,001         | 2,652         |
| EPS, our basis (USD)            | —             | 2.24          | 5.23          | 7.84          | 10.50         | 13.39         | 24.90         |
| EPS, company basis (USD)        | 7.94          | 5.47          | 7.46          | 10.02         | 12.67         | 15.40         | 28.36         |
| Shares (m)                      | 177.0         | 173.5         | 173.5         | 168.3         | 159.2         | 149.4         | 106.5         |

Source: Flutter Form 10-K FY2025 (2025A); Billen Capital Research estimates.

**Takeaway:** Adjusted EBITDA grows from USD 2.6bn in 2026 to 4.5bn in 2030 in our base, with two-thirds of the increase coming from the US.

### Exhibit 39 — Free cash flow and net debt, base case

USD m unless stated

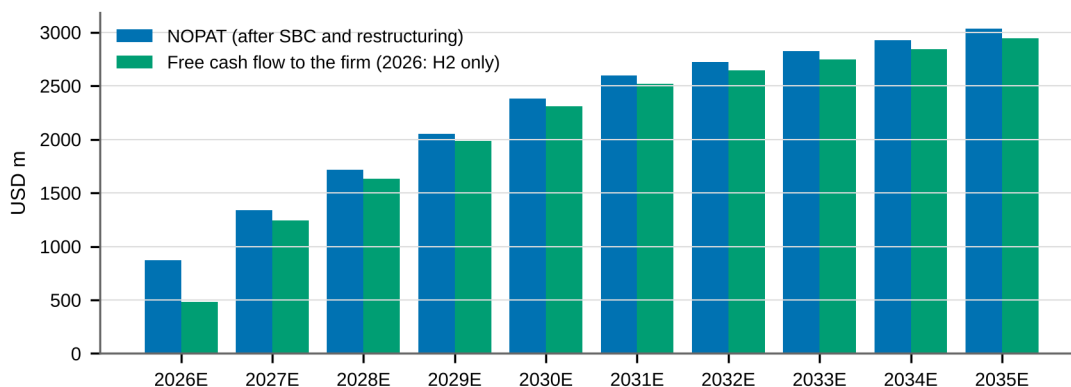
| USD m                                         | 2025A    | 2026E      | 2027E        | 2028E        | 2029E        | 2030E        | 2035E        |
|-----------------------------------------------|----------|------------|--------------|--------------|--------------|--------------|--------------|
| NOPAT                                         | —        | 869        | 1,337        | 1,716        | 2,051        | 2,379        | 3,031        |
| plus D&A excl. acquired                       | —        | 730        | 765          | 827          | 887          | 942          | 1,154        |
| less capital expenditure                      | —        | –815       | –861         | –910         | –953         | –1,012       | –1,240       |
| less change in working capital                | —        | –0         | –0           | –0           | –0           | –0           | –0           |
| <b>Free cash flow to the firm</b>             | <b>—</b> | <b>784</b> | <b>1,241</b> | <b>1,633</b> | <b>1,984</b> | <b>2,309</b> | <b>2,944</b> |
| of which in the valuation (2026: second half) | —        | 482        | 1,241        | 1,633        | 1,984        | 2,309        | 2,944        |
| Buybacks                                      | —        | 0          | 0            | 820          | 1,606        | 1,930        | 2,566        |
| Net debt at year-end                          | 10,438   | 10,240     | 9,429        | 9,011        | 9,011        | 9,011        | 9,011        |
| Net debt / adjusted EBITDA (x)                | 3.7x     | 3.89x      | 3.08x        | 2.50x        | 2.21x        | 2.00x        | 1.59x        |

Source: Billen Capital Research estimates.

**Takeaway:** Free cash flow to the firm rises from USD 0.8bn in 2026 to 2.3bn in 2030; leverage reaches the target in 2028, after which buybacks absorb the surplus.

**Exhibit 40 — NOPAT and free cash flow to the firm**

USD m; base case

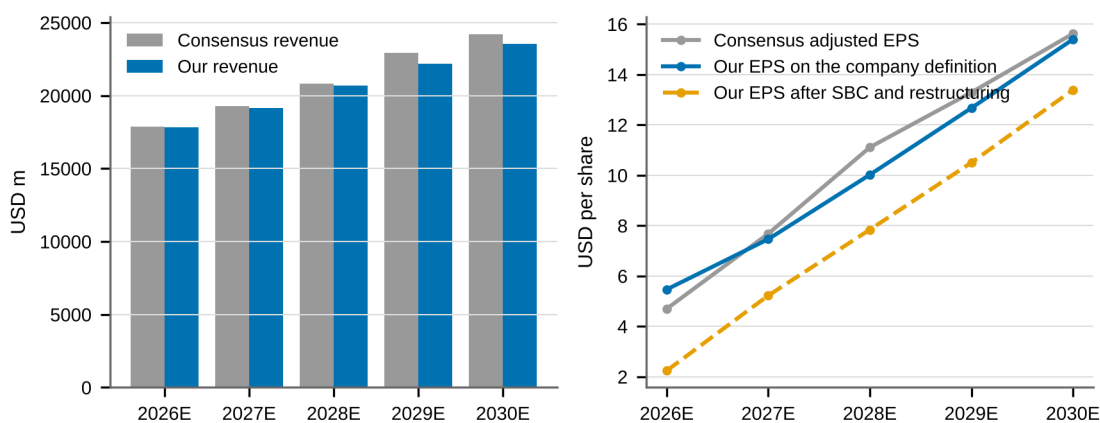


Source: Billen Capital Research estimates.

**Takeaway:** Cash flow tracks NOPAT closely; capital expenditure is close to depreciation and working capital is neutral.

**Exhibit 41 — Our forecast against consensus**

USD m (revenue); USD per share (EPS)



Source: Zacks consensus (10 Oct 2026) [S]; Billen Capital Research estimates.

**Takeaway:** Our revenue is close to consensus; our company-basis EPS is close to consensus in 2027 and 2030; our own EPS, after SBC and restructuring, is well below.

**Valuation implication.** Our 2027 adjusted EBITDA (USD 3,065m) is 7% below consensus; our value is nonetheless well above the price because the market does not even discount our lower path.

## I • Valuation

We value Flutter with a discounted cash flow to the firm from the balance date of 30 June 2026, rolled to the price date of 12 October 2026 at the cost of equity. The terminal value at the end of 2035 uses a fading-excess-return formula: the return on incremental capital at the end of the forecast decays towards the WACC at the industry fade rate of 0.13 a year. Because capital expenditure barely exceeds depreciation, the return on incremental capital in our forecast is very high; we cap it at 100% for the terminal.

### Exhibit 42 — Cost of capital in three views

%

|                                                         | Low    | Base   | High   |
|---------------------------------------------------------|--------|--------|--------|
| US 10-year Treasury yield (9 Oct 2026)                  | 5.24%  | 5.24%  | 5.24%  |
| Equity risk premium (house USD rate, 1 Oct 2026)        | 4.05%  | 4.05%  | 4.05%  |
| Beta (industry unlevered 0.88, relevered at D/E 0.83)   | 1.30   | 1.44   | 1.58   |
| Country risk premium (revenue-weighted)                 | 0.74%  | 0.74%  | 0.74%  |
| Cost of equity                                          | 11.25% | 11.81% | 12.38% |
| Cost of debt before tax (July 2025 issue + rate change) | 6.68%  | 6.68%  | 6.68%  |
| Tax rate (marginal)                                     | 24%    | 24%    | 24%    |
| Equity weight (market values)                           | 54.6%  | 54.6%  | 54.6%  |
| WACC                                                    | 8.45%  | 8.75%  | 9.06%  |
| Terminal growth (10-year break-even inflation)          | 2.33%  | 2.33%  | 2.33%  |
| Value per share (base path)                             | 132.70 | 123.10 | 114.38 |

Source: US Treasury and break-even inflation from the Federal Reserve Bank of St Louis (9 Oct 2026); industry beta and country premiums from Damodaran (January 2026) [S]; Flutter Form 10-K FY2025 p. 108–109 (revenue by country); Billen Capital Research estimates.

**Takeaway:** A cost of equity of almost 12% reflects high leverage and a 5.24% risk-free rate; the market-implied cost of equity on our base path is 15.5%.

### Exhibit 43 — Base-case valuation

USD m; per share in USD

|                                                         | Value         |
|---------------------------------------------------------|---------------|
| Present value of free cash flow, H2 2026–2035           | 13,799        |
| Present value of the terminal value (fade, $f = 0.13$ ) | 18,200        |
| terminal share of enterprise value                      | 56.9%         |
| <b>Enterprise value at 30 June 2026</b>                 | <b>31,999</b> |
| less net debt                                           | –10,480       |
| less non-controlling interests                          | –605          |
| less Fox option                                         | –220          |
| Equity value at 30 June 2026                            | 20,694        |
| per share                                               | 119.25        |
| <b>rolled 104 days at the cost of equity</b>            | <b>123.10</b> |

Source: Billen Capital Research estimates.

**Takeaway:** The terminal value is 57% of enterprise value; of the terminal value, USD 35.4bn is the no-growth value of 2036 profit and USD 3.3bn the fading value of growth.

### Exhibit 44 — The terminal value with fading excess returns

USD per share; present values in USD m

| Fade rate                               | Value per share | Terminal share of EV | PV of growth in the terminal value |
|-----------------------------------------|-----------------|----------------------|------------------------------------|
| $f = 0.0$ (excess returns for ever)     | 146.58          | 61.6%                | 5,507                              |
| $f = 0.13$ (industry; base)             | 123.10          | 56.9%                | 1,560                              |
| $f = 1.0$ (excess returns stop at once) | 113.82          | 54.7%                | 0                                  |

Source: Billen Capital Research estimates.

**Takeaway:** Even with excess returns ending immediately after 2035 the base path is worth USD 114, well above the price; the gain/loss ratio, however, is not robust to the fade rate (see text).

**Which fade rate.** Our method starts from the industry fade rate unless there is a reason to adjust, and we apply 0.13 in every scenario. A reader who takes no adjustment to mean that excess returns persist ( $f = 0$ ) gets a probability-weighted value of USD 119, a target of USD 133 and a gain/loss ratio of 4.16x. A reader who argues that Flutter's return on capital including acquisition goodwill is below its WACC, and that excess returns therefore stop in 2035 ( $f = 1$ ), gets USD 91, a

target of USD 101 and a ratio of 1.64x, which fails our hurdle. The excess return we let fade is earned on the organic business, whose incremental capital is small; the acquisition premiums already paid are sunk and do not reduce the return on new investment. That is the moat argument for the industry rate, and it is the assumption the Investment Committee should be most willing to challenge.

**The capital structure.** We discount at a WACC built on today's market-value weights, as our method requires. Because the share price has fallen by two-thirds, debt is 45% of capital, and our base path cuts leverage from 4.3x to 2.5x by 2028. Methods that recognise the falling debt give lower values:

#### Exhibit 45 — The base value under three capital-structure methods

Cost of capital in %; value per share in USD (base path)

| Method                                                                        | Cost of equity (unlevered for APV) | WACC  | Value per share |
|-------------------------------------------------------------------------------|------------------------------------|-------|-----------------|
| Base: WACC at market-value weights (D/E 0.83)                                 | 11.81%                             | 8.75% | 123.10          |
| WACC at target structure, D/E 0.50 (leverage ≈ 2.5x)                          | 10.90%                             | 8.96% | 117.25          |
| WACC at target structure, D/E 0.35 (leverage ≈ 2.0x)                          | 10.49%                             | 9.09% | 113.71          |
| Adjusted present value: unlevered value only                                  | 9.54%                              | —     | 102.32          |
| Adjusted present value: tax shields on the base debt path at the cost of debt | 9.54%                              | —     | 116.59          |
| Adjusted present value: tax shields at the unlevered cost of equity           | 9.54%                              | —     | 111.31          |

Source: Billen Capital Research estimates.

**Takeaway:** Methods that recognise the falling debt give USD 111-117 rather than USD 123; every one is well above the price, but the lower end sits below the base value at which the gain/loss ratio reaches 2.0x.

**Target price.** The target is the probability-weighted value of the five scenarios (Section J), USD 98.48, rolled forward one year at the cost of equity, with no dividend to deduct: USD 110.12, rounded to **USD 110**. The expected annual return over five years is 17.1% on the weighted end-value and 12.2% as the average of the scenarios' returns, both above our 10% requirement; the price at which the weighted case would just earn 10% a year is USD 107.

**Valuation implication.** Our reduce level, USD 117, is the weighted value today compounded at the cost of equity for five years and discounted at 8%; it rises to about USD 131 in twelve months. Our buy level, USD 80, is the highest price at which the gain/loss ratio is at least 2x with a 10% margin of safety.

## 11 · Reverse valuation and discount-rate sensitivity

A reverse valuation asks what single change to our base would bring the value down to the price. Three answers stand out. The US margin would have to stay +6.8 pp below our path every year (about 13% in 2035, the 2025 level); or US revenue would have to grow 4.0% a year rather than 7.0%; or the WACC would have to be 10.74%, which is a cost of equity of about 15.5%.

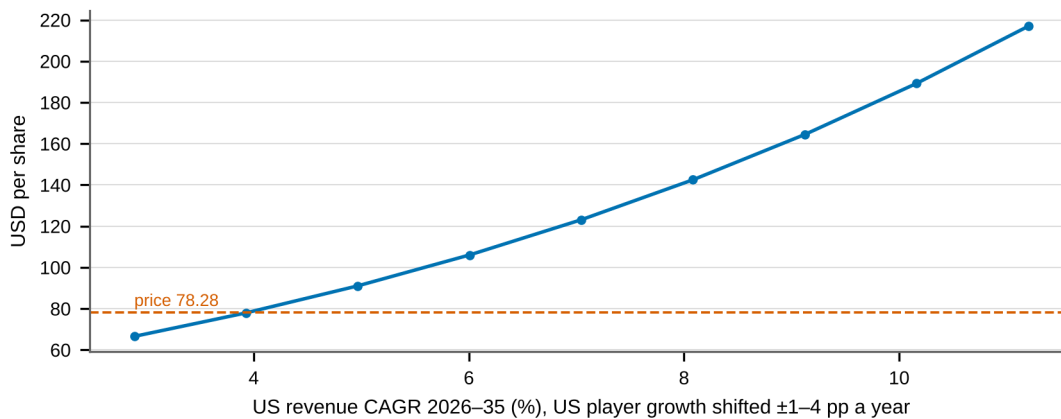
#### Exhibit 46 — Reverse valuation: what the price requires, one driver at a time

Each row flexes one driver with all else at our base

|                                                      | 52-week low USD 74.45 | Price USD 78.28 | 52-week high USD 252.34 | Our base |
|------------------------------------------------------|-----------------------|-----------------|-------------------------|----------|
| Group revenue CAGR 2026–35 (US player growth flexed) | 4.0%                  | 4.1%            | 8.3%                    | 5.5%     |
| US revenue CAGR 2026–35                              | 3.6%                  | 4.0%            | 12.5%                   | 7.0%     |
| US margin in 2035 (US margin flexed)                 | 12.6%                 | 13.2%           | 40.9%                   | 20.0%    |
| Group margin shift, both segments (pp)               | –3.4 pp               | –3.2 pp         | +9.1 pp                 | 0.0 pp   |
| WACC                                                 | 10.96%                | 10.74%          | 6.14%                   | 8.75%    |
| Competitive advantage period (years)                 | 3.4                   | 3.6             | beyond 50               | 17.7     |

Source: Billen Capital Research estimates.

**Takeaway:** At the price, any one of these is enough: a US margin stuck near 13%, US growth of 4% a year, or a WACC of 10.7%.

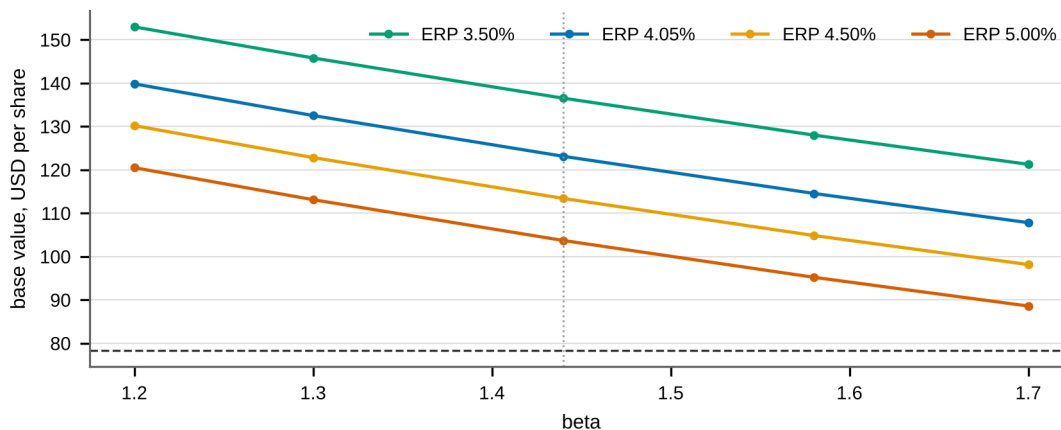
**Exhibit 47 — Value against US growth**USD per share; US player growth flexed by  $\pm 1-4$  pp a year from 2027

Source: Billen Capital Research estimates.

**Takeaway:** The price corresponds to US revenue growth of about 4% a year to 2035, against 26% a year in 2023-25.

**Exhibit 48 — Value against the cost of equity: beta and equity risk premium together**

USD per share on the base path



Source: Billen Capital Research estimates.

**Takeaway:** Even at a beta of 1.58 and an equity risk premium of 5.0% (cost of equity 13.9%) the base path is worth USD 95.

**Break-points in the cost of equity.** The weighted value equals the price at a cost of equity of 13.5%; the expected return falls to 10% a year at 15.2%; the base value equals the price at 15.5%. Our cost of equity, 11.81%, is already conservative: it uses a levered beta of 1.44 on today's depressed equity value.

**Valuation implication.** The discount rate would have to rise by about 1.7 points before the probability-weighted value fell to the price; the case is robust to the rate and fragile to the US margin.

**I2 · Five end-points and multiples cross-checks**

We test the terminal assumption by replacing it with exit multiples in year 5 and year 10, on enterprise value to house EBITA and on earnings. Our base multiples are below the justified multiples implied by our own forecast without fade and close to those with fade, and below where DraftKings trades on consensus.

**Exhibit 49 — Five end-points from the same forecast**

USD per share (base path)

| End-point                                                  | Low    | Base          | High   | Note                                      |
|------------------------------------------------------------|--------|---------------|--------|-------------------------------------------|
| Fading-excess-return terminal (our method)                 | 114.38 | 123.10        | 132.70 | WACC views                                |
| EV/EBITA exit after 5 years (10x / 12x / 14x)              | 98.85  | 124.71        | 150.57 | justified 10.7x–13.0x                     |
| EV/EBITA exit after 10 years (9x / 10.5x / 12x)            | 112.28 | 128.52        | 144.76 | justified 10.0x–12.2x                     |
| P/E exit after 5 years (12x / 14x / 16x)                   | 100.30 | 117.02        | 133.73 | EPS on the year-5 share count             |
| P/E exit after 10 years (11x / 13x / 15x)                  | 97.87  | 115.66        | 133.45 |                                           |
| <b>Weighted (60% terminal, 10% each exit)</b>              |        | <b>122.45</b> |        |                                           |
| Owner view: EV/EBITA 12x in 2030, return a year from today |        | 23.1%         |        | no dividends; buybacks in the share count |

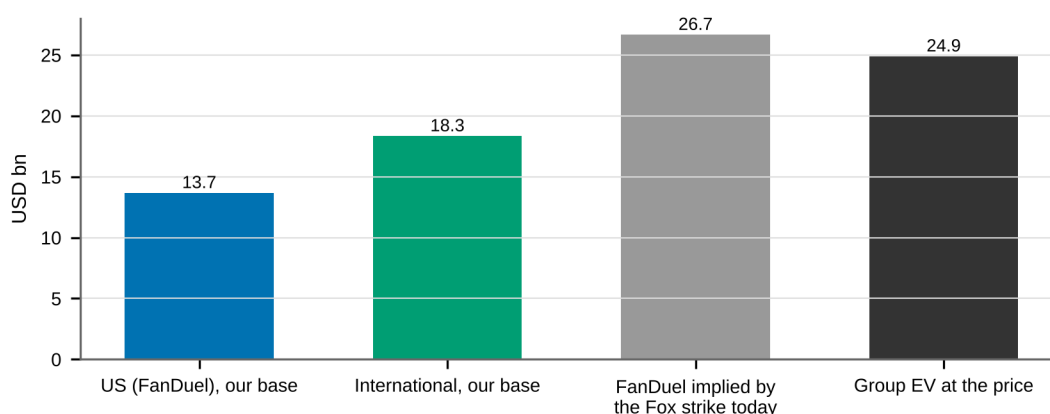
Source: Billen Capital Research estimates; multiples anchored on DraftKings (EV/EBITDA 2027E 9.4x, P/E 11.2x) and our justified multiples.

**Takeaway:** The five end-points agree within 10% of each other at the base multiples: the value does not depend on the terminal formula.

**A second cross-check: the Fox option.** Fox may buy 18.6% of FanDuel at USD 3.7bn escalating at 5% a year — about USD 5.0bn today and 6.0bn at the December 2030 expiry. Flutter carries the option at USD 220m, a value consistent with FanDuel being worth a little less than the strike implies, about USD 27bn [calc. from R]. Our base values the US segment at USD 13.7bn. Either our US value is conservative, or the company's level 3 valuation is generous; in both cases the market's valuation of the whole group at USD 24.9bn leaves little for International, which earned USD 2.2bn of adjusted EBITDA in 2025.

**Exhibit 50 — What FanDuel is worth: our base against the Fox option**

USD bn



Source: Flutter Form 10-Q Q2 2026 p. 22 (Fox option terms); Billen Capital Research estimates.

**Takeaway:** The Fox strike implies a FanDuel value of about USD 27bn today if the option is near the money; our base values the US at USD 13.7bn and the whole group at 24.9bn at the price.

**Valuation implication.** Applying DraftKings' consensus multiple (9.4x) to an implied consensus US EBITDA of about USD 1.3bn for 2027 and 8x to our International EBITDA of USD 2.2bn gives an enterprise value of about USD 30bn — close to our base of 32bn and 21% above the market. We do not use it as a target.

## J · Scenarios and sensitivities

Each scenario is a full run of our valuation model with its own drivers by segment; the cost of equity, terminal growth and the fade rate are the same in all five, so the scenarios differ in what happens to the business, not in how we discount it. The weights — 10/30/40/15/5 — are our house weights and put 40% on outcomes worth less than the price.

### Exhibit 51 — Five scenarios: drivers, values and probabilities

Growth a year 2026–35; margins in 2027 / 2030 / 2035; adjusted EBITDA USD m 2027 / 2030; value in USD per share

| Scenario                    | Weight      | US revenue CAGR | US margin             | Intl revenue CAGR | Intl margin 2030 | Adj. EBITDA   | Peak leverage | Value        | vs price   |
|-----------------------------|-------------|-----------------|-----------------------|-------------------|------------------|---------------|---------------|--------------|------------|
| Severe downside             | 10%         | 1.1%            | 6.0% / 9.0% / 10.0%   | 2.1%              | 18.5%            | 2,049 / 2,403 | 4.97x         | 8.11         | –90%       |
| Bear                        | 30%         | 4.0%            | 11.0% / 12.5% / 13.0% | 3.2%              | 19.5%            | 2,623 / 3,099 | 3.89x         | 43.80        | –44%       |
| Base                        | 40%         | 7.0%            | 14.0% / 19.0% / 20.0% | 4.3%              | 22.0%            | 3,065 / 4,514 | 3.89x         | 123.10       | 57%        |
| Bull                        | 15%         | 8.3%            | 16.0% / 23.0% / 23.0% | 4.8%              | 23.0%            | 3,345 / 5,370 | 3.89x         | 166.54       | 113%       |
| Blue-sky                    | 5%          | 9.3%            | 18.0% / 25.0% / 25.0% | 5.4%              | 24.0%            | 3,637 / 6,086 | 3.89x         | 206.25       | 163%       |
| <b>Probability-weighted</b> | <b>100%</b> |                 |                       |                   |                  |               |               | <b>98.48</b> | <b>26%</b> |

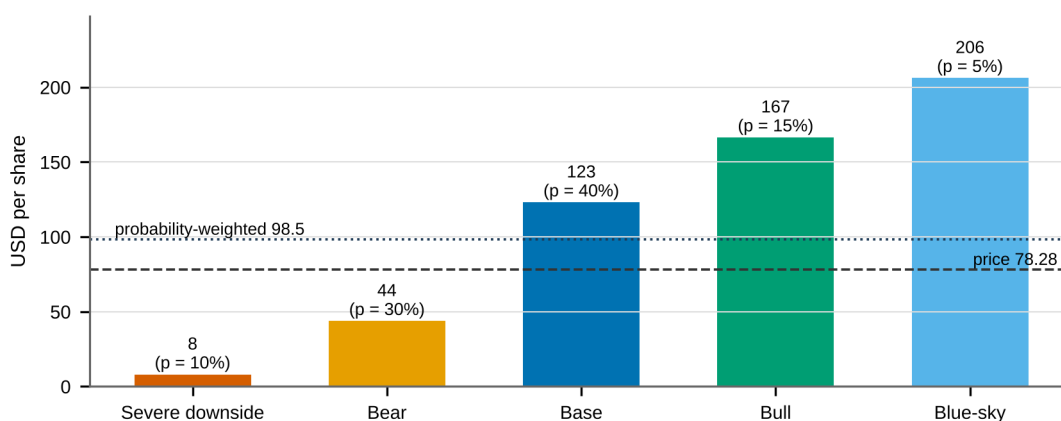
Source: Billen Capital Research estimates. Same cost of equity (11.81%), terminal growth (2.33%) and fade rate (0.13) in all scenarios.

**Takeaway:** The weighted value sits 20% below the base: the distribution is skewed to the downside by the bear and severe cases, which carry 40% of the weight.

- **Severe downside (10%).** Prediction markets take the US sports wager: federally regulated event contracts win in the Supreme Court, US revenue falls 6 % in 2027 and 3 % in 2028 before growing 3 % a year, FanDuel's US margin stays at 6–10 %; International holds 18.5 % after the UK duty rises and grows 2–3 % a year; industry fade in the terminal.
- **Bear (30%).** The H2-26 investment defends share but does not buy growth: US revenue grows 5 % in 2027 and 4–5 % thereafter, the US margin recovers only to 12–13 %; International absorbs the 2027 UK betting-duty rise at 19.5 %; industry fade in the terminal.
- **Base (40%).** FanDuel recovers sportsbook momentum and iGaming keeps compounding: US revenue +12 % in 2027 and +11 % in 2028 fading to 4 % by 2035; US margin 14 % in 2027, 18 % in 2029 and 20 % from 2031 (below the 25 % Investor Day target); International margin 20.5 % in 2027 rising to 22 % by 2030 as cost savings offset UK duty; industry fade in the terminal.
- **Bull (15%).** Prediction markets are contained by state law and FanDuel Predicts adds volume: US revenue +15 % in 2027 and +13 % in 2028, US margin 23 % from 2030; International 23 % from 2030 on the cost programme; industry fade in the terminal.
- **Blue-sky (5%).** The 2024 Investor Day economics arrive three years late: US margin 25 % from 2030 with high-teens growth to 2028; International 24 %; industry fade in the terminal.

### Exhibit 52 — Scenario values against the price

USD per share; probabilities in brackets

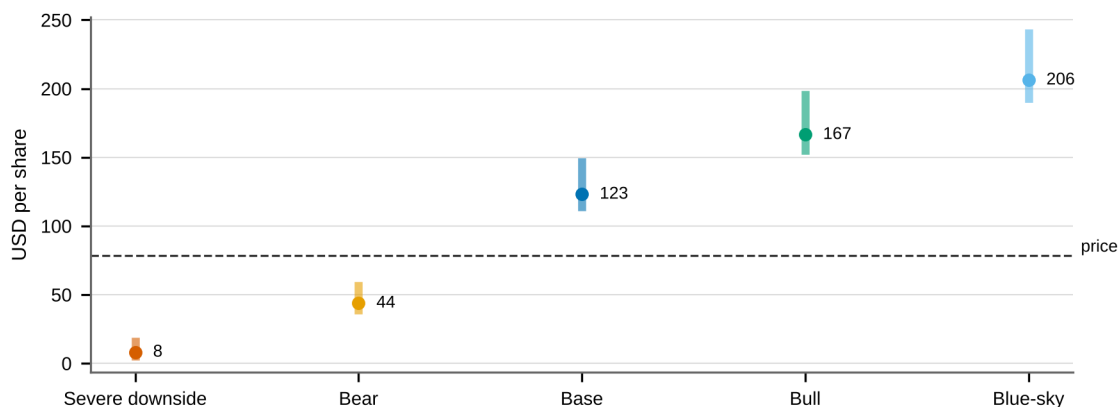


Source: Billen Capital Research estimates.

**Takeaway:** Two scenarios with 40% of the weight are below the price; three with 60% are well above it.

**Exhibit 53 — Each scenario across the fade range**

USD per share: bar from fade 1 (excess returns end in 2035) to fade 0 (never end); dot at the industry rate 0.13

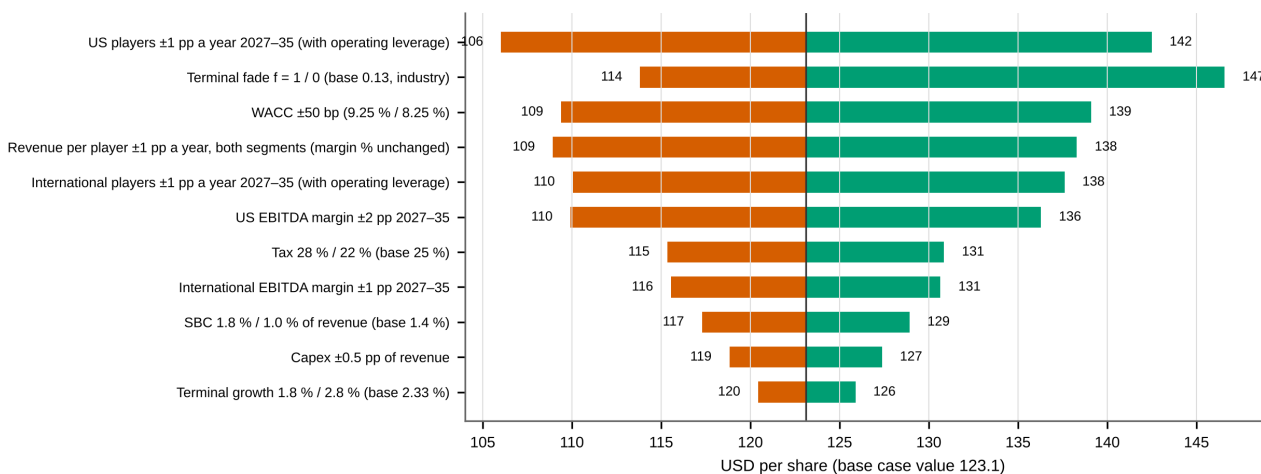


Source: Billen Capital Research estimates.

**Takeaway:** The fade assumption moves the base by –8% to +19%; it does not change which scenarios lie above or below the price.

**Exhibit 54 — What moves the base value most**

USD per share; one driver at a time

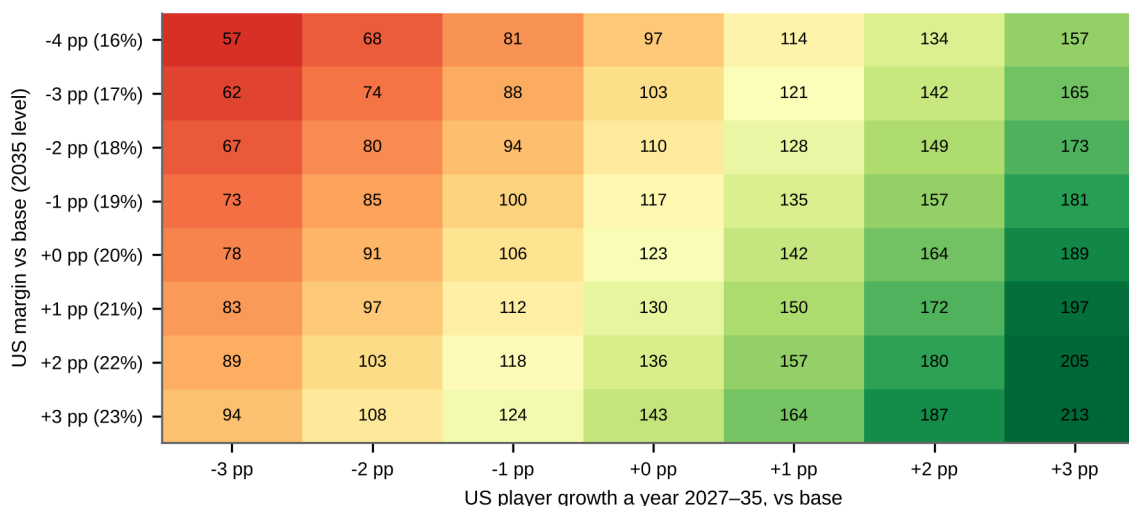


Source: Billen Capital Research estimates.

**Takeaway:** US player growth, the terminal fade, the discount rate and revenue per player dominate; the US margin and International volume follow.

**Exhibit 55 — US margin against US growth**

USD per share; US margin shifted from the base in every year 2027–35 (rows) and US player growth (columns)

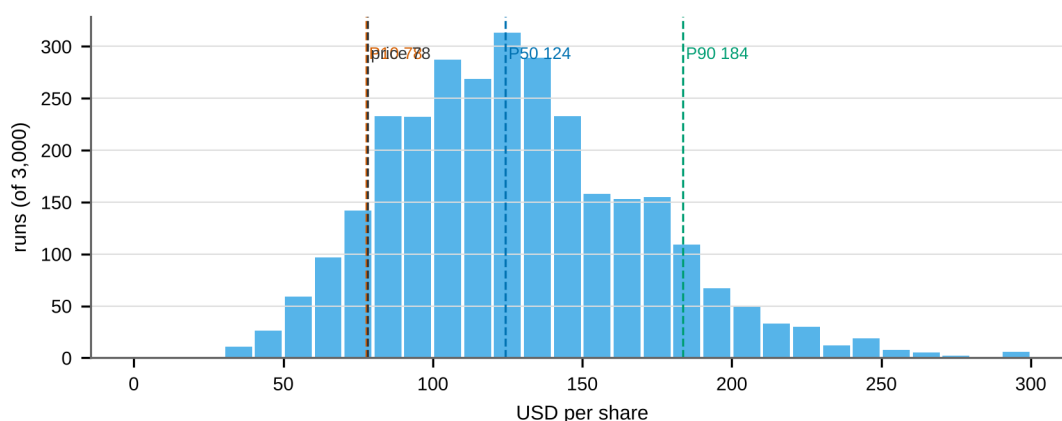


Source: Billen Capital Research estimates.

**Takeaway:** The price sits in the bottom-left corner: four points less US margin and two points less US growth a year than our base.

**Exhibit 56 — Distribution of the base value under uncertainty**

USD per share; 3,000 runs varying US margin, US growth, International margin, revenue per player, tax and WACC



Source: Billen Capital Research estimates.

**Takeaway:** The 10th percentile (78) is at the price and the median (124) near our base; the Monte Carlo runs around the base path and does not include the regulatory break that defines our severe case.

**Valuation implication.** The gain/loss ratio across the scenarios is 2.16x: expected gains above the price of USD 37.6 per share against expected losses of USD 17.4. Bull and blue-sky carry 52% of the gains, so the case does not rest on the tails.

## K · Risk register, bear case and pre-mortem

The bear case (30% weight, USD 44) is the market's case in our numbers: the reinvestment defends share but does not restore growth, the US margin recovers only to 12-13%, and International absorbs the UK betting duty at 19.5%. It is not a disaster — adjusted EBITDA still grows to USD 3,099m in 2030 — but at a 4.3x starting leverage and a cost of equity of 11.8%, it is worth less than the price.

### Exhibit 57 — Risk register

Impact on value; likelihood over three years

| Risk                             | Type        | Mechanism                                                                               | Impact       | Likelihood       | Where in our numbers                                             | Monitor                       |
|----------------------------------|-------------|-----------------------------------------------------------------------------------------|--------------|------------------|------------------------------------------------------------------|-------------------------------|
| Prediction markets win federally | Regulatory  | Supreme Court treats sports event contracts as swaps; untaxed competition in all states | High         | Low–medium       | Severe case (10%); FanDuel Predicts is a partial hedge           | Court rulings; state handle   |
| Generosity becomes permanent     | Competitive | The 2026 reinvestment does not fade; US margin stays near 10–13%                        | High         | Medium           | Bear case (30%)                                                  | US margin; revenue per player |
| US state tax increases           | Regulatory  | More states follow Illinois (per-wager fee) or New York (51%)                           | Medium       | Medium           | Partly in base (margin path below target)                        | State budgets                 |
| UK and European tax increases    | Regulatory  | Further duty rises after April 2027; Italy concession costs                             | Medium       | Medium           | International margin 20.5–22% in base                            | Budget statements             |
| Leverage and refinancing         | Financial   | Covenant at 5.20x; USD 2.4bn of maturities in 2028                                      | High         | Low              | Severe case peaks at 4.97x                                       | Leverage half-yearly          |
| Minority put options             | Financial   | MaxBet 49% put in 2029 at an EBITDA multiple, possibly settled in shares                | Low–medium   | Medium           | Book value in the bridge; at twice book about –USD 3.5 per share | Annual report notes           |
| Fox option                       | Financial   | Fox buys 18.6% of FanDuel below fair value by 2030                                      | Low          | Low              | Scenario-consistent liability in the bridge                      | Fair value in each 10-Q       |
| Emerging-market exits            | Regulatory  | India (2025) and Brazil (2026) closed; NSX goodwill impaired                            | Low          | Medium           | Brazil excluded; India excluded                                  | Turkey, Georgia, Serbia       |
| Sports results                   | Operational | ±6 pp on quarterly US revenue growth                                                    | Low (annual) | High (quarterly) | Not modelled; average outcomes                                   | Quarterly                     |
| Management transition            | Governance  | New chief executive from 1 October 2026                                                 | Low–medium   | Medium           | No credit for new targets                                        | Q3 results, strategy update   |
| Securities class action          | Legal       | Law-firm investigation announced after the Brazil exit                                  | Low          | Low              | Not modelled                                                     | Court filings                 |

Source: Flutter Form 10-K FY2025 risk factors p. 34–41; Flutter Form 10-Q Q2 2026; Flutter Q2 2026 results release (5 Aug 2026); press reports [S]; Billen Capital Research estimates.

**Takeaway:** The two risks that matter most are regulatory and competitive and both act through the US margin.

### Exhibit 58 — Pre-mortem

How this initiation could look wrong in three years

| Outcome                                                   | What happened                                                                                                                                                              | Early warning                                                                   |
|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| We bought at USD 78 and the shares fell to USD 40 by 2028 | FanDuel never recovered its 2025 margin: generosity stayed high, state taxes rose and growth slowed to mid-single digits (our bear case)                                   | US margin below 10% in 2027; US revenue growth below 5% in H1 2027              |
| ...and to USD 15                                          | The Supreme Court ruled for federal pre-emption; prediction markets took share inside the regulated states; leverage approached the covenant and the company issued equity | A ruling for the swap view; US handle falling year on year; leverage above 4.5x |
| We sold at USD 110 and missed USD 200                     | The US reached 25% margins by 2030 and buybacks resumed in 2027                                                                                                            | US margin above 18% in 2027 (bull trigger)                                      |

Source: Billen Capital Research estimates.

**Takeaway:** Each failure path has an observable warning within four quarters; none requires waiting for the Supreme Court.

**Valuation implication.** The probability of a value below today's price is 40% on our weights (bear and severe). We accept that because the expected loss in those cases is smaller than the expected gain in the others (2.16x ratio).

## K2 · Permanent capital impairment

Our severe downside (10%) asks what happens if federal law treats sports event contracts as swaps. Untaxed exchanges could then serve customers inside the 31 states where FanDuel pays state tax. We model US revenue falling 6% in 2027 and 3% in 2028 before growing 3% a year, a US margin of 6–10%, and International holding 18.5% after the UK increases. The value is USD 8 per share, –90% from the price.

**Exhibit 59 — Severe downside: the path**

USD m unless stated

| Year  | Revenue | US margin | Intl margin | Adj. EBITDA | Free cash flow | Net debt | Leverage |
|-------|---------|-----------|-------------|-------------|----------------|----------|----------|
| 2026E | 17,840  | 10.3%     | 20.9%       | 2,635       | 482            | 10,240   | 3.89x    |
| 2027E | 17,494  | 6.0%      | 18.5%       | 2,049       | 478            | 10,192   | 4.97x    |
| 2028E | 17,550  | 7.0%      | 18.5%       | 2,145       | 603            | 10,017   | 4.67x    |
| 2029E | 18,026  | 8.0%      | 18.5%       | 2,271       | 769            | 9,668    | 4.26x    |
| 2030E | 18,515  | 9.0%      | 18.5%       | 2,403       | 884            | 9,190    | 3.82x    |
| 2031E | 19,017  | 10.0%     | 18.5%       | 2,540       | 1,035          | 8,541    | 3.36x    |

Source: Billen Capital Research estimates.

**Takeaway:** The severe case is a solvency test as much as a valuation: leverage peaks at 4.97x in 2027, 0.2x inside the covenant.

The loss in this case would be largely permanent: a federally regulated exchange model would reset the US profit pool to a trading fee rather than a bookmaker's margin. Analogies support the possibility (US online poker after the 2006 federal law; India in 2025) and also its limits: the Ninth Circuit's August 2026 ruling went the other way, and FanDuel would compete in an exchange model with the largest US customer file. The 10% weight reflects both.

**Valuation implication.** A rights issue is not in our severe case but would be the likely response if leverage approached the covenant; at that point the equity value per share would fall further through dilution.

L · ESG, governance and sustainability

For a betting operator the sustainability question is the social licence. It shows up as regulation (affordability checks, stake limits, advertising rules) and as tax, both of which have risen in Flutter's largest markets since 2024. We capture it in the margin paths and in the scenarios rather than in the discount rate. Governance is that of a large Irish plc with a US primary listing; the chief executive changed on 1 October 2026.

Exhibit 60 — ESG and governance: what is material to the value

Assessment

| Topic                   | Why it matters                                                              | Evidence                                                               | In our numbers                                            |
|-------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------|
| Responsible gambling    | Material: the social cost of gambling drives regulation and tax             | Affordability checks (UK), deposit limits and safer-gambling tools [M] | Regulatory risk premium; tax increases                    |
| Regulation and licences | Licensed in every market; Nevada licence surrendered for prediction markets | Compliance cost in corporate overhead                                  | Licence risk in states that object to prediction products |
| Governance              | Irish plc, NYSE primary listing; new chief executive (Oct 2026)             | Proxy statement on file; board composition not reviewed in this report | Execution risk in the transition                          |
| Remuneration            | Share-based compensation USD 260m in 2025 (1.6% of revenue)                 | Excluded from adjusted EBITDA by the company                           | We deduct it in full                                      |
| Capital allocation      | Serial acquirer; ROIC including goodwill below WACC                         | Buybacks above today's price in 2025                                   | No value for future acquisitions                          |
| Data and cyber          | Payment and identity data for millions of players                           | Regulated data protection regimes                                      | Event risk                                                |

Source: Flutter Form 10-K FY2025 p. 23, 40–41; Billen Capital Research estimates.

**Takeaway:** Gambling harm is the material ESG issue and it reaches the value through regulation and tax, not through a separate ESG discount.

**Valuation implication.** We do not apply an ESG premium or discount; the regulatory and tax risks are inside the scenario weights and the country risk premium.

## M · Monitoring dashboard

We monitor eleven indicators each quarter against fixed thresholds, six thesis pillars and a catalyst calendar. The thresholds are set from our base case and the falsification tests above; they do not move with the share price.

### Exhibit 61 — Core indicators and thresholds

Green / amber / red thresholds; current reading

| Indicator                                                        | Now  | As of         | Confirms if | Green | Amber | Red   |
|------------------------------------------------------------------|------|---------------|-------------|-------|-------|-------|
| US adjusted EBITDA margin, trailing four quarters (%)            | 8.6  | LTM Q2 2026   | up          | 12    | 9     | 7     |
| US revenue growth, year on year (%)                              | −6.0 | Q2 2026       | up          | 12    | 5     | 0     |
| US sportsbook share of gross gaming revenue (%)                  | 39   | Q2 2026       | up          | 38    | 36    | 35    |
| US players, growth year on year (%)                              | 9.0  | Q2 2026       | up          | 5     | 2     | 0     |
| International adjusted EBITDA margin, trailing four quarters (%) | 21.1 | LTM Q2 2026   | up          | 21    | 20    | 19    |
| International organic revenue growth (%)                         | 4.0  | Q2 2026       | up          | 5     | 3     | 0     |
| Net debt / adjusted EBITDA (x, company definition)               | 4.3  | 30 Jun 2026   | down        | 3.5   | 4.0   | 4.5   |
| Transaction and restructuring costs (USD m, full year)           | 500  | 2026 guidance | down        | 200   | 300   | 400   |
| FY2027 adjusted EBITDA guidance, midpoint (USD m)                | —    | Feb 2027      | up          | 3,000 | 2,800 | 2,600 |
| US adjusted EBITDA, second half 2026 (USD m)                     | —    | Feb 2027      | up          | 500   | 400   | 400   |
| US 10-year Treasury yield (%)                                    | 5.24 | 9 Oct 2026    | down        | 5.0   | 5.5   | 6.0   |

Source: Flutter Q2 2026 results release (5 Aug 2026); Billen Capital Research estimates.

**Takeaway:** Four indicators carry the thesis: US margin, US revenue growth, International margin and leverage; the others explain them. Green on US revenue growth is set at the base path, which needs second-half 2026 US revenue about 12.6% above a year earlier.

### Exhibit 62 — Thesis pillars and falsification thresholds

Pillars 1–5 test the base; pillar 6 tests the upside

| Pillar | Claim                                                                                          | Path required                             | Falsified if                                                                             | Action if broken                                      |
|--------|------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 1      | The investment buys volume: US revenue +10–12% in 2027 with a sportsbook share of at least 38% | +12% in 2027                              | US revenue below the prior year for two consecutive quarters, or share below 35%         | Bear becomes the base: target ≈ USD 49                |
| 2      | The US margin scales: 14% in 2027, 18% in 2029, 20% from 2031                                  | H2 2026 US EBITDA ≈ USD 522m; 14% in 2027 | H2 2026 US EBITDA below USD 400m, or trailing four-quarter margin below 7% after Q4 2026 | Re-run the model; rating test if pillar 1 also breaks |
| 3      | International holds about 21% through two UK duty increases                                    | 20.5% in 2027                             | Below 19% on a trailing four-quarter basis                                               | Re-run the model                                      |
| 4      | Leverage falls: 3.9x at Dec 2026, 3.1x at Dec 2027                                             | 3.9x / 3.1x                               | Above 4.5x at December 2026 or any later half-year, or covenant headroom below 0.5x      | Severe case weight up; rating test                    |
| 5      | Prediction markets do not take the regulated volume                                            | —                                         | A Supreme Court ruling for the swap view and US handle below 0% for two quarters         | Test the severe case as the base                      |
| 6      | Upside: the bull case becomes the base                                                         | —                                         | FY2027 guidance ≥ USD 3.1bn and a 2027 US margin ≥ 16%                                   | Raise the target (bull ≈ USD 167)                     |

Source: Billen Capital Research estimates.

**Takeaway:** Two broken pillars out of five trigger a full model review and a rating test; three trigger a re-initiation.

### Exhibit 63 — Catalyst calendar

Dates confirmed where stated

| Date                | Event                                                   | Why it matters                                                                            | What would surprise                               |
|---------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------|
| 4 Nov 2026          | Q3 2026 results (confirmed)                             | US about break-even; sportsbook trend; Brazil; first report under the new chief executive | US EBITDA below −50m or full-year guidance cut    |
| Feb 2027 (expected) | Q4 2026 results and FY2027 guidance                     | H2 2026 US EBITDA against 522m; FY2027 guidance against 3.0bn                             | FY2027 adjusted EBITDA guidance below 2.8bn       |
| 1 Apr 2027          | UK remote betting duty 15% → 25%                        | International margin; cost programme                                                      | International margin below 19%                    |
| 2027 (not set)      | Supreme Court on sports event contracts (circuit split) | Whether states may regulate prediction markets as gambling                                | Event contracts held to be swaps                  |
| 2029                | MaxBet put/call (49%); NSX tranches 2030 and 2035       | Minority claims in the bridge (605 at book)                                               | MaxBet put settled in cash above book             |
| Dec 2030            | Fox option expires (18.6% of FanDuel)                   | Strike ≈ USD 6.0bn at expiry                                                              | FanDuel worth more than ≈ USD 32bn: Fox exercises |

Source: Flutter Q2 2026 results release (5 Aug 2026); Flutter Form 10-Q Q2 2026 p. 22, 35–38; Billen Capital Research estimates.

**Takeaway:** The next two reports (November and February) answer the first debate; the Supreme Court answers the second, on an unknown timetable.

**Valuation implication.** The single most important number in the next six months is US adjusted EBITDA for the second half of 2026: at or above USD 500m supports the base, below USD 400m moves the bear case towards the base.

## N · Conclusion, rating and decision rule

Flutter is a scale leader in a regulated, taxed and contested industry, with too much debt for comfort and a US business in an investment year. The price assumes the investment year is permanent. Our base does not assume the targets management set in 2024; it assumes the US margin keeps rising at a slower pace and International holds its ground after the UK tax increases. That is worth USD 123; weighted across five scenarios with a 10% chance of a regulatory break in the US, USD 98. The expected return passes our 10% requirement in both forms, but with a cost of equity of 11.8% that test passes whenever the weighted value is above about 92% of the price, so it does not discriminate here. The binding test is the gain/loss ratio: 2.16x against our 2x hurdle. It falls to 2.0x if the base value is USD 116 instead of 123, or if 2.5 points of probability move from base to bear, and below it under a joint shortfall of US and International margins (0.86x; 1.38x at half the size), at a fade rate of 1 (1.64x) or with a 20% severe case (1.36x). Bull and blue-sky carry about half of the gain side. We therefore rate the shares ACCUMULATE with conviction 2 rather than BUY: the price is attractive against every value we compute except the severe and bear cases, but the margin of safety in the decision test is thin, and the next two reports will move the probabilities more than any further analysis.

### Exhibit 64 — Rating and decision levels

USD per share unless stated

|                                                                | Value                       | Basis                                                                                                                                    |
|----------------------------------------------------------------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Rating                                                         | ACCUMULATE                  | Price just below our buy level and both return tests passed, but the binding gain/loss test passes narrowly: build in steps              |
| 12-month target price                                          | USD 110                     | probability-weighted value rolled at the cost of equity                                                                                  |
| Value today: base / weighted                                   | USD 123.10 / USD 98.48      | range across discount-rate views USD 114–USD 133                                                                                         |
| Expected return a year (weighted end-value / scenario average) | 17.1% / 12.2%               | against a 10% requirement                                                                                                                |
| Gain/loss ratio                                                | 2.16x                       | against 2.0x; 2.0x at a base value of USD 116 or with 2.5 points moved from base to bear                                                 |
| Probability of a value below the price                         | 40%                         | bear and severe cases                                                                                                                    |
| Buy level                                                      | USD 80                      | highest price with a ratio $\geq 2x$ and a 10% margin of safety                                                                          |
| Reduce level (today / in 12 months)                            | USD 117 / $\approx$ USD 131 | weighted value compounded at the cost of equity, discounted at 8%                                                                        |
| Price at which the weighted case earns 8% / 10% / 12% a year   | USD 117 / USD 107 / USD 98  | five-year horizon                                                                                                                        |
| Conviction                                                     | 2 of 5                      | the gain/loss ratio fails under a joint margin shortfall, at a fade rate of 1 and with a 20% severe case; regulatory binary and leverage |

Source: Billen Capital Research estimates.

**Takeaway:** The rating rests on the price being below the buy level and on a gain/loss ratio with little to spare; at USD 117 it would be a reduce, and between 80 and 117 a hold for an existing position.

**Decision rule for the Investment Committee.** Below USD 80 the case supports starting a position in steps — part before the Q3 report on 4 November and the balance after the Q4 report and FY2027 guidance in February if second-half US adjusted EBITDA is at or above USD 500m; between USD 80 and 117 it supports holding but not adding; above USD 117 it supports reducing. A US second-half 2026 adjusted EBITDA below USD 400m, a FY2027 adjusted EBITDA guide below USD 2.8bn, or leverage above 4.5x at December 2026 or any later half-year would each trigger a re-test of the rating before the next scheduled review. The decision is the Investment Committee's.

**Valuation implication.** At USD 78 the shares price in roughly our bear case; we are paid to wait for the November and February reports, which will move the probabilities more than anything else in the next six months.

## O · Owner's manual

This section translates the thesis into responses an owner can follow without reopening the model each time.

**Exhibit 65 — Owner's manual: what we would do when**

Events and responses

| Event                                                  | Base expectation                                              | If confirmed                     | If not                                                                      |
|--------------------------------------------------------|---------------------------------------------------------------|----------------------------------|-----------------------------------------------------------------------------|
| Q3 2026 results (4 Nov)                                | US EBITDA about break-even; full-year guidance confirmed      | No action                        | US guidance cut by more than USD 100m: re-test                              |
| Q4 2026 results (Feb 2027)                             | H2 US EBITDA ≥ USD 500m; FY2027 adjusted EBITDA guide ≥ 3.0bn | Raise conviction to 3            | H2 US EBITDA < 400m or guide < 2.8bn: move to HOLD and re-run               |
| Leverage at December 2026                              | ≤ 3.9x                                                        | No action                        | > 4.5x: re-test; severe case weight up                                      |
| A Supreme Court grant of certiorari on event contracts | Neutral until decided                                         | No action                        | A ruling for federal pre-emption: severe case becomes the bear; re-initiate |
| Price rises above USD 117 (reduce level)               | —                                                             | Reduce towards neutral weight    | —                                                                           |
| Price falls below USD 60 without news                  | —                                                             | Re-test the thesis before adding | —                                                                           |

Source: Billen Capital Research estimates.

**Takeaway:** Most of the decision value lies in the next two reports and in the leverage path; the court is a binary we size for rather than predict.

**P · Unresolved questions and management Q&A**

We could not answer the following from the filings; each bears on a number in our model.

1. How much of the USD 270m of second-half 2026 US reinvestment recurs in 2027, and how much is one-off customer acquisition?
2. What US adjusted EBITDA margin does management now see as achievable at maturity, and by when — is 25% still the aim?
3. How much FanDuel Predicts revenue and cost is in the 2026 guidance, and how does the company account for prediction contracts?
4. What is the quantified impact of the April 2027 UK betting-duty increase, and how much of the USD 500m gross saving programme is net of reinvestment?
5. What is the fair value of the MaxBet put option at June 2026, and would the company settle it in shares?
6. What is the credit agreement EBITDA for the covenant test, and how far is it from the company-defined leverage of 4.3x?
7. What happens to the NSX options and the redeemable interest after the Brazil exit?
8. What is the new chief executive's capital allocation order between debt reduction, buybacks and bolt-on acquisitions?

Two items in our balance-sheet review remain partly open: the split of USD 108m of redeemable minority interests between MaxBet and Jungle, and the difference between reported share capital (USD 36m) and the number of shares at the stated par value (about USD 18m). Neither affects our value materially.

**Q · Portfolio fit (SEK holder)**

Flutter is not held. For a Swedish-krona investor the position is a US-dollar asset with sterling and euro earnings underneath: 41% of revenue is in the US, 22% in the UK and Ireland and most of the rest in the euro area and Australia [R, Flutter Form 10-K FY2025 p. 108]. The share price is set in dollars; we do not forecast currency. The position would add exposure to consumer discretionary spending, to gaming regulation (a factor uncorrelated with most industrial holdings) and to US interest rates through the leverage. It would correlate with any other online gaming or sports-media exposure.

Given the gain/loss ratio of 2.16x, a 40% probability of value below the price and a severe case close to the covenant, we would size an initial position at no more than half a normal weight and add only after the February 2027 report confirms the second-half US profit. The shares are highly liquid on the NYSE; building or exiting a position is not a constraint. The sizing decision is the Investment Committee's.

## Appendices A1–A6

### A1 · Income statement and cash flow, 2023–LTM

#### Exhibit 66 — Income statement summary

USD m unless stated; US GAAP

| Item                                 | 2023   | 2024   | 2025   | LTM Q2-26 |
|--------------------------------------|--------|--------|--------|-----------|
| Revenue                              | 11,790 | 14,048 | 16,383 | 17,161    |
| Adjusted EBITDA                      | 1,875  | 2,357  | 2,845  | 2,449     |
| Share-based compensation             | 190    | 202    | 260    | 248       |
| D&A excl. acquired intangibles       | 494    | 516    | 660    | —         |
| Amortisation of acquired intangibles | 791    | 581    | 857    | —         |
| Operating profit (loss)              | −549   | 869    | 36     | −641      |
| Interest expense, net                | −385   | −419   | −515   | −638      |
| Profit (loss) before tax             | −1,091 | 16     | −121   | −745      |
| Income tax                           | −120   | 146    | −286   | −121      |
| Net income (loss)                    | −1,211 | 162    | −407   | −866      |
| Net income attributable to Flutter   | −1,222 | 43     | −310   | −754      |
| Diluted EPS (USD)                    | −6.89  | 0.24   | −1.75  | −4.24     |
| Diluted shares (m)                   | 177.4  | 180.0  | 177.0  | 175.0     |

Source: Flutter Form 10-K FY2025 p. 91; Flutter Form 10-Q Q2 2026 p. 8, 24; Q4 2024 and Q4 2025 results releases.

**Takeaway:** Reported earnings are dominated by acquisition accounting; adjusted EBITDA and cash flow are the better guides.

#### Exhibit 67 — Cash flow summary

USD m

| Item                         | 2023 | 2024  | 2025   | LTM Q2-26 |
|------------------------------|------|-------|--------|-----------|
| Operating cash flow          | 937  | 1,602 | 1,184  | 1,330     |
| Investing cash flow          | −602 | −811  | −3,481 | −858      |
| of which capital expenditure | −602 | −661  | −777   | −825      |
| of which acquisitions        | 0    | −160  | −2,688 | 0         |
| Financing cash flow          | −113 | −469  | 2,428  | −347      |
| of which share repurchases   | −212 | −219  | −1,123 | −804      |
| Income tax paid              | −255 | −255  | −445   | −296      |
| Interest paid                | −408 | −462  | −531   | —         |

Source: Flutter Form 10-K FY2025 p. 95–96; Flutter Form 10-Q Q2 2026 p. 14.

**Takeaway:** Financing turned positive in 2025 with the acquisitions; on the last twelve months the group is again self-financing.

### A2 · Balance sheet, 2022–June 2026

#### Exhibit 68 — Balance sheet summary

USD m at 31 December (June 2026 for the last column)

| Item                                 | 2022   | 2023   | 2024   | 2025   | Jun 2026 |
|--------------------------------------|--------|--------|--------|--------|----------|
| Goodwill                             | 13,244 | 13,745 | 13,352 | 15,825 | 15,622   |
| Intangible assets                    | 7,036  | 5,881  | 5,364  | 7,019  | 6,480    |
| Cash and equivalents                 | 966    | 1,497  | 1,531  | 1,828  | 1,563    |
| Player deposits (cash)               | 2,008  | 1,752  | 1,930  | 1,932  | 1,986    |
| Total assets                         | 25,258 | 24,635 | 24,508 | 29,280 | 28,210   |
| Long-term debt (book, incl. current) | 6,750  | 7,056  | 6,736  | 12,266 | 11,978   |
| Operating lease liabilities          | 494    | 477    | 547    | 606    | 581      |
| Redeemable non-controlling interests | 929    | 1,152  | 1,808  | 424    | 377      |
| Non-controlling interests            | 156    | 172    | 166    | 236    | 228      |
| Equity attributable to Flutter       | 11,035 | 10,044 | 9,293  | 9,038  | 8,750    |

Source: Flutter Form 10-K FY2025 p. 89; Flutter Form 10-K FY2023; Flutter Form 10-Q Q2 2026 p. 7.

**Takeaway:** Goodwill and intangibles are 78% of total assets; the debt doubled in 2025.

## A3 · Quarterly history, Q1 2024–Q2 2026

### Exhibit 69 — Quarterly segment figures

USD m unless stated

| Item                          | Q1-24  | Q2-24  | Q3-24  | Q4-24  | Q1-25  | Q2-25  | Q3-25  | Q4-25  | Q1-26  | Q2-26  |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| US revenue                    | 1,410  | 1,527  | 1,250  | 1,611  | 1,666  | 1,791  | 1,368  | 2,142  | 1,763  | 1,683  |
| US sportsbook revenue         | 986    | 1,099  | 822    | 1,106  | 1,134  | 1,219  | 783    | 1,497  | 1,144  | 1,039  |
| US iGaming revenue            | 358    | 357    | 368    | 441    | 472    | 507    | 530    | 586    | 564    | 577    |
| US adjusted EBITDA            | 26     | 260    | 58     | 163    | 161    | 400    | 51     | 310    | 119    | 119    |
| US margin                     | 1.8%   | 17.0%  | 4.6%   | 10.1%  | 9.7%   | 22.3%  | 3.7%   | 14.5%  | 6.7%   | 7.1%   |
| US players (k)                | 3,898  | 3,466  | 3,211  | 4,561  | 4,312  | 3,519  | 3,476  | 4,804  | 4,267  | 3,843  |
| US handle                     | 13,484 | 10,976 | 10,037 | 16,379 | 14,606 | 11,699 | 10,653 | 16,864 | 13,357 | 11,958 |
| International revenue         | 1,987  | 2,084  | 1,998  | 2,181  | 1,999  | 2,396  | 2,426  | 2,595  | 2,541  | 2,643  |
| International adjusted EBITDA | 524    | 523    | 461    | 557    | 518    | 591    | 505    | 588    | 587    | 476    |
| International players (k)     | 9,825  | 10,878 | 9,709  | 10,044 | 10,568 | 12,459 | 10,657 | 10,268 | 10,111 | 10,445 |
| Corporate                     | -36    | -45    | -69    | -65    | -63    | -72    | -78    | -66    | -75    | -87    |

Source: Flutter quarterly results releases and Forms 10-Q; segment KPI series reconciled to the annual reports.

**Takeaway:** The US margin is seasonal and has been below the prior year in every quarter since Q3 2025.

## A4 · Valuation methodology

This appendix lists the Billen Capital valuation methodology applied in this report. In the text the rules are referred to by name; the codes appear only here.

### Exhibit 70 — Billen Capital valuation methodology

Code, name and rule

| Code  | Name                                                      | Rule                                                                                                                                                                                                                    |
|-------|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HR-1  | 12-month target price                                     | Target = $\Sigma$ probability $\times$ value today $\times$ (1 + cost of equity) – dividend over the next 12 months; rounded (to the dollar between 50 and 1,000).                                                      |
| HR-2  | Return test                                               | Annual return on the probability-weighted value in five years at the cost of equity, against the price (C); average of scenario returns (A) as a check. Requirement 10% a year. One cost of equity in all scenarios.    |
| HR-3  | Valuation date                                            | Cash flows discounted from the balance date of the bridge (30 Jun 2026), stub year 184/365, terminal value at stub + 8.5 years; value rolled 104 days to the price date at the cost of equity.                          |
| HR-4  | Total shareholder return                                  | Always stated as an annual rate.                                                                                                                                                                                        |
| HR-5  | Required-return price and reduce level                    | Price for return $k = \text{value} \times ((1 + Ke)/(1 + k))^5$ ; the reduce level is the price at $k = 8\%$ and rolls with the cost of equity.                                                                         |
| HR-6  | Gain/loss ratio                                           | $\Sigma p \times \max(V - P, 0) / \Sigma p \times \max(P - V, 0)$ ; at least 2.0 before capital is committed.                                                                                                           |
| HR-7  | Buy level                                                 | Highest price at which both the gain/loss ratio $\geq 2.0$ and a 10% margin of safety to value today hold; rounded down.                                                                                                |
| HR-8  | Investment Committee's view of the scenarios              | The Committee may choose another most-likely scenario; weights are swapped with the base and all measures recomputed.                                                                                                   |
| HR-9  | Ranking                                                   | Covered companies are ranked by the return test and gain/loss ratio at today's price.                                                                                                                                   |
| HR-10 | Risk-free rate and equity risk premium from the same date | US 10-year Treasury yield and the house USD equity risk premium on the valuation date; country risk premium (Damodaran) weighted by revenue by country.                                                                 |
| HR-11 | Size premium                                              | Applies to Swedish companies only; none for Flutter.                                                                                                                                                                    |
| HR-12 | Terminal value with fade                                  | Excess returns fade at the industry rate $f$ (0.13 for hotels, restaurants and consumer services); $r$ = return on incremental capital at the end of the forecast (capped at 100%); $g$ = 10-year break-even inflation. |
| HR-13 | Expectations first                                        | Share of the price paid for growth and the implied competitive advantage period are computed before the forecast and compared with the benchmark of $\approx 10 + 1/f$ years.                                           |
| HR-14 | Life-cycle stage                                          | The cash-flow sign pattern sets the method; Flutter is mature on the last twelve months (+ / - / - after moving share-based pay to financing); DCF with fade.                                                           |
| HR-15 | Model checks                                              | Return on incremental capital by year; share-based pay is always a cost; multiples cross-checked with the DCF; acquisitions after the forecast assumed value-neutral.                                                   |

Source: Billen Capital Research valuation methodology, version 1.10 (6 Oct 2026).

**Takeaway:** Every decision level in this report follows mechanically from these rules and the five scenario values.

## A5 · Sources

### Exhibit 71 — Bibliography

Documents and data used

| Source                                                                                                                    | Type                                                | Period                |
|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------|
| Flutter Entertainment Forms 10-K FY2023, FY2024, FY2025                                                                   | Annual report (SEC)                                 | FY2021–FY2025         |
| Flutter Entertainment Forms 10-Q Q1 2024–Q2 2026                                                                          | Quarterly report (SEC)                              | 2024–2026             |
| Flutter quarterly results releases and presentations, Q4 2023–Q2 2026                                                     | Company releases                                    | 2024–2026             |
| Flutter earnings call transcripts, Q1 2024–Q2 2026                                                                        | Company calls                                       | 2024–2026             |
| Flutter Investor Day presentation                                                                                         | Capital markets day                                 | 2024                  |
| Flutter proxy statement, credit agreement amendments, current reports (acquisitions, Brazil exit, chief executive change) | Company governance and filings                      | 2024–2026             |
| Zacks consensus estimates for Flutter and DraftKings (via market data vendor)                                             | Consensus                                           | 9–10 Oct 2026         |
| Daily share prices, share counts and segment KPI series (market data vendor)                                              | Market data                                         | to 12 Oct 2026        |
| DraftKings Form 10-K FY2025 and Form 10-Q Q2 2026                                                                         | Peer reports (SEC)                                  | FY2025–2026           |
| Morningstar equity research (3 Oct 2026); Citi research (6 Aug 2026)                                                      | Sell-side and independent research; background only | 2026                  |
| Federal Reserve Bank of St Louis (10-year Treasury yield; 10-year break-even inflation)                                   | Market data                                         | 9 Oct 2026            |
| Damodaran Online: industry betas and country risk premiums                                                                | Academic data set                                   | January 2026          |
| Covers; Public Gaming (Ninth Circuit ruling in Nevada v. Kalshi)                                                          | Press                                               | 28 Aug and 2 Sep 2026 |
| Third-party market studies: North American iGaming; European sports betting                                               | Industry studies (unaudited); background only       | 2026                  |
| Billen Capital Research financial model and valuation model                                                               | Billen Capital compilation                          | 13 Oct 2026           |

Source: Billen Capital Research.

**Takeaway:** The company's filings carry every reported figure; secondary sources are used for consensus, prices, peers, the cost of capital and the legal background.

## A6 · Disclaimer

**Disclaimer.** This report is produced by Billen Capital Research for private investment purposes. It is not investment advice, an offer, or a solicitation to buy or sell any security, and it takes no account of the objectives, financial situation or needs of any recipient. The analysis reflects judgements and estimates as at the date shown, which are subject to change without notice. Information has been obtained from sources believed to be reliable, principally the company's own published disclosures; no representation is made as to its accuracy or completeness, and figures marked [BCR est.] are estimates rather than reported data. Forecasts are inherently uncertain and actual outcomes may differ materially. Past performance is not indicative of future results. The author's position in the securities discussed is disclosed on the cover page. Recipients should form their own view and, where appropriate, seek independent advice. Prepared by Billen Capital Research using proprietary analytical tools and models; figures are reconciled to primary sources and the report has been subject to independent quality review before publication.