WEALTH PRESERVATION EQUITY RESEARCH FRAMEWORK

AVOID

Evoke plc

LON: EVOK | Betting & Gaming

Current Price **28.35p**	Market Cap **£128M**
Net Debt **£1,567M**	WP Score **8 / 100**
Interest Coverage **0.71x**	Shareholders' Equity **NEGATIVE**
Dividend Yield **0.0%**	Recommendation **AVOID**

Evoke fails multiple absolute disqualifiers: negative equity, sub-1x interest coverage, no dividend, existential regulatory risk, and ongoing strategic review for potential sale/breakup.

Report Date: March 11, 2026 | Analyst: Moschovakis Capital Research

EXECUTIVE SUMMARY

RECOMMENDATION: AVOID — Evoke plc fails **every single absolute requirement** of the Wealth Preservation Framework. This is not a borderline case requiring careful deliberation; it is one of the most decisive AVOID verdicts in our coverage universe. The company carries £1.83 billion in total debt against negative shareholders' equity of -£95.8 million, delivers interest coverage of just 0.71x (our minimum threshold is 5.0x), pays no dividend, has posted net losses in three consecutive fiscal years, and now faces an existential regulatory threat from UK gambling tax hikes that nearly double the duty rate on its core online gaming revenue from 21% to 40%.

The company has launched a strategic review in December 2025, appointing Morgan Stanley and Rothschild to evaluate a potential sale or breakup of the entire group. Equity currently represents approximately 5% of enterprise value, meaning shareholders sit at the very bottom of a deeply leveraged capital structure with minimal recovery prospects in any downside scenario. The probability of permanent capital loss exceeding 50% is, in our assessment, well above the 10% threshold — we estimate it at 40-60%. This stock is wholly unsuitable for any wealth preservation mandate.

Metric	Value	WP Threshold	Assessment
Recommendation	AVOID	—	MULTIPLE FAILS
Current Price	28.35p	—	—
Market Cap	£128M	—	—
Enterprise Value	~£1,695M	—	—
WP Score	8 / 100	≥65 for BUY	CATASTROPHIC FAIL
Net Debt	£1,567M	—	Crushing
Shareholders' Equity	-£95.8M	Positive	NEGATIVE — FAIL
Interest Coverage (EBIT/Int)	0.71x	≥5.0x minimum	AUTO REMOVAL
Current Ratio	0.65x	≥1.5x preferred	AUTO REMOVAL
Dividend Yield	0.0%	Material yield	ELIMINATED 2021
Net Income (FY2024)	-£192M	Profitable	3 YEARS OF LOSSES
Bear Case Return	Likely -80% to -100%	≥0% CAGR	CATASTROPHIC FAIL
Prob. of >50% Permanent Loss	40-60%	<10%	CATASTROPHIC FAIL

One-Line Thesis: Evoke is a massively over-leveraged gambling operator with negative equity, sub-1x interest coverage, no dividend, consecutive operating losses, and an existential UK tax threat — it fails every wealth preservation criterion and represents a high probability of permanent capital destruction.

1. SECTOR & THEME IDENTIFICATION

Sector: Betting & Gaming (Consumer Discretionary)

Question 1 — Is the sector understandable? Yes. Betting and gaming is a straightforward business model: the company takes a margin on wagers placed by customers across sports betting, online casino, and retail betting shops. Revenue drivers are well understood — gross gaming revenue (GGR), customer acquisition costs, and regulatory duty rates. **CONTINUE.**

Question 2 — Is the sector in secular decline? No, online gambling is structurally growing globally. However, the UK market — Evoke's core market representing ~40% of revenue — now faces severely adverse regulatory headwinds with duty rates nearly doubling. This is not secular decline per se, but it represents a structural margin compression event of historic magnitude for UK-facing operators. **CONTINUE with extreme caution.**

Question 3 — Is the sector defensive or cyclical? Moderately to Highly Cyclical. Gambling revenue is correlated with consumer discretionary spending and is vulnerable to both economic downturns and regulatory intervention. The UK gambling sector has experienced multiple regulatory shocks (FOBT stakes reduction in 2019, affordability checks in 2023-24, and now the 2025 Budget tax hikes). This requires **exceptional balance sheet strength** to proceed — which Evoke catastrophically lacks.

Question 4 — Sector-level tailwinds? Global online gambling penetration continues to increase, with international markets (particularly Southern Europe and Latin America) offering structural growth. However, for UK-centric operators like Evoke, the dominant force is the massive tax headwind. The UK Budget's near-doubling of remote gaming duty from 21% to 40% effective April 2026 overwhelms any positive tailwinds.

Question 5 — Sector valuation: UK gambling stocks have been heavily de-rated. Evoke trades at an EV/EBITDA of approximately 4.7x on FY2025 adjusted figures — optically cheap but reflecting genuine existential risk to the equity. Peers like Flutter and Entain trade at significantly higher multiples, reflecting their superior scale, diversification, and balance sheet strength.

Sector Verdict	Assessment
Understandable?	Yes — PASS
Secular Decline?	No (but severe UK headwinds) — CONDITIONAL PASS
Cyclicality	Moderately to Highly Cyclical — Requires fortress balance sheet
Balance Sheet Strength	CATASTROPHICALLY INADEQUATE — STOP HERE

Sector Verdict: While online gambling is not in secular decline, the UK regulatory environment has turned hostile. The sector's cyclical nature **demands** a fortress balance sheet to proceed under the WP Framework. Evoke's balance sheet is the precise opposite of a fortress. Under normal WP Framework protocol, the analysis would stop here. We continue solely for completeness and to document the full extent of disqualification.

2. FUNDAMENTAL GATEKEEPING

2.1 Solvency Check: Can This Company Survive a Severe Recession?

This is the most critical gate in the entire WP Framework, and Evoke fails it catastrophically. The company's balance sheet is not merely weak — it is technically insolvent on a GAAP shareholders' equity basis. The £2.2 billion acquisition of William Hill International from Caesars Entertainment in 2022, funded primarily with debt, has left the company with a capital structure that is untenable for any wealth preservation investor.

Metric	Value (FY2024)	WP Threshold	Assessment
Debt-to-Equity	NEGATIVE EQUITY (-£95.8M)	<1.0x (ideally <0.5x)	✗ AUTO FAIL — Equity wiped out
Interest Coverage (EBIT/Int.)	0.42x (FY24) / 0.71x (TTM)	>5.0x min; >8.0x preferred	✗ AUTO REMOVAL at <4.0x
Current Ratio	0.65x	>1.5x; remove if <1.0x	✗ REMOVE — Below 1.0x
Free Cash Flow (5Y)	3 of 5 years positive	Positive 4 of 5 years	✗ FAIL (negative in FY2022)
Debt Maturity Risk	£1.83B total debt; refinancing needed	No cliff >30%	✗ HIGH RISK — Refinancing uncertain
Cash as % of Total Debt	14.5% (£265M / £1,833M)	>20% preferred	✗ FAIL — Insufficient cushion
Net Debt / Adj. EBITDA	~4.4x (FY2025E)	<3.0x comfortable	✗ ELEVATED — Projected to peak >5x

Stress Test: If revenue dropped 30% for two years (recession scenario), Evoke would almost certainly be unable to service its debt obligations, would face immediate covenant breaches, and would likely require either a deeply dilutive equity raise or a debt-for-equity restructuring that would wipe out existing shareholders. The company already cannot cover its interest expense from operating earnings (EBIT covers only 71% of interest costs on a TTM basis). Any revenue decline would accelerate the path to restructuring.

Solvency Assessment: UNACCEPTABLE — This is the worst solvency profile we have encountered in our coverage universe. Multiple automatic removal triggers are hit simultaneously. Under normal WP Framework procedures, the analysis terminates here with an AVOID recommendation.

2.2 Earnings Quality Check

Evoke has reported net losses in three consecutive fiscal years: -£120.5M (FY2022), -£65.2M (FY2023), and -£192M (FY2024). The TTM net loss stands at -£113.3M. While the company generates positive free cash flow (£222M in FY2024, £287.8M TTM), this is substantially consumed by debt servicing costs. The gap between operating cash flow and reported net income is largely explained by massive interest costs (£189.4M in FY2024) and restructuring charges (£92.7M in FY2024). Adjusted EBITDA of ~£355-360M for FY2025 masks the true economic reality: the business does not earn enough to cover its cost of capital.

Metric	FY2024	FY2023	FY2022	Assessment
Revenue	£1,755M	£1,711M	£1,239M	Growing (WH acquisition in 2022)
Operating Income	£80.1M	£75.4M	£88.1M	Depressed; interest not covered
Net Income	-£192M	-£65.2M	-£120.5M	3 consecutive years of losses
Free Cash Flow	£222M	£144M	-£39.1M	Positive but consumed by debt

Metric	FY2024	FY2023	FY2022	Assessment
EBITDA Margin	10.3%	17.8%	16.8%	Declining; below peer average
Operating Margin	4.6%	4.4%	7.1%	Extremely thin

Earnings Quality: QUESTIONABLE — Persistent losses driven by acquisition-related debt burden.

2.3 Dilution Check

Shares outstanding have been relatively stable since the William Hill acquisition (which itself was significantly dilutive, increasing shares from ~372M to ~446M — a 20% expansion). From FY2023 to TTM, shares have remained at approximately 449-450M. Annual dilution from stock-based compensation has been modest at <1%. However, the initial acquisition dilution was massive and destroyed per-share economics. Furthermore, the risk of a deeply dilutive equity raise or debt-for-equity swap looms large given the balance sheet distress.

Dilution Assessment: CONCERNING — Modest ongoing dilution, but massive acquisition-related dilution already occurred and further distress-driven dilution is a significant risk.

2.4 Dividend Sustainability

Evoke has paid **no dividend since 2021**. The dividend was eliminated (not merely cut) following the William Hill acquisition in 2022, as all available cash flow was directed toward debt servicing. There is zero prospect of a dividend reinstatement in the foreseeable future given the current leverage profile and the incoming £125-135M annual tax headwind. The absence of any income return is a severe penalty under the WP Framework, which allocates 30 points to Income Reliability — Evoke scores effectively 0 in this category.

Metric	Value	WP Threshold	Assessment
Dividend Yield	0.0%	1.5-5% sweet spot	✗ NO DIVIDEND
Payout Ratio	N/A — Negative earnings	<60% growth; <75% mature	✗ N/A
Dividend Growth (5Y CAGR)	N/A — Eliminated	>3%	✗ ELIMINATED
Consecutive Years Paid	0 (last paid 2021)	>10 years preferred	✗ CATASTROPHIC FAIL
Maintained Through 2020?	Reduced (paid £0.032 vs £0.10)	Maintained	✗ CUT
Maintained Through 2022+?	Eliminated entirely	Maintained	✗ ELIMINATED

Dividend Sustainability: UNSUSTAINABLE — No dividend; no prospect of reinstatement.

2.5 Capital Efficiency: ROIC/ROCE Assessment

ROIC calculation is distorted by negative invested capital (negative equity plus massive debt). On a conventional basis, ROIC is not meaningfully calculable when equity is negative. Operating return on assets (EBIT / Total Assets) provides a clearer picture: £80.1M / £2,671M = 3.0% for FY2024. This is well below any reasonable estimate of the company's weighted average cost of capital (WACC), which given the high leverage and equity risk would likely exceed 12-15%. The business is categorically destroying value.

ROIC: Not meaningfully calculable (negative equity) | Operating ROA: 3.0% | vs. WACC: ~12-15% estimated | Trend: Deteriorating | Verdict: VALUE DESTROYING

2.6 Valuation Screening

Evoke's equity valuation metrics appear optically "cheap" but this is a classic value trap. The share price has declined from 77p to ~28p (-64%) over the past year, but this reflects genuine deterioration in the economic value of the equity, not a market inefficiency. The equity sits at the very bottom of a deeply leveraged capital structure, representing roughly 5% of enterprise value.

Metric	Current	5Y Average	Assessment
Share Price	28.35p	~200p (pre-acquisition)	Down 86% from 2021 levels
Market Cap	£128M	~£1.0B (2021)	Equity value collapsed
EV/EBITDA (FY2025E)	~4.7x	~8-10x sector avg	Distressed discount
P/E	N/A (losses)	~15-20x (when profitable)	Not applicable — negative earnings
Price/FCF	~0.46x	—	FCF goes to creditors, not shareholders
EV/Revenue	~0.96x	~1.5-2.0x sector	Reflects debt overhang

Valuation Verdict: VALUE TRAP — Optically cheap equity in a capital structure where the debt holders, not equity holders, control the business. The market is correctly pricing existential risk to the equity.

3. PEER COMPARISON & QUALITY RANKING

Metric	Evoke	Flutter (FLTR)	Entain (ENT)	Best for Preservation
Market Cap	£128M	£28.3B	£4.9B	Flutter
Debt/Equity	NEGATIVE	~0.6x	~1.8x	Flutter
Interest Coverage	0.71x	~6.0x	~3.5x	Flutter
Dividend Yield	0.0%	~0.4%	~2.5%	Entain
Revenue (FY)	£1.79B	£12.5B	£4.7B	Flutter (scale)
Net Debt/EBITDA	~4.4x	~1.5x	~3.0x	Flutter
Profit Margin	-10.9%	~10%	~5%	Flutter
Geographic Diversif.	UK-centric (40%+ UK)	US + Global	UK + Global	Flutter
Regulatory Risk	EXTREME (UK tax + debt)	Manageable	High but manageable	Flutter

Evoke is the weakest operator in its peer group by a wide margin on every wealth preservation metric. Flutter Entertainment, with its massive US business (FanDuel), global diversification, and manageable leverage, is the clear winner for preservation investors within this sector — though even Flutter faces headwinds from the UK tax changes. Entain offers a dividend but carries elevated leverage. Evoke is categorically the worst choice among listed UK gambling operators for any risk-conscious investor.

Wealth Preservation Quality Score: 8 / 100

Category	Max Points	Evoke Score	Rationale
Balance Sheet Fortress	40	0	Negative equity, <1x interest coverage, FCF not 5/5
D/E <0.5x (15pts) / 0.5-1.0x (10pts)	15	0	NEGATIVE equity
Interest Coverage >8x (15pts)	15	0	0.71x — catastrophic
FCF positive 5 consecutive years (10pts)	10	0	Negative in FY2022
Income Reliability	30	0	No dividend; eliminated in 2021
Dividend yield 2-4% with <60% payout	15	0	0% yield
Dividend growth >5% CAGR	10	0	N/A — no dividend
Dividend history >15 years	5	0	No current dividend
Capital Efficiency	15	3	Value-destroying ROIC; stable-ish operations
ROIC >15% (10pts)	10	0	Not meaningfully calculable; ROA ~3%
ROIC trend improving (5pts)	5	3	Some operational improvement in H2 2024-25
Valuation	15	5	Optically cheap but value trap
Trading <25th percentile of 5Y range	15	5	At historic lows, but for valid reasons
TOTAL	100	8	CATASTROPHIC — Well below 45 minimum

WP Score: 8 / 100 — This is far below the minimum threshold of 45/100 required for any consideration and astronomically below the 65/100 required for a BUY recommendation. The score reflects total failure across all four pillars of the framework.

4. QUALITATIVE DEEP DIVE

4.1 Competitive Moat Assessment

Evoke operates well-known brands — William Hill is one of the most recognised names in UK betting — but brand recognition in gambling does not translate into the kind of durable moat that protects capital. Online gambling is characterized by relatively low switching costs for customers, intense price competition, and regulatory fragmentation across jurisdictions. William Hill's retail estate (1,300+ shops) provides some physical presence moat, but this asset is declining in value as customers migrate online and shop closures accelerate (10% of shops to close in 2026).

Moat Type	Evidence	Durability (1-10)	Assessment
Brand Recognition	William Hill, 888 are household names	5/10	Recognized but not defensive
Switching Costs	Low — customers freely move between operators	2/10	Minimal protection
Scale Advantages	Moderate — but smaller than Flutter/Entain	4/10	Insufficient scale
Regulatory Licenses	Licensed in UK, Italy, Spain, Romania, Denmark	6/10	Valuable but replicable
Retail Estate	1,300+ William Hill shops	4/10	Declining asset; closures accelerating

Primary Moat: Brand + Regulatory Licenses — Durability: 5/10. **Moat Erosion Risk: ELEVATED. Moat Preservation Confidence: LOW** — The UK tax increase fundamentally impairs the economics of the company's core market, and the moat provides no protection against regulatory intervention.

4.2 Management Quality & Capital Allocation

CEO Per Widerström (appointed 2023) inherited a deeply damaged business from the previous management team that executed the William Hill acquisition. To his credit, he has driven genuine operational improvements: the "Value Creation Plan" delivered cost savings, online revenue returned to growth, and H2 2024 adjusted EBITDA grew 33% year-over-year. However, these improvements cannot overcome the structural burden of £1.8B in debt and the incoming UK tax headwind.

The capital allocation decision that defines Evoke's current predicament was made by **prior management**: the £2.2 billion acquisition of William Hill International in 2022, funded with £1B+ in new debt and £900M in borrowings. This deal destroyed shareholder value — the company's market cap has declined from ~£1.7B in 2021 to £128M today. It stands as one of the most value-destructive acquisitions in the UK gaming sector's history. The company has also been fined multiple times by the UK Gambling Commission for AML and social responsibility failings (£9.4M fine in 2022, £7.8M in 2017).

Chairman Lord Jon Mendelsohn stepped down in early 2026, adding governance instability. **Management Quality: ADEQUATE** (current CEO); **Capital Allocation Track Record: POOR** (legacy).

4.3 Recession Performance History

Evoke in its current form (post-William Hill acquisition) has not been tested through a recession. The pre-acquisition 888 Holdings navigated COVID-19 relatively well (online gambling actually benefited from lockdowns), but the current company bears no resemblance to the pre-2022 entity. The £1.8B debt load means any recession that depresses revenue by even 15-20% would likely trigger covenant concerns and potential restructuring. The company does not have the balance sheet to absorb a normal cyclical downturn, let alone a severe recession.

Recession Profile: VULNERABLE — Untested in current form; leverage makes any downturn potentially existential for equity holders.

4.4 Catalyst Identification

Catalyst	Timeline	Probability	Impact	Risk to Downside
Strategic review: sale/breakup	H1 2026	60-70%	High — could unlock some equity value	Moderate — may confirm zero equity recovery
PE buyout at premium to current	2026	20-30%	Positive — potential 50-100% share price pop	Low — sets floor under equity
Italian business sale (£350-450M)	2026	40-50%	Positive — deleveraging	Moderate — selling growth assets
UK tax mitigation better than expected	2026-27	15-20%	Moderate — improves FCF outlook	Low
Debt restructuring / equity wipeout	2026-27	25-35%	CATASTROPHIC for equity holders	Total loss risk
UK government softens tax hikes	2026+	10-15%	Significant positive	Low

While there are some positive catalysts (primarily the strategic review potentially unlocking brand value through asset sales), the dominant risk is that the equity gets wiped out in any restructuring scenario. These catalysts do not alter the fundamental unsuitability of this stock for wealth preservation.

5. VALUATION & SCENARIO ANALYSIS

5.1 Total Return Model — Not Applicable in Standard Form

The standard WP Framework total return model (dividend yield + earnings growth + multiple change) cannot be meaningfully applied to Evoke because: (1) there is no dividend, (2) earnings are negative, and (3) the equity's value is almost entirely a function of leverage dynamics and the strategic review outcome rather than underlying business growth. We therefore adapt the analysis to focus on scenario-based equity value outcomes.

5.2 Scenario Analysis

BEAR CASE (35% weight) — Restructuring / Equity Wipeout

If the strategic review fails to find a buyer at acceptable terms, the UK tax hike severely compresses EBITDA (Deutsche Bank models net debt/EBITDA peaking at 5.1x in FY2026), and refinancing becomes impossible or extremely dilutive, the likely outcome is a debt-for-equity restructuring in which existing shareholders are wiped out or diluted to near-zero. Cumulative FCF over three years is projected at just £100M per Deutsche Bank analysis — wholly insufficient to service £1.8B in debt.

BASE CASE (40% weight) — Managed Breakup / Asset Sales

The most likely outcome is that Evoke sells its Italian business (estimated £350-450M) and potentially other international assets to deleverage, retaining a smaller UK-focused business. The proceeds reduce debt meaningfully but leave a rump entity with reduced growth prospects, still-elevated leverage, and compressed margins from the UK tax hike. Equity value in this scenario: 15-30p per share, roughly flat to modestly negative from current levels after accounting for the value of assets sold.

BULL CASE (25% weight) — Full Sale to PE at Premium

A private equity firm acquires the entire group, recognising the brand value and international diversification. The bid would need to cover at least the debt (£1.8B) plus a modest premium to equity. At current EV/EBITDA of ~4.7x on £355M adjusted EBITDA, a PE buyer might pay 6-7x EBITDA (£2.1-2.5B EV), implying equity value of £300-700M or 67-156p per share. However, the probability is limited by the debt complexity, UK regulatory uncertainty, and the company's compliance history.

Scenario	Weight	Equity Value	Share Price	Return from 28.35p	Total CAGR (3Y)
Bear — Restructuring	35%	~£0-20M	0-4p	-86% to -100%	-45% to -100%
Base — Managed breakup	40%	~£70-135M	15-30p	-47% to +6%	-19% to +2%
Bull — PE acquisition	25%	~£300-700M	67-156p	+136% to +450%	+33% to +77%
Probability-Weighted	100%	~£80-175M	18-39p	-35% to +37%	-13% to +11%

Probability-Weighted Expected Return: The midpoint of our probability-weighted range suggests roughly flat to slightly negative returns, with extreme dispersion. This is a 50/50 risk profile at best — the precise type of bet the WP Framework is designed to reject. The bear case (35% probability) involves near-total loss of capital, which grossly violates the <10% probability threshold for >50% permanent capital loss.

5.3 Downside Protection Analysis

Metric	Value	WP Threshold	Assessment
Bear Case Total Return	-86% to -100%	≥ 0% CAGR	✗ CATASTROPHIC FAIL
Prob. of >50% Permanent Loss	35-45%	<10%	✗ CATASTROPHIC FAIL
Max Historical Drawdown (1Y)	~75% (77p → 20p)	<40%	✗ MASSIVE FAIL
Dividend Income Floor	£0	Meaningful income	✗ NO INCOME PROTECTION
Balance Sheet Safety	NEGATIVE EQUITY	Fortress/Adequate	✗ NO SAFETY

6. INVESTMENT DECISION FRAMEWORK

6.1 Wealth Preservation Scoring System

Input	Score	Weight	Contribution
Downside Protection Score	5 / 100	45%	2.3
Return Adequacy Score	20 / 100	30%	6.0
Quality Score	8 / 100	25%	2.0
COMPOSITE WP SCORE			10.3 / 100

Downside Protection Score breakdown: Start at 50. Bear case return positive? No (-15). D/E <0.5x? No, negative equity (-10). Dividend maintained through 2008/2020? No, eliminated (-10). Max drawdown <40%? No, ~75% (-15). Current yield >3%? No (+0). Bear case >20% decline? Yes (-15). D/E >1.0x? Yes, negative (-10). FCF negative in last 5Y? Yes (-10). Dividend cut in last 10Y? Yes, eliminated (-10). Payout ratio >75%? N/A (+0). Subtotal: 50 - 95 = **Capped at 0, recorded as 5** (minimum for scoring purposes).

Return Adequacy Score: Base case total return is approximately 0-2% CAGR (essentially flat), which falls in the <6% category = 20 points.

6.2 Absolute Requirements Check

Absolute Requirement	Required	Evoke Result	Pass/Fail
Bear case total return ≥ 0%	≥ 0% CAGR	-86% to -100%	✗ FAIL
Base case total return ≥ 7%	≥ 7% CAGR	~0-2%	✗ FAIL
Solvency: FORTRESS or ADEQUATE	FORTRESS/ADEQUATE	UNACCEPTABLE	✗ FAIL
Dividend sustainability	ROCK SOLID/SUSTAINABLE	NO DIVIDEND	✗ FAIL
Prob. of >50% permanent loss <10%	<10%	35-45%	✗ FAIL
Interest Coverage ≥ 5x	≥ 5.0x	0.71x	✗ AUTO REMOVAL
Debt/Equity ≤ 1.0x	≤ 1.0x	NEGATIVE EQUITY	✗ AUTO REMOVAL

Result: ALL SEVEN absolute requirements FAIL. This is unprecedented in our coverage universe. Any single failure would mandate an AVOID recommendation. Seven simultaneous failures represents comprehensive unsuitability for the wealth preservation mandate.

7. FINAL RECOMMENDATION

RECOMMENDATION: AVOID

Position Size: £0 (DO NOT INVEST)

Disqualifying Factors (any single one is sufficient for AVOID):

1. Negative shareholders' equity (-£95.8M FY2024, -£169.3M TTM) — balance sheet is technically insolvent

2. Interest coverage of 0.71x vs. 5.0x minimum threshold — EBIT does not cover interest expense

3. Three consecutive years of net losses (-£120.5M, -£65.2M, -£192M)

4. No dividend (eliminated in 2021) — zero income protection

5. Bear case return of -86% to -100% vs. required ≥0%

6. Probability of >50% permanent capital loss estimated at 35-45% vs. required <10%

7. WP Score of 8/100 vs. required ≥65 for BUY and ≥45 for any consideration

8. Strategic review underway with potential sale/breakup — corporate uncertainty

9. UK gambling tax near-doubling (21% → 40%) creating £125-135M annual headwind

10. Net debt of £1.57B vs. market cap of £128M — equity is ~5% of enterprise value

What Would Change Our Assessment:

A successful complete sale to a PE buyer that delivers a meaningful premium to current equity value could benefit existing shareholders as a short-term trade, but this is a speculative bet on M&A; outcomes, not a wealth preservation investment. For Evoke to become suitable for our mandate, we would need to see: (a) debt reduced to <2.0x net debt/EBITDA, (b) positive shareholders' equity, (c) interest coverage >5.0x, (d) dividend reinstatement, and (e) clarity on UK tax mitigation. These conditions are years away, if achievable at all.

Comparison vs. Alternatives:

Alternative	10Y Expected Return	Risk Level	Assessment
HYSA (4%)	£100 → £148	Zero	Vastly superior risk-adjusted return
Evoke (Base Case)	£100 → ~£100-106	EXTREME	Negligible return for massive risk
Evoke (Prob-Weighted)	£100 → ~£65-137	EXTREME	Wide range includes total loss
Flutter Entertainment	£100 → ~£190-250 (est.)	Moderate	Far superior in same sector

A 4% HYSA provides guaranteed capital preservation with meaningful income. Evoke offers the possibility of total capital loss with no income whatsoever. The risk-adjusted comparison is not close. Even within the gambling sector, Flutter Entertainment and Entain offer dramatically superior wealth preservation characteristics.

8. RISK ASSESSMENT

Risk Category	Score (1-10)	Key Concern	Mitigation Available?
Balance Sheet Risk	10/10	Negative equity; £1.8B debt	None — structural problem
Earnings Volatility	8/10	Highly leveraged to UK gaming market	Limited — international diversifies
Competitive Threat	6/10	Flutter and Entain have superior scale	Strong brands partially offset
Regulatory Risk	10/10	UK tax near-doubling; further changes possible	None — existential threat
Management Risk	6/10	Chairman departed; strategic review creates uncertainty	New CEO competent
Valuation Risk	3/10	Already priced for distress	Low further downside from valuation compression
Liquidity Risk	7/10	Refinancing risk on £1.8B debt	Some FCF generation; asset sales possible
Aggregate Risk	9.0/10	Multiple existential risks simultaneously	Very limited

9. ANALYST NOTES

Key Assumptions:

Our analysis assumes the UK gambling tax changes proceed as announced (40% remote gaming duty from April 2026; 25% online sports betting duty from April 2027). Any softening of these rates would modestly improve the outlook but would not resolve the fundamental balance sheet problem. We assume the strategic review concludes in 2026 with some form of transaction (sale, partial breakup, or PE-backed restructuring).

Limitations:

FY2025 full financial results have not yet been published (trading update only). Our debt and interest coverage figures are based on FY2024 reported data and TTM estimates. The strategic review introduces significant binary uncertainty that makes precise valuation ranges inherently speculative.

Confidence Level: HIGH — We have high confidence in the AVOID recommendation. The disqualifying factors are objective, quantitative, and unambiguous. No reasonable interpretation of the data supports a wealth preservation case for Evoke at any price, given the current capital structure.

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