

Tinexta

Confident in rebound

Q125 results

The most important takeaway from Tinexta's Q125 results, which are typically a seasonally small part of full-year profits, is that management believes there are tangible signs of rebound by Cyber Security (CS) and Business Innovation (BI). These weighed on FY24 results and a recovery in both divisions, which management believes will accelerate through the year, is key to helping close the valuation gap to our discounted cash flow (DCF)-based valuation of €21 per share.

| Year end | Revenue (€m) | EBITDA (adj) (€m) | PBT (€m) | EPS (€) | DPS (€) | P/E (x) | Yield (%) |
|----------|--------------|-------------------|----------|---------|---------|---------|-----------|
| 12/23 | 395.8 | 103.0 | 78.0 | 1.03 | 0.46 | 10.1 | 4.4 |
| 12/24 | 455.0 | 110.8 | 68.5 | 0.94 | 0.30 | 11.0 | 2.9 |
| 12/25e | 510.7 | 129.1 | 83.9 | 1.06 | 0.27 | 9.8 | 2.6 |
| 12/26e | 546.8 | 139.7 | 97.5 | 1.27 | 0.38 | 8.2 | 3.7 |

Note: EBITDA, PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments

Margin leverage helped by business mix changes

Tinexta reported good underlying revenue growth of 6.4% to €115.2m and a higher c 7.9% growth in adjusted EBITDA to €18.7m versus [Q124](#), helped by mix changes. From a divisional perspective, the improvement by BI was notable, with c 18% underlying revenue growth and a more than doubling of adjusted EBITDA. There are many moving parts in this division, with new and more attractive government-funded schemes being introduced, albeit with some teething issues around filing applications. Also, although its business in France has improved a little, the outlook remains uncertain given the political changes and financial pressures on government budgets. Digital Trust's (DT's) underlying revenue growth of 6.0% was more in line with its typical high single-digit rates of growth, after adjusting for some deferral of annual contract revenues at Ascertia to the coming quarters. CS's underlying profit improved nicely by c 16%, aided by mix changes towards more profitable products and services, despite a 3% underlying revenue decline. A structural improvement in working capital, which management expects will continue, helped drive a c 24% increase in free cash flow. A favourable movement on the Ascertia put option helped to reduce net debt/EBITDA to 2.54x (2.79x end FY24).

Tinexta FY25 guidance unchanged

The adjusted EBITDA of €18.7m delivered in Q125 represents c 15% of our FY25 estimate and is consistent with trends seen in prior years, enabling management to reiterate its [FY25 guidance](#). The seasonality of the profit generation of the three divisions is quite wide with H2, and specifically Q4, more important for BI (Q125 adjusted EBITDA is c 6% of our FY25 estimate) and CS (Q125 is 16%) than DT (Q125 is 23%). After the results, Tinexta exercised the call option for the outstanding 25% minority in ABF Groupe for just €1 which, along with the change in the Ascertia put option, will positively influence FY25's net debt/EBITDA guidance.

Valuation: DCF indicates c 100% upside

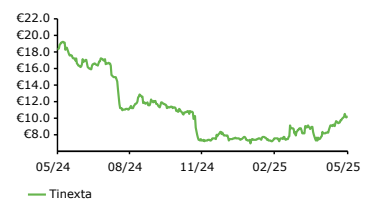
Updates to the risk-free rate (to 3.6% from 4.0% previously) and the change in net debt give an increase in our DCF-based valuation to €21/share (€19.5 previously).

Technology

19 May 2025

| | |
|----------------------------------|---------------|
| Price | €10.36 |
| Market cap | €475m |
| Net cash/(debt) at 31 March 2025 | €(290.9)m |
| Shares in issue | 45.9m |
| Free float | 42.6% |
| Code | TNXT |
| Primary exchange | MILAN |
| Secondary exchange | N/A |

Share price performance



| | | | |
|------------------|------|-------|--------|
| % | 1m | 3m | 12m |
| Abs | 29.0 | 32.9 | (42.9) |
| 52-week high/low | | €19.2 | €7.3 |

Business description

Tinexta offers innovative solutions for the digital transformation and growth of companies, professionals and institutions. It has three divisions: Digital Trust, Business Innovation and Cyber Security.

Next events

| | |
|--------------|------------------|
| H125 results | 31 July 2025 |
| Q325 results | 12 November 2025 |

Analysts

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Exhibit 1: Financial summary

| €m | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e |
|---|---------|---------|---------|---------|---------|---------|
| | IFRS | IFRS | IFRS | IFRS | IFRS | IFRS |
| INCOME STATEMENT | | | | | | |
| Revenue | 301.5 | 357.2 | 395.8 | 455.0 | 510.7 | 546.8 |
| Operating costs | (225.1) | (262.4) | (292.8) | (344.2) | (381.5) | (407.2) |
| Adj. EBITDA | 76.5 | 94.8 | 103.0 | 110.8 | 129.1 | 139.7 |
| EBITDA | 71.3 | 86.3 | 93.8 | 99.0 | 118.6 | 129.2 |
| Operating profit (before amort. and excepts.) | 61.1 | 77.6 | 79.6 | 76.1 | 96.6 | 107.1 |
| Amortisation of acquired intangibles | (11.0) | (17.5) | (18.5) | (24.4) | (29.3) | (29.3) |
| Exceptionals | (2.6) | (6.4) | (5.0) | (10.1) | (6.0) | (6.0) |
| Share-based payments | (2.6) | (2.1) | (4.2) | (2.5) | (4.5) | (4.5) |
| Reported operating profit | 45.0 | 51.6 | 51.8 | 39.1 | 56.8 | 67.3 |
| Net Interest | (3.1) | (6.2) | (1.6) | (13.8) | (14.0) | (11.0) |
| Joint ventures & associates (post tax) | (0.2) | (0.2) | (0.2) | 1.3 | 1.3 | 1.4 |
| Exceptionals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit Before Tax (norm) | 57.5 | 73.6 | 78.0 | 68.5 | 83.9 | 97.5 |
| Profit Before Tax (reported) | 41.7 | 45.1 | 50.0 | 26.6 | 44.1 | 57.7 |
| Reported tax | (13.0) | (12.5) | (16.2) | (1.7) | (14.6) | (19.0) |
| Profit After Tax (norm) | 40.3 | 52.2 | 54.5 | 50.3 | 56.2 | 65.3 |
| Profit After Tax (reported) | 28.7 | 32.6 | 33.8 | 24.9 | 29.6 | 38.7 |
| Minority interests | (1.2) | (2.4) | (6.8) | (6.6) | (7.2) | (6.7) |
| Discontinued operations | 10.0 | 45.5 | 35.6 | 0.0 | 0.0 | 0.0 |
| Net income (normalised) | 39.1 | 49.8 | 47.7 | 43.6 | 49.1 | 58.6 |
| Net income (reported) | 37.5 | 75.7 | 62.7 | 18.2 | 22.4 | 31.9 |
| Average Number of Shares Outstanding (m) | 47.2 | 46.8 | 46.4 | 46.2 | 46.3 | 46.1 |
| EPS - normalised (c) | 84.7 | 108.5 | 104.8 | 95.3 | 107.0 | 128.2 |
| EPS - normalised fully diluted (c) | 82.8 | 106.4 | 102.7 | 94.4 | 106.0 | 127.0 |
| EPS - basic reported (c) | 81.2 | 164.9 | 137.7 | 39.8 | 48.9 | 69.9 |
| Dividend (c) | 30.0 | 51.0 | 46.0 | 30.0 | 26.6 | 38.1 |
| Revenue growth (%) | 12 | 18 | 11 | 15 | 12 | 7 |
| EBITDA Margin before non-recurring costs (%) | 25.4 | 26.5 | 26.0 | 24.4 | 25.3 | 25.5 |
| Normalised Operating Margin | 20.3 | 21.7 | 20.1 | 16.7 | 18.9 | 19.6 |
| BALANCE SHEET | | | | | | |
| Fixed Assets | 602.9 | 574.0 | 658.8 | 823.0 | 791.1 | 759.3 |
| Intangible Assets | 550.4 | 487.3 | 545.5 | 725.3 | 700.0 | 673.4 |
| Tangible Assets | 25.2 | 48.4 | 51.2 | 67.3 | 60.8 | 55.6 |
| Investments & other | 27.4 | 38.3 | 62.1 | 30.4 | 30.4 | 30.4 |
| Current Assets | 213.2 | 403.5 | 364.4 | 342.0 | 362.8 | 412.6 |
| Stocks | 1.3 | 1.9 | 2.1 | 2.3 | 2.3 | 2.3 |
| Debtors | 119.5 | 129.5 | 148.3 | 180.2 | 202.2 | 216.5 |
| Cash & cash equivalents | 68.3 | 115.3 | 161.7 | 72.8 | 71.5 | 107.0 |
| Other financial assets | 4.1 | 125.8 | 26.0 | 21.3 | 21.3 | 21.3 |
| Other | 20.0 | 31.0 | 26.4 | 65.4 | 65.4 | 65.4 |
| Current Liabilities | (207.5) | (260.9) | (314.2) | (349.0) | (348.8) | (347.6) |
| Creditors | (146.8) | (156.4) | (184.2) | (206.0) | (213.2) | (219.5) |
| Tax and social security | (3.6) | (2.9) | (2.9) | (3.2) | (3.2) | (3.2) |
| Short term borrowings | (54.1) | (93.6) | (121.3) | (134.1) | (126.7) | (119.3) |
| Other | (3.1) | (8.0) | (5.8) | (5.7) | (5.7) | (5.7) |
| Long Term Liabilities | (357.9) | (314.6) | (253.6) | (355.5) | (336.5) | (336.5) |
| Long term borrowings | (281.5) | (235.2) | (172.9) | (281.9) | (262.9) | (262.9) |
| Other long term liabilities | (35.0) | (42.4) | (40.1) | (25.9) | (25.9) | (25.9) |
| Net Assets | 250.8 | 402.0 | 455.5 | 460.6 | 468.6 | 487.7 |
| Minority interests | (46.9) | (36.4) | (45.6) | (52.6) | (52.6) | (52.6) |
| Shareholders' equity | 203.9 | 365.7 | 409.8 | 408.0 | 416.0 | 435.1 |
| CASH FLOW | | | | | | |
| Operating Cash Flow | 72.5 | 72.8 | 75.1 | 70.2 | 95.1 | 107.9 |
| Capex and intangibles | (16.2) | (24.1) | (38.2) | (41.8) | (30.0) | (30.0) |
| Acquisitions/disposals | (100.8) | 75.3 | (39.4) | (192.1) | 0.0 | 0.0 |
| Net interest | (2.3) | (2.4) | 0.3 | (6.2) | (14.0) | (11.0) |
| Equity financing | (9.3) | (8.1) | (3.1) | 4.6 | (5.0) | (5.0) |
| Dividends | (12.5) | (20.8) | (33.4) | (28.9) | (21.0) | (19.1) |
| Borrowings | 42.9 | (40.2) | (41.4) | 92.2 | (19.0) | 0.0 |
| Other | 1.0 | (3.8) | 124.8 | 12.9 | 0.0 | 0.0 |
| Net Cash Flow | (24.6) | 48.6 | 44.7 | (89.2) | (1.3) | 35.5 |
| Opening net debt/(cash) | 91.9 | 264.4 | 77.6 | 102.0 | 321.8 | 296.7 |
| Closing net debt/(cash) | 264.4 | 77.6 | 102.0 | 321.8 | 296.7 | 253.8 |

Source: Tinexta, Edison Investment Research

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