

MAKING SCIENCE

Entering a new profitable growth phase

- **A new capital raise in sight.** 2023 was a tough year for MAKS (macro slowdown, wage inflation, M&A digestion, the US expansion), but things started to improve in Q4, and 2024 is looking very strong: we look for c.20% & >80% growth in net sales & EBITDA, respectively. With this backdrop, MAKS is looking to raise up to €7m of fresh equity (9% of market cap), with the aim of taking advantage of further M&A opportunities (>10 deals in the L3Y with >15% estimated RoCE) and strengthening the B/S (debt/EBITDA at c.2X24E) whilst increasing the free float.
- **What makes Making Science different?** a) MAKS (a specialised player in digital marketing, data analytics, cloud & technology) is a premium partner of the main tech platforms; b) its relationship is particularly strong with Google (founder & team leaders are all ex-Google), as it is one of the very few GMP resellers (Google Marketing Platform, the most important digital marketing tool) in EMEA and the US; c) it built a global reach (present in 15 countries); and d) it owns state-of-the-art technology. These very powerful credentials, global service, and enlarged and differentiated product offering have proven to be a competitive advantage (>25% CAGR organically since its foundation in 2016), and allowed it to build a high-quality and sticky client portfolio (large accounts & top-tier brands).
- **Massive growth ahead.** The prospects look very attractive, considering: 1) the solid industry outlook (8-14% CAGR 2023-27E); 2) MAKS' competitive advantages; 3) its cost-competitive structure; and 4) the US opportunity, where it has just entered with an ex-Google team (GMP reseller plus strong EMEA credentials). After a 50% EBITDA CAGR in L4Y, we look for +80% (organic) in 2024 (turning profit making) and 15% CAGR in 2024-27, outpacing industry growth. The major EBITDA growth and €6m of new equity should lead to a fast deleverage (from 5.5X23 to 2X24 and <1X26), opening the door to further M&A.
- **Our view.** MAKS has gone from a small local player in digital advertising to becoming the leader in Spain, achieving a strong foothold in EMEA whilst entering the large US market. This is all thanks to the strong industry know-how, its long-standing relationship with Google, and a talented team. MAKS ended a challenging 2023 on a strong footing, and prospects for 2024 and beyond look very good. The shares trade at just <8X24E EV/EBITDA, in line with traditional media peers, but MAKS is still in a start-up phase (<5X26E) and we see plenty of M&A opportunities to boost growth further. In this context, the upcoming capital raise offers a liquidity window and an attractive LT entry point in the MAKS story.

Financial Ratios	FY21	FY22	FY23	FY24E	FY25E	FY26E
EBITDA (€m)	5.7	9.2	8.4	15.7	18.9	21.5
Net profit (€m)	(3.5)	(0.9)	(3.8)	4.8	7.8	9.9
EPS (€)	(0.45)	(0.11)	(0.45)	0.52	0.85	1.08
Adj. EPS (*) (€)	0.39	0.25	(0.07)	0.59	0.87	1.10
P/E (x)	n.a.	n.a.	n.a.	17.4	10.7	8.4
P/E Adj. (x)	n.a.	n.a.	n.a.	15.3	10.4	8.2
EV/EBITDA (x)	40.2	18.6	15.2	7.7	6.0	4.8
Debt/EBITDA (x)	4.7	3.7	5.3	2.1	1.3	0.7
P/BV (x)	13.9	6.2	4.8	3.1	2.4	1.9
ROE (%)	n.a.	n.a.	n.a.	18.0	22.7	22.5
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

(*) Historical multiples based on average share price of the year

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Share Price (*) € 9.05

*Share price at the close of 03 May 2024

MAKS.MC/ MAKS SM

Market Cap	€ 76 m
Enterprise Value	€ 115 m
Free Float	€ 17 m
Nº Shares	8 m
Average Daily Volume	€ 10 k

Performance	1m	3m	12m
Absolute %	2.9	-10.5	-27.8
Relative %	2.6	-20.9	-50.7



Shareholders

Mr. Martínez Aguilar 62.7%, Mr. Verdeja 6.7%, other key employees 14.2%, Treasury shares 2.7%, Free Float 13.7%

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Key Data

P&L account (€ m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue	57.7	110.4	210.1	235.8	279.7	303.0	328.9
COGS	(42.9)	(80.4)	(155.2)	(171.6)	(203.1)	(215.6)	(231.1)
Gross margin	14.8	30.0	55.0	64.1	76.6	87.5	97.7
Opex	(11.3)	(27.7)	(46.8)	(58.4)	(61.5)	(68.8)	(76.5)
EBITDA	3.5	2.4	8.1	5.8	15.1	18.7	21.2
One-offs	0.2	3.4	1.1	2.6	0.6	0.3	0.2
Adj. EBITDA	3.7	5.7	9.2	8.4	15.7	18.9	21.5
D&A	(0.9)	(3.8)	(4.0)	(4.4)	(5.1)	(5.4)	(5.6)
Provisions & Other	0.0	(0.0)	-	-	-	-	-
EBIT	2.6	(1.5)	4.1	1.3	10.0	13.3	15.6
Net financials	(0.5)	(1.1)	(3.2)	(3.9)	(3.7)	(3.0)	(2.4)
Equity method & other	(0.1)	-	0.0	(0.0)	-	-	-
EBT	2.0	(2.5)	1.0	(2.6)	6.3	10.4	13.2
Income tax expense	(0.5)	(0.7)	(1.5)	(1.2)	(1.6)	(2.6)	(3.3)
Minorities	-	(0.3)	(0.4)	0.0	0.0	0.0	0.0
Net profit, reported	1.5	(3.5)	(0.9)	(3.8)	4.8	7.8	9.9
Adjustments	0.9	6.4	2.9	3.2	0.4	0.2	0.2
Net profit adjusted	2.3	2.9	2.0	(0.6)	5.2	8.0	10.1
Nº of shares (m)	7.1	7.8	8.3	8.4	9.2	9.2	9.2
Nº of shares adjusted (m)	6.8	7.6	8.1	8.2	9.0	9.0	9.0
Treasury stock (m)	0.3	0.2	0.2	0.2	0.2	0.2	0.2
YoY Growth	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	76%	103%	83%	17%	19%	14%	12%
EBITDA	152%	(32%)	243%	(29%)	163%	23%	14%
Adj. EBITDA	118%	55%	61%	(9%)	87%	21%	13%
EBIT	193%	(158%)	n.m.	(67%)	n.m.	33%	17%
Net profit	123%	n.m.	(74%)	n.m.	(226%)	63%	28%
Sales by division	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Core Business	100%	94%	95%	95%	96%	99%	100%
E-commerce	0%	6%	5%	5%	4%	4%	4%
EBITDA by division	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Core Business	100%	125%	119%	98%	97%	97%	96%
E-commerce	0%	(25%)	(19%)	2%	3%	3%	4%
Per share data	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
EPS	0.21	(0.45)	(0.11)	(0.45)	0.52	0.85	1.08
EPS adjusted	0.34	0.39	0.25	(0.07)	0.59	0.87	1.10
CFPS	0.44	(0.02)	0.10	0.30	1.01	1.38	1.65
FCFPS	0.34	0.32	0.22	(0.78)	0.65	0.86	1.12
BVPS	0.41	1.83	2.57	1.87	2.89	3.73	4.82
DPS	-	-	-	-	-	-	-
Cash flow (€ m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net profit	1.5	(3.5)	(0.9)	(3.8)	4.8	7.8	9.9
Depreciation	0.9	3.8	4.0	4.4	5.1	5.4	5.6
Minorities	-	0.3	0.4	(0.0)	(0.0)	(0.0)	(0.0)
Non-cash adjustments	0.7	(0.8)	(2.6)	2.0	(0.6)	(0.5)	(0.4)
Total cash-flow (CF)	3.1	(0.2)	0.8	2.5	9.3	12.6	15.1
Capex	(1.2)	(3.1)	(4.7)	(5.9)	(5.1)	(5.2)	(5.3)
Working capital investmer	0.5	5.8	5.7	(3.2)	1.8	0.5	0.5
Operating FCF	2.4	2.5	1.8	(6.6)	6.0	7.9	10.3
Financial investments	-	-	-	-	-	-	-
Disposals (acquisitions)	(5.0)	(34.3)	(16.4)	(2.8)	-	-	-
Other	-	-	-	-	-	-	-
Dividends to minorities	-	-	-	-	-	-	-
Rights issues	1.2	10.6	9.3	-	6.0	-	-
Free-cash-flow (FCF)	(1.5)	(21.2)	(5.2)	(9.4)	12.0	7.9	10.3
Dividends paid	-	-	-	-	-	-	-
Share buybacks	-	-	(1.2)	-	-	-	-
FCF after buy backs	(1.5)	(21.2)	(6.4)	(9.4)	12.0	7.9	10.3
Balance sheet (€ m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Shareholders equity	3	14	21	16	27	34	44
Minorities	-	1	1	0	0	0	0
Provisions & others	5	(3)	(2)	(2)	(1)	(1)	0
Net debt (cash)	3	27	34	45	33	25	14
Capital invested	10	40	54	58	58	59	59
Other intangible	11	43	63	64	65	66	67
PP&E	0	1	2	2	3	3	3
Financial assets	0	2	1	2	2	2	2
Equity method	0	1	1	1	1	1	1
Working capital	(1)	(8)	(13)	(11)	(13)	(13)	(14)
Capital employed	10	40	54	58	58	59	59
Working capital/sales	(2.1%)	(7.1%)	(6.0%)	(4.7%)	(4.6%)	(4.4%)	(4.2%)
Financial ratios	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net debt/EBITDA	0.8X	11.4X	4.2X	7.8X	2.2X	1.3X	0.7X
Net debt/Adj. EBITDA	0.7X	4.7X	3.7X	5.3X	2.1X	1.3X	0.7X
Gearing	95%	190%	159%	284%	123%	72%	33%
Interest cover	5.1X	(1.4X)	1.3X	0.3X	2.7X	4.5X	6.6X
Margins & ratios	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
EBITDA margin	6%	2%	4%	2%	5%	6%	6%
Effective tax rate	(26%)	26%	(153%)	48%	(25%)	(25%)	(25%)
Pay-out	0%	0%	0%	0%	0%	0%	0%
ROCE (EBIT/CE)	25%	(4%)	8%	2%	17%	23%	26%
ROE	51%	n.a.	n.a.	n.a.	18%	23%	22%

I. A new capital increase in sight

A major M&A-growth driven strategy since listed led to >80% CAGR in 2019-22

1) What has happened since the last capital increase?

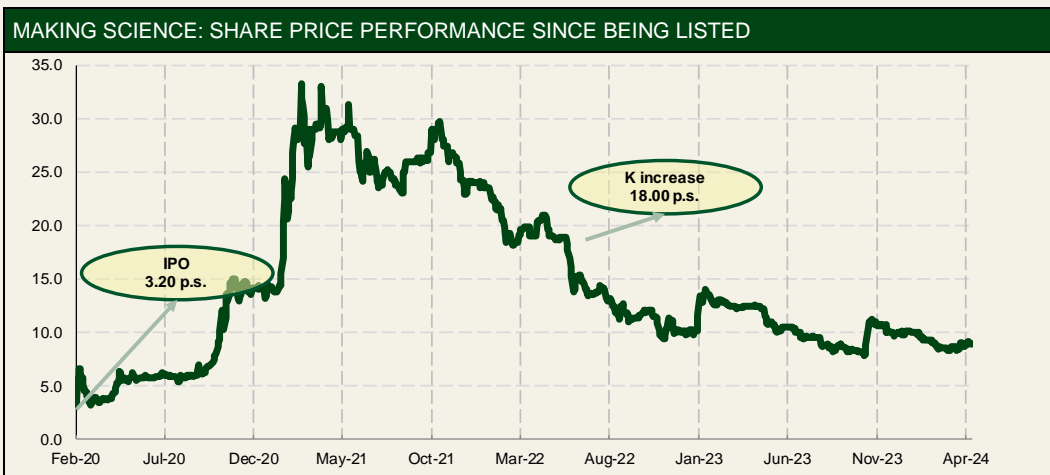
A benign market environment post-Covid (major digital & data analytics needs and easy access to cheap financing) enabled Making Science to boost organic growth and initiate an ambitious M&A-driven growth strategy right after being listed (Feb-20). The company made two acquisitions in late 2020, seven during 2021 and one in early 2022. This led revenues and gross profit to jump by >80% CAGR over 2019-22 (>20% organically p.a.), reaching €210m and €55m in 2022, respectively. The workforce expanded from 180 to >800, and Spain diluted from >95% to <55% of total gross profit.

MAKING SCIENCE: MAIN KPIs DURING 2019-22 GROWTH PHASE					
(€ m)	2019	2020	2021	2022	CAGR 19-22
Revenues	34.6	57.7	110.4	210.1	83%
Gross Profit	8.4	14.8	30.0	55.0	87%
o/w Spain	8.1	12.6	21.2	29.2	
% of total	96%	85%	71%	53%	
Workforce (#)	230	320	800	918	59%

Source: Alantra Equities

In order to pursue additional inorganic growth while maintaining the B/S in check, Making Science raised €9.3m equity in June 2022 at €18p.s. (6.7% of pre-deal capital). The aim was to use the cash proceeds to acquire companies at similar valuations to past acquisitions (i.e. 9-10X EV/EBITDA multiple) with a mix of cash (1/3), earnouts (1/3) and new shares (1/3), leveraging on Making Science's premium multiple (>15X22 EV/EBITDA).

The company delivered on its ambitious +25-40% EBITDA growth target in the core business (+31%) in 2022, but failed with respect to the e-commerce Ventis' target (-€1.8m EBITDA, vs. -€0.5m). This, together with a worsening outlook for the core business in 2023 (macro slowdown, wage inflation) and a very pessimistic market sentiment on growth (impacted by the rise in interest rates) and small/micro stocks led the shares to halve, with these factors collectively making inorganic growth more challenging, and led the company to reduce its M&A ambitions.



Source: Alantra Equities

2) 4Q23 & 1Q24 results confirm the turning point...

The core is back on track

Making Science's **core business** (>90% of group gross profit) is broken down as follows:

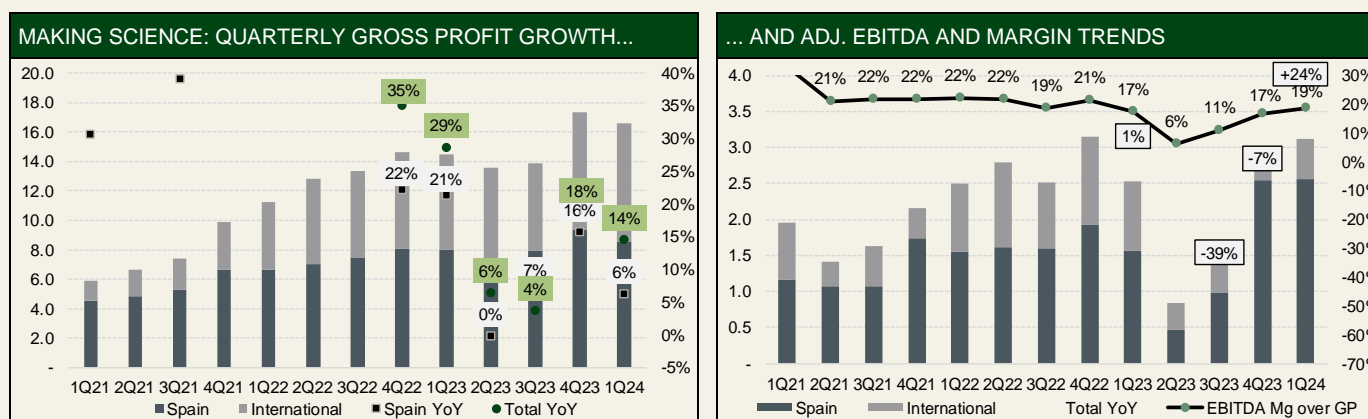
- 1) Digital advertising and ad-tech and mar-tech services. This is Making Science's main business line (>60% of group gross profit) and consists of: paid media campaign management and programmatic advertising, SEO positioning in search engines, implementation of Google Marketing Platform, feed generation for digital ad, data analytics and content & creativity.

- 2) Cloud, software & cybersecurity (c.25% of group gross profit). Making Science helps clients in their cloud migration with the development of cloud-based solutions, and in the management of their digital platforms (ERP, e-commerce, web, CRM). It also provides services around big data (data collection & analytics, data-driven insights & optimization).
- 3) SaaS and AI (5-10% of group gross profit). Gauss AI, Ad-Machina and Trust Generative AI are Making Science's technology platforms, specialized in marketing solutions to increase sales and improve investment efficiency through AI and FPD (monthly license fee).

After a challenging 2023 (growth slowdown, wage inflation), the core is back on track (1Q24 +24% off a difficult comparison base)

The business started to reflect the aforementioned worsened environment at the beginning of 2023. The clients' reduction of advertising & consultancy budgets led gross profit growth to fall from >30% YoY organically in 2022 to 24% in 1Q23 and 10% in 2Q23 (in Spain, growth went from >20% to flat in 2Q23). This gross profit slowdown, combined with: 1) Making Science's workforce expansion plans; 2) wage inflation (wages account for 2/3 of group costs); and 3) the investments made in talent acquisition in key European markets post M&A and, more importantly, the US landing (Making Science hired a senior ex-Google team in the US to expand its operations in the country), led Making Science's EBITDA and margins to trough in 2Q23 to <€1m (-66% YoY) and 6%, respectively.

Since mid Q3, however, the investments made in talent have borne fruit, as gross profit returned to historical growth levels across all markets, which, together with a major cost discipline (wages growth softened), allowed trends to improve sharply. In Q4, gross profit growth jumped to +18%, leading adj. EBITDA to nearly stabilise and margins to jump to 17%, whilst in 1Q24, gross profit and adj. EBITDA jumped by 14-24% (and yet despite a tough comparison base, as 1Q23 had a positive inertia tailwind and did not include the still loss-making US).



Source: Alantra Equities

Ventis has turned profitable

Falling online retail demand and supply disruption has created a very complicated environment for the e-commerce business since mid-22. This adverse situation caught Ventis in the middle of a restructuring program as well as product repositioning (gearing towards upmarket), and with abnormally high inventory levels (similar to the industry). As a result, sales plummeted in 4Q22 and 1Q23 by >30%, leading gross margins to tumble to 25-30%. Additionally, Making Science incurred >€0.5m of restructuring expenses during those two quarters.

Product repositioning and cost-cutting (personnel has nearly halved) has turned Ventis profitable

The improvement in product portfolio and cost-cutting efforts (personnel expenses nearly halved) translated into a double-digit sales growth during the rest of 2023, solid gross margins (in the 35-45% range) and positive EBITDA generation for the first time ever. 2024 has started strong despite Q1 being a seasonally weak quarter, with sales & gross margin jumping by 25-30%, thereby translating into EBITDA going from breakeven (€9k) to >€205k.

MAKING SCIENCE: VENTIS QUARTERLY PERFORMANCE							
(€ m)	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Sales	2.3	2.4	2.4	2.6	2.5	3.3	3.0
% YoY	1%	-38%	-33%	10%	9%	37%	23%
Gross Profit	0.7	0.6	0.7	1.0	0.9	1.4	1.0
Margin	29%	25%	31%	38%	34%	43%	32%
Adj. EBITDA	(0.6)	(0.3)	0.0	(0.0)	0.1	0.2	0.2
EBITDA	(0.6)	(0.7)	(0.3)	(0.1)	0.0	0.2	0.2

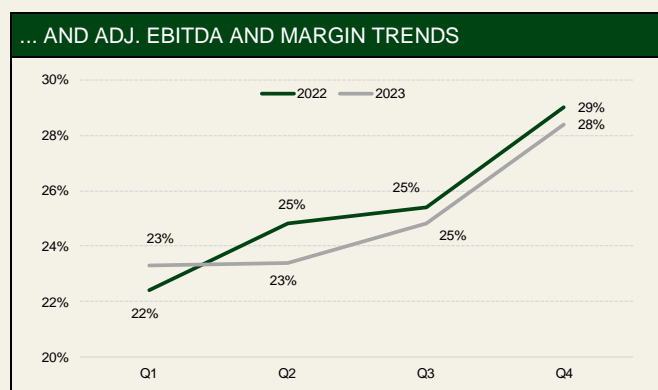
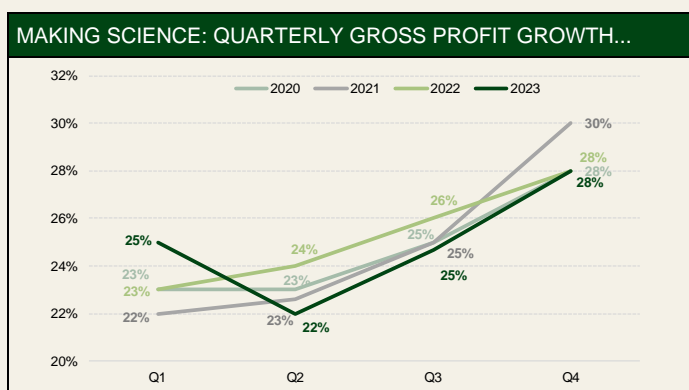
Source: Alantra Equities

Well-placed to deliver on the ambitious €14-15m adj. EBITDA target in 2024

The major operating recovery led Making Science to set an ambitious target of €74-77m in gross profit) and €14-15m adj. EBITDA (€15-16m post IFRS16) for 2024 (vs. €64m and €8.1m last year).

Based on a strong Q1 and the business' high visibility, the company is well-placed to deliver on its €14-15m adj. EBITDA guidance

Considering the positive delivery in cost control, that inefficiencies from previous M&A are behind us, and the business model's high revenue recurrency & visibility (80-85% of fees are billed on a monthly basis), we see MAKs as well-placed to deliver on these targets. The graph below demonstrates the business recurrency: in both Spain & International, gross profit in Q1 typically represents 22-23% of the gross profit for the year, whilst Q4 is the most important quarter thanks to seasonality and the full contribution from the clients captured earlier in the year. Essentially, MAKs can already predict with reasonable accuracy what gross profit will be for the year in Q1. Based on the assumption that Q1 will account for 22.5% of 2024 gross profit, we reach >€77m annualised (vs. €74-77m guided).



Source: Making Science

In this context, MAKs aims to raise up to €7m of fresh capital (9% of total) to fund more M&A, strengthen the B/S and increase free float

3) ... and leaves the door open for a new capital increase

Considering the very positive operational context, Making Science aims to raise up to €7m of new equity, equivalent to up to 9% of total capital, with the idea of: 1) funding small M&A (the remaining minorities or other); 2) maintaining the B/S in check; and 3) increasing the free float and liquidity. In more detail:

- 1) In 2023, Making Science acquired Celsius' remaining minorities for c.€4m (€2.5m cash and €1.5m earnouts), and we expect that Making Science would eventually look to acquire the remaining minorities in Ad-Machina and Tre Kronor.

Ad-Machina is the owner of ad-tech technology specialised in search engine optimization for campaigns (the technology mostly allows for the improvement of conversion rates). Making Science acquired a 51% stake in mid-21 for €1m, and has a call option to acquire the remaining 49% stake (19% in 2024 and 30% in 2025). The technology acquired has been a complete success, as it has been easier to escalate within Making Science and incorporate into the latter's growing client portfolio, thus enhancing the product offering and boosting returns.

Tre Kronor is a media agency based in the Nordics and is owned by UCP which is listed in the US. Making Science acquired a 70% stake in UCP in early 2022 for €1.3m cash, 133k shares worth €2.9m and a €5.9m earnout. Later on, in August-2023, Making Science acquired an additional 6.3% stake. The broadening of Tre Kronor's service portfolio with Making Science's capabilities has been very successful to date: based on the strong Q1, we expect Tre Kronor to generate €1.6-1.7m EBITDA in 2024, which would imply >25% CAGR since its acquisition.

Good track record in M&A (estimated RoCE of c.15% in 2024)

In the event of the cash being used for other M&A alternatives, we think it is important to highlight the company's very strong track on this front. The company has made >10 acquisitions since 2020 and multiplied its size, all while maintaining sound profitability through the cycle. This is evidenced by the fact that we estimate that the company will achieve a notable c.15% RoCE in 2024 despite the acquisition spree made in 2020-22 and the still loss-making US, thereby validating the healthy value creation in the process.

MAKING SCIENCE: RETURN ON CAPITAL EMPLOYED EVOLUTION

(€ m)	2020	2021	2022	2023E	2024E	2025E
Adj. EBIT (*)	3.4	4.7	6.2	4.4	10.7	13.8
NOPAT	2.7	3.7	4.8	3.4	8.4	10.8
Capital employed	11.4	46.0	54.4	58.4	57.7	58.3
Fixed assets	12.6	53.9	67.1	69.5	70.6	71.7
Working Capital	(1.2)	(7.8)	(12.7)	(11.1)	(12.9)	(13.3)
ROCE post-tax	23%	13%	10%	6%	14%	19%

(*) EBIT on a pre-IFRS16 reporting basis; Source: Alantra Equities

After peaking in 2023, we expect leverage to fall to a comfortable 2.5X by YE organically

- 2) Net debt increased by €11m to €45m, with 30% driven by M&A (mostly linked to the remaining minorities at Celsius France), 60% due to negative FCF generation (weak EBITDA, US landing, plus abnormally high one-offs and temporary WK consumption) and 10% on higher lease liabilities. This, together with a “depressed” EBITDA, led to a peak leverage of >5X. However, a much better outlook for 2024 in terms of both EBITDA and FCF conversion should bring leverage down organically to more comfortable levels (2.5X) by the end of the year.

Ex lease liabilities, gross debt amounted to €60m structured as follows: €8.5m bank debt (E +3%), an €11.8m bond (5.5% fixed) due in Nov-24, €11m in earnouts, a €7m deferred payment (€6m is linked to the Ventis acquisition) and €21m of credit facilities. As for the 2024 maturities, we highlight: 1) credit facilities are renewed on a yearly basis (€16m of which are confirming lines, i.e. payables for its main provider, Google); 2) the c.€12m bond is in the process of being bought back at par and is being replaced by a new syndicated loan (led by EBN), 4Y maturity at a very competitive E+3%. Once this is closed, Making Science’s cash (€20m), as well as FCF generation (€6m), would cover 2.5-3.0X 2024 debt & earnout maturities, thus offering significant headroom.

MAKING SCIENCE: NET DEBT EVOLUTION AND DEBT STRUCTURE

(€ m)	2021	2022	2023		Due in 2024	Due in 2025+	Total
Net debt (*)	27.0	33.9	44.6	Bank debt	3.8	4.7	8.5
o/w earnouts	7.9	16.1	10.9	Earnouts	3.2	7.7	10.9
o/w lease liabilities	3.1	3.6	4.9	Deferred payments (**)	1.7	5.4	7.1
Adj. EBITDA (*)	5.7	9.2	8.4	Bond	11.8	-	11.8
Leverage	4.7x	3.7x	5.3x	Credit facilities (*)	21.4	-	21.4
				Total	41.9	17.8	59.7

(*) Pre-IFRS16; Source: Alantra Equities

After including €6m at €7.85p.s. of equity raised (9.1% of pre-deal share count), leverage falls to c.2X (and to slightly below 2X on a pre-IFRS16 basis)

In the Q1 c/call, MAK'S CEO stated that the capital increase would range from €4-7m. We have assumed a €6m equity injection at a 10-15% discount to current market prices, i.e. at €7.85p.s. This will be the equivalent of issuing 760k new shares, or 9.1% of pre-deal shares. As a result of this, leverage will be cut c.0.5X to c.2X in 2024E (and <2X on a pre-IFRS16 basis).

We think that half of the cash raised will be used for M&A (either the buyout of minorities or in other bolt-on acquisitions) and half to strengthen the B/S & liquidity. It is worth highlighting that the fast-deleveraging profile of Making Science should also leave a very favourable outlook in 2025 (<1.5X) for accelerating inorganic growth (obtain critical mass in the US, expand to Asia?).

MAKING SCIENCE: NET DEBT ESTIMATE POST CAPITAL INCREASE

(€ m)	2022	2023	2024E	Post K increase	
				2024E	2025E
Net debt (*)	33.9	44.6	38.6	32.6	24.7
Adj. EBITDA (*)	9.2	8.4	15.7	15.7	18.9
Leverage	3.7x	5.3x	2.5x	2.1x	1.3x

(*) Post-IFRS16; Source: Alantra Equities

- 3) Lastly, we understand that Making Science is also aiming to improve share liquidity in order to become more attractive from an investor standpoint. As a reminder, Making Science’s shareholder structure is as follows: 63% is owned by the CEO & founder, 21% by other Making Science employees and integrated companies; 14% is free float and 3% are treasury shares.

II. All set to deliver massive growth

We expect adj. EBITDA to post >80% growth (24) and 15% CAGR over 2024-27 (or +29% in '23-27)

We believe that the combination of: 1) solid industry trends (+8-14% CAGR 2023-27); 2) Making Science's competitive advantages (global reach, in-house technology, cost-efficient & a disruptor); 3) cost-control, following a costly digestion of past M&A; and 4) the US landing gradually becoming profit-making (GMP sales partner from Jan-24) should allow Making Science to deliver on its ambitious guidance, and to post 14% & 29% gross profit & EBITDA CAGR over 2023-27.

MAKING SCIENCE: GROSS PROFIT AND ADJ. EBITDA ESTIMATES												
(€ m)	2022	% YoY	2023	% YoY	2024E	% YoY	2025E	% YoY	2026E	% YoY	2027E	23-27E
Gross profit	55.0	17%	64.1	19%	76.6	14%	87.5	12%	97.7	10%	107.1	14%
Adj. EBITDA(*)	9.2	(9%)	8.4	87%	15.7	21%	18.9	13%	21.5	10%	23.6	29%

(*) Adjusted by one-offs. IFRS16 accounting since 2023 (included); Source: Alantra Equities

MAKS works in a structurally growing industry (digital advertising, data analytics, cloud and e-commerce)

1) Very supportive industry backdrop...

The long-term growth prospects remain intact. Making Science works within four growing markets:

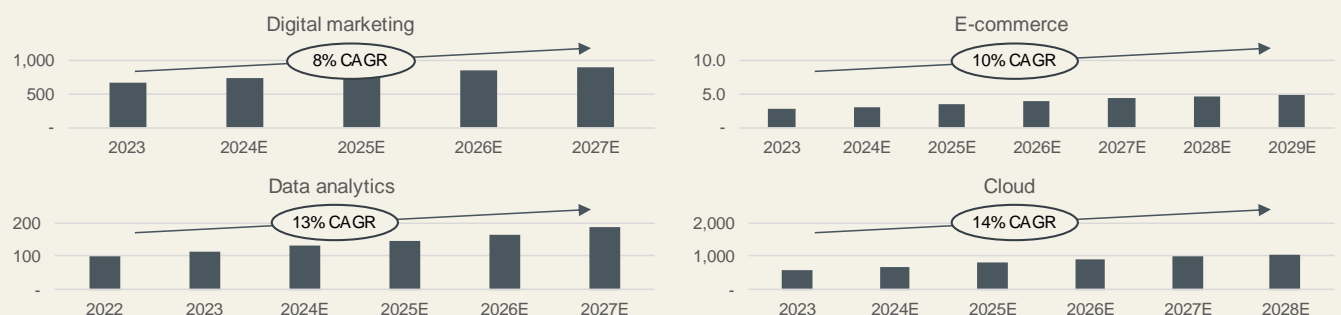
- Digital advertising**, which is split between search engines (i.e., advertising on Google); 2) social media (i.e., Facebook, Instagram, or Twitter); 3) displays (i.e., banners on destination web pages); 4) video (i.e. advertising on platforms such as YouTube); and 4) classifieds (i.e. Idealista). Google and Meta are the clear market share leaders. According to industry sources, digital advertising should continue to grow at 8% CAGR over 2023-27 thanks to the increased usage of internet worldwide (stealing share from traditional advertising) and economy growth. A very tough comparison base post pandemic boom, and the macro slowdown have hit digital advertising investment on the two largest platforms since 2H22, and trends started to reverse in 2H23. Over 2020-23, digital advertising has grown at >15% CAGR on these two platforms.

MAKING SCIENCE: GOOGLE AND META ADVERTISING QUARTERLY PERFORMANCE												
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Google ad YoY	32%	69%	43%	33%	22%	12%	3%	-4%	0%	3%	9%	11%
Meta ad YoY	46%	56%	33%	20%	6%	-1%	-4%	-4%	4%	12%	24%	24%

Source: Alantra Equities

- Data analytics** is becoming increasingly important, as more and more data is generated and collected which can be used to better address customer needs, thereby enhancing efficiency and the decision-making process. Automation by predictive models and machine learning is gradually being used in marketing campaigns (automation of personalised recommendation for customers), and thus generative AI tools are of increased interest to customers. This niche is expected to post 13% CAGR over 2022-27E.
- Cloud** is also in very high demand thanks to the positive trends seen above, as the increase in data generation increases storage and analysis needs. After a very strong 2023 (+20% growth), cloud is expected to grow at 14% CAGR over 2023-28E.
- E-commerce** should continue to benefit from an increased share in online retail vs. offline retail. In this sense, and after the post-pandemic boom and normalisation in 2H22 and 2023, e-commerce is expected to enjoy a 10% CAGR over 2023-29E.

MAKING SCIENCE: MAKING SCIENCE'S INDUSTRIES

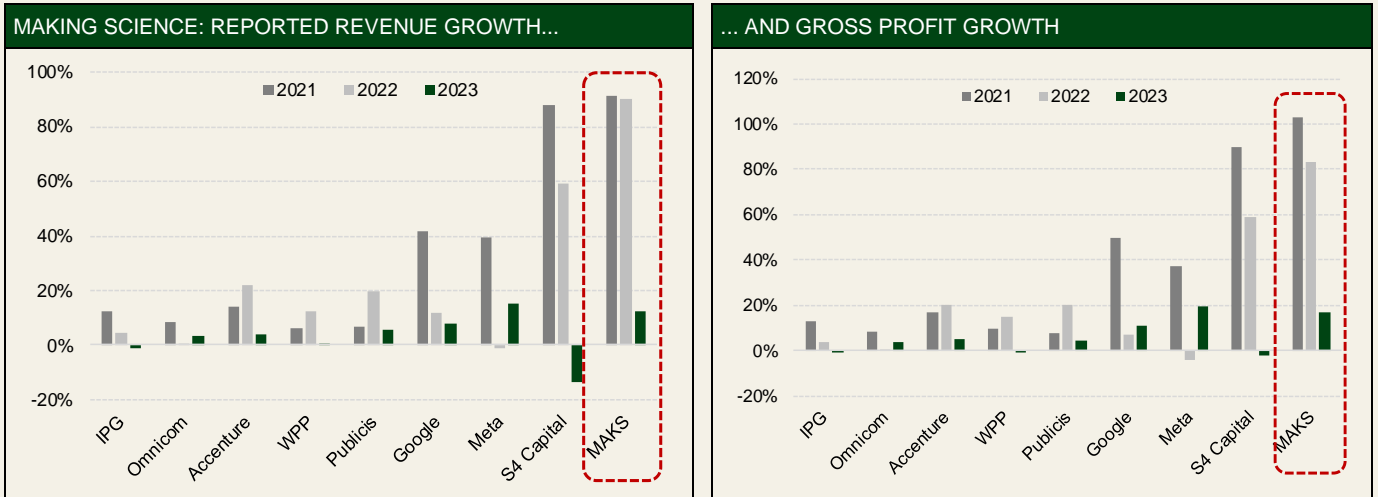


Source: Global Data and Statista

2) ...and strong competitive positioning to capture it

It has always outpaced peers thanks to its superior business model:

As seen below, Making Science has always grown ahead of its main competitors, both organically and inorganically, and the start of 2024 has not been an exception. International expansion has led growth; however, the Spanish market, which is more mature, has posted >15% CAGR.



Source: Alantra Equities

a) Premium partner of the main tech platforms; b) particular strong relationship with Google (one of the very few GMP resellers, founder & team are all ex-Google); c) it has a global reach; and d) it owns state-of-the-art technology.

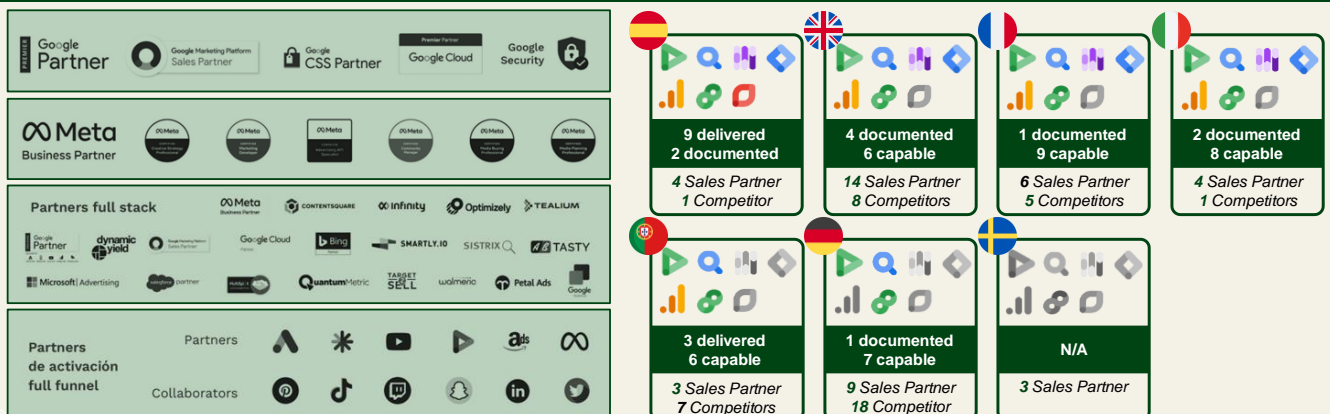
There are many reasons behind the above-mentioned successful growth story:

1) Making Science is partnered with all the main tech platforms (e.g., Google, Meta, Microsoft, TikTok, etc.), and its relationship is especially strong with Google: on top of the customary certifications in the Google Marketing Platform (GMP, the world's most important digital marketing tool) that most marketing consultants have, it is one of the very few resellers of the technology in EMEA (and recently US as well) for large accounts. This makes Making Science a one-stop shop supplier for the larger clients, and builds a massive barrier to entry over smaller competitors.

To make sense of this differentiation, it is important to note that in order to be certified as a partner by Google in a GMP tool, a consultant must develop two business case proposals for each of the seven tools in the GMP platform, after which the consultant can provide advisory and services to clients over the platform. To become a sales partner (as Making Science is), one needs a discretionary invitation from Google, who chooses its sales partners carefully based on their technical prowess and local presence. GMP comes at a high cost (both the license itself and the support services required), limiting its use to bigger brands, but it is a tool that top players can hardly refuse in order to keep up with the digital positioning, therefore leading to very large and recurring clients.

As a reference, there are only four GMP sales partners in Spain, and only one (Making Science) with all seven certifications. In EMEA (ex-UK), there are only 4-9.

MAKING SCIENCE: KEY COMPETITIVE STRENGTHS



Source: Making Science

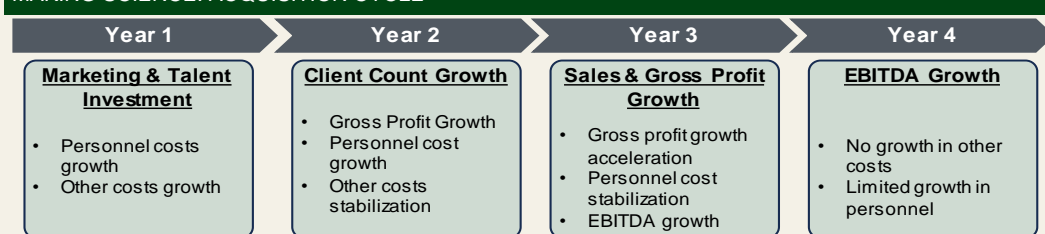
MAKING SCIENCE: CLIENTS' PORTFOLIO (SELECTED LIST)



Source: Alantra Equities

- 2) The **international expansion** carried out mainly in 2020-21 has allowed Making Science to become a global player, generate significant cross-selling opportunities and compete against a fewer number of players. Why is this?
 - a) Acquiring a company in a different geography allows Making Science to widen its product scope range while incorporating new skills and teams that improve the group's product offering, all while broadening its client reach. It normally takes 3-4Y for Making Science to get the acquired company up to speed.

MAKING SCIENCE: ACQUISITION CYCLE



Source: Making Science

- b) Being considered as a global player is also a strong credential, especially when pitching to larger clients that have a multi-country presence and global needs. In this sense, Making Science could manage all the digital advertising campaigns for international customers, enlarging the services offered and proving a barrier of entry to smaller competitors that lack a global presence.
- 3) Having **proprietary technology** is also a competitive advantage. In this sense, Making Science has not just jumped into the AI fad recently, but did so in 2016. It internally developed **Gauss AI**, thus positioning itself well ahead of competitors. Another relevant proprietary technology is **Ad-Machina** which creates advanced campaigns in Google ads. It was a very small acquisition (2021), but its innovative approach, commercial success and cross-selling when integrated in Making Science has led Ad-Machina to grow by >5X in revenues and employees. It now includes AI tools and has been integrated within Google Cloud marketplace as a SaaS business.

In terms of capex, Making Science mainly invests in proprietary in-house technology and in-house systems and corporate solutions (SAP, CRM). In total, Making Science invests around 6-7% of annual gross profit. AI and in-house technology represented c.60% of total intangible capex, equivalent to 7% of gross profit.

MAKING SCIENCE: OWN WORKS CAPITALISED

(€ m)	2019	2020	2021	2022	2023
Capex	0.90	1.20	3.13	4.66	5.80
Own work capitalised	0.88	1.20	2.45	3.26	4.70
% of gross profit	10%	8%	8%	6%	7%

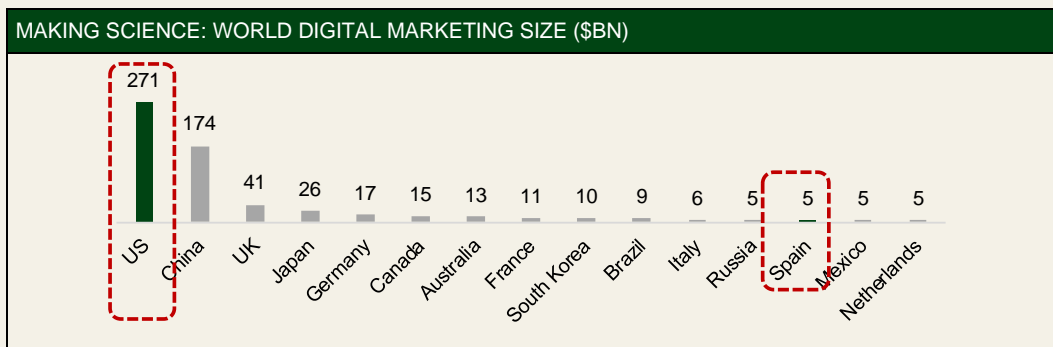
Source: Alantra Equities

All in all, against smaller, local clients, Making Science offers international and technology advantages, and it is a disruptor company which is more agile & fresh and cost competitive against bigger/incumbent competitors, allowing it to be more aggressive. In this sense, we think there is plenty of room to continue to outgrow its already solid industry prospects.

3) Seizing the massive US opportunity

MAKS hired a senior ex-Google team in mid-23, and MAKS became a sales partner of GMP shortly after (there are only #18 in the US)

A year ago, Making Science announced the hiring of three senior ex-Google employees in the US. The company aims to: 1) truly address this market, which is the world's largest in digital marketing & technology (>50% share ex China). Making Science entered the US back in 2021 with the acquisition of 360 Conversion Analytics (a very small company that focuses on conversion rate optimisation), and although it already achieved all GMP certifications (#7) it lacked critical scale and awareness; and 2) combine the team's contacts at Google in the US with Making Science's strong credentials in EMEA (GMP reseller in EMEA).



Source: Statista

The hired team implied a quarterly investment of c.€0.7m, as they came with no fees. However, shortly after the team was formed, in September, **Making Science became a sales partner of GMP** effective from Jan-24, and by Q1 it already signed its first three reseller contracts. The opportunity is huge (>20X market size re reselling and services fees) and competitors few (#18, of which #13 with full GMP capabilities, #9 with global reach, and #1 with all GMP certifications).

MAKING SCIENCE: US COMPETITIVE DYNAMICS

	Spain	USA	Company	Sales Partner Advertising	Sales Partner Analytics	Certifications	Global / Local
Sales Partners: Analytics	6	18	jellyfish	✓	✓	7	Global
Sales Partners: Advertising	5	15	brainlabs	✓	✓	6	Global
Sales Partners: Full Stack	4	13	DELVE	✓	✓	6	Local
Target clients in Google Marketing Platform (#)	200	4,000	INCUBETA	✓	✓	6	Global
Reselling potential market value (\$)	15M	400M	media.monks	✓	✓	6	Global
Services potential market value (\$)	50M	2.4B	fifty-five	✓	✓	5	Global
			ADSWERVE	✓	✓	5	Local
			MERKLE	✓	✓	5	Local
			acceleration	✓	✓	5	Global
			TRKKN	✓	✓	5	Local
			NAPKYN	✓	✗	3	Global
			making science	✓	✗	3	Local
			making science	✓	✓	7	Global

Source: Making Science, Alantra Equities

We expect the US to represent c.10% of MAKS EBITDA by 2027

In addition to the promising gross profit growth prospects, Making Science US also combines a very cost competitive structure, as most of the services could be outsourced to the Spanish, Colombian or Georgian hubs (also a competitive advantage in EMEA).

In our estimates, we expect the USA to become EBITDA breakeven in late 2024, and to generate €9m gross profit and almost €2m EBITDA by 2027, thus representing c.10% of group.

MAKING SCIENCE: US ESTIMATES 2023-27E

(€ m)	2023	2024E	2025E	2026E	2027E
Gross profit	0.9	2.5	5.0	7.2	9.0
Adj. EBITDA	(2.3)	(1.1)	0.4	1.3	1.9
% Margin	n/a	n/a	7%	17%	21%

Source: Alantra Equities

4) EBITDA to outpace the already strong top-line growth

We look for c.15% CAGR in gross profit that should translate into c.30% at EBITDA (off a depressed 2023)

The solid industry trends, together with Making Science's competitive advantages and US expansion, should lead to a gross profit growth acceleration. This should be led by the international market (+19% CAGR over 2023-27), which is now fully integrated and up to speed and with the more matured Spanish market posting slower yet solid 9% CAGR. As for Ventis, the company ended its product repositioning (Q1 sales +23% YoY), and this, together with the rising of online retail, should allow it to grow successfully by mid-to-high single digit.

MAKING SCIENCE: GROSS PROFIT ESTIMATES												
(€ m)	2022	% YoY	2023	% YoY	2024E	% YoY	2025E	% YoY	2026E	% YoY	2027E	23-27E
Gross profit	55.0	17%	64.1	19%	76.6	14%	87.5	12%	97.7	10%	107.1	14%
o/w core business	52.1	15%	60.1	20%	72.0	14%	82.5	12%	92.4	10%	101.4	14%
o/w Spain	29.2	10%	32.2	12%	36.0	9%	39.3	8%	42.4	7%	45.4	9%
o/w International	22.9	22%	28.0	29%	36.0	20%	43.2	16%	50.0	12%	56.1	19%
o/w US & others	-	n.a.	0.9	n.a.	2.5	100%	5.0	44%	7.2	25%	9.0	78%
o/w Ventis	2.8	42%	4.0	14%	4.6	9%	5.0	7%	5.3	6%	5.6	9%

Source: Alontra Equities

With regard to costs, we expect: 1) the major investments in talent and integration during the M&A phase to fade; 2) increased international fees in the mix to be outsourced to cost competitive hubs in order to enhance margins; 3) the US (a large margin detractor in 2023) to become profit-making in late 2024 and 2025 as it makes progress on the expansion; 4) operating leverage in opex, as most of the efforts re corporate systems (SAP, Salesforce) and cybersecurity do not escalate with revenues; and 5) the Ventis restructuring to pay off, as there is sound operating leverage in the marketplace from gross profit to EBITDA.

In this sense, we expect margins (gross profit over EBITDA) to strongly recover from the 2023 record lows (14%) to historical levels (i.e. 21-22%) plus a positive 50-100bps IFRS16 impact (i.e. >22%) by 2027, leading adj. EBITDA to boost from €8.4m in 2023 to €15.7m in 2024 (+87%), and then to grow at a 15% CAGR onwards. In this sense, we look for €23.6m EBITDA in 2027, which sits at the lower end of the €23-27m guidance range.

Additionally, after a large volume of extraordinaires in 2023 (the launch of the US brand, change in reporting, Ventis' turnaround and corporate legal reorganisation), this should normalise to previous years, also due to the absence of M&A (Q1 one-offs were <€0.1m), thus boosting reported EBITDA. We thus assume one-offs expenses to be in the region of €0.6m in 2024 and to fall gradually thereafter.

MAKING SCIENCE: ADJ. EBITDA ESTIMATES												
(€ m)	2022	% YoY	2023	% YoY	2024E	% YoY	2025E	% YoY	2026E	% YoY	2027E	23-27E
Gross profit	55.0	17%	64.1	19%	76.6	14%	87.5	12%	97.7	10%	107.1	14%
Adj. EBITDA (*)	9.2	(9%)	8.4	87%	15.7	21%	18.9	13%	21.5	10%	23.6	29%
o/w core business	11.0	(25%)	8.3	85%	15.2	20%	18.3	13%	20.6	10%	22.6	29%
o/w Spain	6.7	(13%)	5.8	42%	8.3	6%	8.8	6%	9.3	5%	9.8	14%
o/w International	4.3	(43%)	2.4	n.a.	7.0	36%	9.5	19%	11.3	13%	12.8	52%
o/w US & others	-	n.a.	(2.3)	(52%)	(1.1)	n.a.	0.4	n.a.	1.3	50%	1.9	n/a
o/w Ventis	(1.8)	n.a.	0.1	n.a.	0.4	48%	0.7	25%	0.8	18%	1.0	66%
<i>Core business Mg</i>	21.0%		13.7%		21.1%		22.2%		22.3%		22.3%	
<i>o/w Spain</i>	22.9%		18.1%		22.9%		22.4%		21.9%		21.5%	
<i>o/w International</i>	18.6%		8.6%		19.3%		22.0%		22.7%		22.9%	
<i>o/w US & others</i>	n/a		n/a		(45.1%)		7.5%		17.4%		20.9%	
<i>Ventis EBITDA Mg.</i>	(16.7%)		1.2%		3.8%		5.2%		6.1%		6.9%	
One-offs	(1.7)	59%	(2.6)	(79%)	(0.6)	(50%)	(0.3)	(10%)	(0.2)	(10%)	(0.2)	
EBITDA	7.5	(24%)	5.8	n.a.	15.1	23%	18.7	14%	21.2	10%	23.3	

(*) Adjusted by one-offs. IFRS16 accounting since 2023 (included); Source: Alontra Equities

III. Raising EBITDA estimates by >10% p.a.

After the better-than-expected 4Q23 and 1Q24, we are raising our EBITDA estimates by c.15% p.a. (or c.10% ex the IFRS16 impact)

Based on the stronger than expected 4Q23 & 1Q24 results, both in the core business & Ventis, we are raising our gross profit estimates by +4-8% p.a. Besides the attached operating leverage, Making Science's accounting changes to IFRS16 will also add c.€1m p.a. at EBTDA level (+€1.5m from lease charges, now seen below EBITDA, and -€0.5m from higher provisions recognised and stock options). As a result of this, we are raising our adj. EBITDA by 14-16% p.a. (7-8% ex IFRS16). We cut D&A by c.€2.5m p.a. after removing goodwill amortization and adding lease charges. All this leads us to raise our net profit estimates by €4-5m p.a., with 20-25% driven by better operating estimates and the remainder due to IFRS16 changes. We have also added 720k new shares (9% of total) after assuming €6m equity raise at €7.85p.s.

MAKING SCIENCE: CHANGES IN ESTIMATES

(€ m)	2024E			2025E			2026E		
	Prev.	New	Chg (%)	Prev.	New	Chg (%)	Prev.	New	Chg (%)
Gross Profit	73.5	76.6	4%	82.0	87.5	7%	90.6	97.7	8%
Adj. EBITDA (*)	13.6	15.7	15%	16.7	18.9	13%	18.9	21.5	14%
EBITDA	12.8	15.1	18%	16.3	18.7	14%	18.7	21.2	14%
D&A	(7.9)	(5.1)	(35%)	(7.4)	(5.4)	(28%)	(6.7)	(5.6)	(16%)
EBIT	4.9	10.0	102%	8.9	13.3	49%	12.0	15.6	30%
Net Profit	(0.5)	4.8	(1079%)	2.8	7.8	176%	5.7	9.9	76%

(*) Adjusted by one-offs. IFRS16 accounting since 2023 (included); Source: Alantra Equities

As previously highlighted, we look for a very strong 2024 (very strong operating momentum, the US gradually improving, easy comparison base) and for the company to deliver on the €14-15m adj. EBITDA target, or €15-16m post IFRS16 (vs. our €15.7m). Going forward, we look for c.15% EBITDA CAGR with a very small margin improvement, and mostly linked to the US becoming profit-making (we assume prudent small margin falls in both the rest of international and Spain).

Below this, we expect: 1) one-off costs to gradually fade (unless M&A is resumed); 2) D&A to grow from <€5m (23) to >€5.5m (27); 3) financial results to fall in 2024 thanks to an easy comparison base (2023 was impacted by certain one-off costs) and to continue falling thereafter on falling bank debt needs and rates (cost of debt going from c.6.5% to c.5.5%); and 4) a flat tax rate of 25%. With this in mind, we expect net profit to be boosted and reach €5m in 2024, and to double by 2026.

MAKING SCIENCE: P&L ESTIMATES

(€ m)	2022	% YoY	2023	% YoY	2024E	% YoY	2025E	% YoY	2026E	% YoY	2027E
Revenues	210.1	12%	235.8	19%	279.7	11%	311.5	10%	341.4	8%	368.2
Gross profit	55.0	17%	64.1	19%	76.6	14%	87.5	12%	97.7	10%	107.1
Adj. EBITDA (*)	9.2	(9%)	8.4	87%	15.7	21%	18.9	13%	21.5	10%	23.6
o/w core business	11.0	(25%)	8.3	85%	15.2	20%	18.3	13%	20.6	10%	22.6
o/w Ventis	(1.8)	n.a.	0.1	n.a.	0.4	48%	0.7	25%	0.8	18%	1.0
One-offs	(1.1)	n.a.	(2.6)	(79%)	(0.6)	(50%)	(0.3)	(10%)	(0.2)	(10%)	(0.2)
EBITDA	8.1	(29%)	5.8	n.a.	15.1	23%	18.7	14%	21.2	10%	23.3
D&A	(4.0)	11%	(4.4)	16%	(5.1)	5%	(5.4)	5%	(5.6)	2%	(5.7)
o/w leases	(0.9)	20%	(1.1)	12%	(1.2)	6%	(1.3)	5%	(1.4)	4%	(1.4)
EBIT	4.1	(67%)	1.3	n.a.	10.0	33%	13.3	17%	15.6	13%	17.6
Fin. expenses	(3.2)	24%	(3.9)	(7%)	(3.7)	(19%)	(3.0)	(20%)	(2.4)	(21%)	(1.9)
o/w leases	(0.2)	32%	(0.3)	12%	(0.3)	6%	(0.3)	5%	(0.3)	4%	(0.3)
Associates	0.0	n.a.	(0.0)	(100%)	-	n.a.	-	n.a.	-	n.a.	-
Taxes	(1.5)	(17%)	(1.2)	29%	(1.6)	63%	(2.6)	28%	(3.3)	19%	(3.9)
Minorities	(0.4)	n.a.	0.0	(10%)	0.0	10%	0.0	10%	0.0	10%	0.0
Net Profit	(0.9)	n.a.	(3.8)	n.a.	4.8	63%	7.8	28%	9.9	19%	11.9

(*) Adjusted by one-offs. IFRS16 accounting since 2023 (included); Source: Alantra Equities

IV. Leverage to fall sharply on EBITDA growth & FCF generation

MAKS ended 2023 with €45m net debt and c.5XEBITDA leverage...

A difficult 2023, rising interest rates & re-leverage post M&A, as well as an extraordinarily negative WK led to a FCF burn of €7-8m. This, together with €3-4m in minorities buyout (mostly linked to the remaining Celsius France minorities), led net debt to jump to €45m and leverage to peak at 5.3X. The outlook for 2024 is far more encouraging, and EBITDA growth, together with sound FCF generation, should lead leverage to fall to a healthier 2.5X. To this, the company aims to add up to €7m of new equity. We have included €6m in our estimates, and this leads to an even stronger B/S with leverage of 2.1X, or 1.9X on a pre-IFRS16 basis. The improved operating visibility and FCF prospects seen in the past few quarters, as well as the high business' visibility, should facilitate the bond refinancing (€11.8m maturing this year), which the company is already in advanced negotiations with a pool of banks led by EBN. The upcoming new debt is expected to be a syndicated loan with a 4Y maturity at a E +3% cost.

MAKING SCIENCE: NET DEBT AND LEVERAGE EVOLUTION

	2020	2021	2022	2023	2024E
Net debt	2.7	27.0	33.9	44.6	32.6
Adj. EBITDA	3.7	5.7	9.2	8.4	15.7
X leverage	0.7x	4.7x	3.7x	5.3x	2.1x
X leverage pre-IFRS16	0.7x	4.7x	3.3x	4.9x	1.9x

(*) Adjusted by one-offs; Source: Alantra Equities

...that, in the absence of M&A, and considering the strong EBITDA growth & FCF, should fall fast: 2.5X24E organically, and c.2X when including the €6m capital hike

Over 2020-22, Making Science has had an extraordinary adj. EBITDA to FCF conversion (in the tune of 60-70%) thanks to its sound profitability (few one-offs), cheap financing & low debt, and abnormally strong WK generation. After a difficult 2023, we expect a normalisation in 2024-26, and for the company to post a 35-45% conversion rate, backed by: 1) minor working capital generation (it reinvests clients' advertising campaigns with a favourable payment/collection terms); 2) capex stabilisation to the tune of €5m, mostly allocated to in-house developments rather than to tangibles (most of the offices' refurbishments and enlargements have already taken place); and 3) a sharp reduction in the amount of non-recurring expenses.

As a result of this, we expect c.€6m of organic FCF generation in 2024 (recovering 2022 levels) and then to boost by >25% CAGR p.a. This, together with €6m of new equity, should lead leverage to plummet to c.2X in 2024 (<2X pre-IFRS16) and <1.5X in 2025.

MAKING SCIENCE: CASH FLOW ESTIMATES AND LEVERAGE

(€ m)	2020	2021	2022	2023	2024E	2025E	2026E
Adj. EBITDA	3.7	5.7	9.2	8.4	15.7	18.9	21.5
One-offs	(0.2)	(3.4)	(1.1)	(2.6)	(0.6)	(0.3)	(0.2)
Change in WK	0.5	5.8	5.7	(3.2)	1.8	0.5	0.5
Interests	(0.5)	(0.8)	(1.7)	(4.1)	(3.1)	(2.3)	(1.7)
IFRS16 impact (*)	-	-	(0.6)	(0.3)	(1.5)	(1.6)	(1.7)
Taxes paid	(0.1)	(0.1)	(0.4)	(1.3)	(1.3)	(2.1)	(2.6)
Operating Cash Flow	3.4	7.2	11.1	(3.1)	11.0	13.1	15.6
Capex	(1.2)	(3.1)	(4.7)	(5.9)	(5.1)	(5.2)	(5.3)
o/w intangible	(1.2)	(2.5)	(3.3)	(4.8)	(4.8)	(4.9)	(5.0)
o/w tangible	(0.0)	(0.7)	(1.3)	(1.1)	(0.3)	(0.3)	(0.3)
Recurrent FCF	2.2	4.1	6.5	(9.0)	6.0	7.9	10.3
% conversion	60%	72%	70%	-107%	38%	42%	48%
M&A	(5.0)	(34.3)	(16.4)	(2.8)	-	-	-
	-	(3.1)	(0.5)	(1.3)	-	-	-
Rights issue & other (**)	1.3	9.0	3.5	2.4	6.0	0.0	(0.0)
FCF	(1.5)	(24.2)	(6.9)	(10.7)	12.0	7.9	10.3
Net debt (IFRS)	2.7	27.0	33.9	44.6	32.6	24.7	14.4
X EBITDA	0.7x	4.7x	3.7x	5.3x	2.1x	1.3x	0.7x
X EBITDA pre-IFRS16	0.7x	4.7x	3.3x	4.9x	1.9x	1.1x	0.5x

(*) Lease charges and lease liabilities; (**) €5m impact in 2023 from adding lease liabilities; Source: Alantra Equities

V. We reach an equity valuation of c.€14-16p.s.

We set a valuation range of €13.7-15.6p.s.

We value Making Science's two businesses separately, with each of them assuming a cautious and optimistic scenario:

- The core business (>90% of EV):** We value this business based on a DCF model with the following assumptions: 1) 10% WACC and 2% terminal growth rate (g); 2) c.4% revenue & EBITDA growth p.a. over 2028-33 in our **cautious** scenario and 6% in our **optimistic** scenario.
- Ventis' e-commerce platform.** We value Ventis at 1X24E EV/sales in our cautious scenario and 1.5X in our optimistic one. This is similar to the price paid by Making Science back in 2021, but below the implied valuation multiple of other listed e-commerce (>2X EV/sales).

We arrive at a total EV of €159-176m and an equity value of €126-143m after discounting debt (which includes 100% of earnouts and excludes lease liabilities) and minorities (Ad-Machina & Tre Kronor, which we value at a similar valuation multiple to the core business). This is equivalent to €13.70-15.60p.s., which implies a 50-75% upside to current market prices. It is important to bear in mind that we are incorporating the impact from a €6m capital increase at €7.85p.s., below our fair valuation for MAKS (thus having a 4-5% negative impact to our TP), and not including the potential value creation that will likely arise from the use of these proceeds in new bolt-on M&A.

MAKING SCIENCE: SOTP VALUATION						
(€ m)	Cautious			Optimistic		
	€ m	€ p.s.	Implied valuation	€ m	€ p.s.	Implied valuation
Core Business	147.1	16.0	9.7X24 EV/EBITDA	158.5	17.3	10.4X24 EV/EBITDA
Ventis	11.9	1.3	1X24 EV/Sales	17.8	1.9	1.5X24 EV/Sales
Total EV	159.0	17.3		176.3	19.2	
Net debt (2024E) (*)	(27.7)	(3.0)		(27.7)	(3.0)	
Minorities	(7.0)	(0.8)		(7.0)	(0.8)	
Treasury stock	1.5	0.2		1.5	0.2	
Equity value	125.8	13.7		143.1	15.6	
Number of shares (m)	9.2			9.2		
TP (€)	13.70		23X24 P/E	15.60		26X24 P/E
Share price (€)	9.05			9.05		
Upside / (downside)	51%			72%		

(*) We have excluded lease liabilities; Source: Alantra Equities

It trades at <8X24 EV/EBITDA, in line with incumbent media holdings

Making Science trades roughly in line with the incumbent advertising holding companies which, in our view, does not make sense as the latter group engaged both in digital and traditional advertising, are less agile & fresh, and enjoy far lower growth prospects. Making Science trades at a premium against its closest peer S4 Capital, in our view reflecting the latter's poor growth prospects (it guided for a small revenue fall in 2024), and very uncertain outlook (the company is in the middle of a major restructuring process after a massive M&A-growth driven strategy).

MAKING SCIENCE: PEER ANALYSIS								
Company	Market Cap. (€m)	EV/EBITDA		P/E		Sales growth (*)		Sales CAGR (*)
		2024E	2025E	2024E	2025E	2024E	2025E	2021-24
WPP	9,619	6.0x	5.7x	8.3x	7.8x	-1%	3%	4%
Omnicom	17,123	8.4x	7.5x	11.9x	11.1x	7%	4%	3%
IPG	10,939	6.9x	6.8x	10.8x	10.1x	1%	3%	2%
Publicis	7,078	5.7x	5.4x	14.6x	14.0x	4%	4%	8%
Dentsu	26,359	8.7x	7.9x	14.4x	13.6x	6%	5%	10%
Average		7.1x	6.7x	12.0x	11.3x	4%	4%	5%
S4 Capital Plc	411	5.2x	4.1x	11.5x	8.0x	-4%	5%	9%
Making Science	83	7.7x	6.0x	17.3x	10.6x	19%	14%	37%

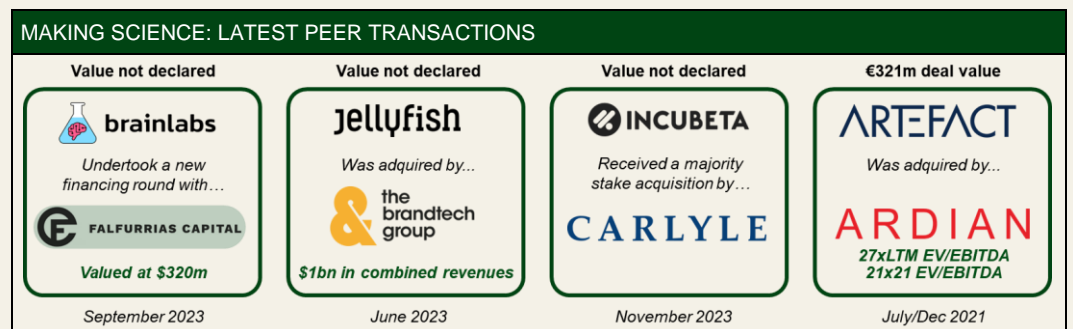
(*) Gross profit growth in the case of Making Science; Source: Reuters and Alantra Equities

With the exception of S4 Capital (which is in a difficult situation), Making Science’s closest peers (i.e. the top partners of big tech platforms, GMP resellers, global reach and with proprietary technology) are all either integrated into the above-mentioned holding media groups (Trakken is owned by Omnicom, Merkle by Dentsu, Acceleration by WPP) or in the hands of private equities.



Source: Making Science

The latest transactions that involved Making Science’s closest peers are shown below. It is worth noting that Artefact was acquired and de-listed in 2021 by Ardian at an implied price of 21X EV/EBITDA. On a separate note, Brainlabs was a UK based company that increased 5X in size in 4-5Y thanks to its successful US expansion (Making Science to follow suit?).



Source: Making Science

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