

Company:

Markbass

Rating:

HOLD

Target Price:

€2.5

Sector:

Music Instruments

Amplifying legacy and expanding the lineup

Innovative bass amp producer with iconic branding

Markbass is a global leader in bass amplification, recognized for quality, durability and innovation. Founded in 1996 in Chieti (Italy), it has expanded beyond amps to include basses, strings and audio systems, creating a full musician ecosystem. With in-house R&D and innovation, it has redefined the sector by using lighter materials, establishing a strong and instantly recognizable brand thanks to its iconic yellow design. Thanks to a growing network of distributors, products are sold in over 80 countries, ensuring geographical diversification (Europe 47%, NA 41%, Asia 8% sales). By offering products from entry-level to professional tiers, Markbass reaches a broad customer base. Close collaboration with endorsers boosts credibility and also enables continuous design refinement based on real-world feedback, keeping pace with evolving demands. The growth strategy involves leveraging established brand awareness by strengthening and expanding product portfolio across Musical Instruments and Audio Systems.

Advancing global presence and online reach in the US

During 2025, Markbass strengthened global reach through new agreements. In Eastern Europe, the Company partnered with a German distributor, while in Latam a new agreement with a company operating regional warehouses ensures multi-country supply with a single contact point. In the US, negotiations are underway with a leading online music retailer, the first order is expected by late 2025 or early 2026. This should complement the strong brick & mortar presence in the US with a robust online channel. Discussions are also ongoing with partners in China to accelerate market share growth. Finally, Markbass filed a patent for a guitar featured on instruments launching in 1H26.

FY21-24: 18.8% Total Revenue CAGR

Markbass generated an 18.8% Total Revenue CAGR in FY21-24, with FY24 Revenues flat yoy at €12.2mIn, EBITDA Adj. decreased 6.9% yoy to €2.1mIn with margin down 1.2pp yoy to 16%, mostly due to increasing Cost of services (+8.3% yoy) related to shipping. In 1H25, Sales were up 10.7% yoy to €5.4mIn, led by Bass Amps, thanks to the completion of the internal reorganization of a key US distributor, which had weighed on sales in 1H24. 1H25 EBITDA was flat yoy at €0.7mIn, with margin on Total Revenues of 11.8% (-0.5pp yoy). 1H25 Net Debt was almost flat at €4.4mIn (€4.2mIn at YE24).

FY24-27E: EBITDA margin expansion with 10.5% Revenue CAGR

We estimate a 10.5% Revenue CAGR in FY24-27E. Amps are expected to be the core cash-generating segment (CAGR 6.4%), Musical Instruments BU is still quite new (CAGR 20.2%) while the ramp up of Audio Systems line up represents the main growth opportunity (CAGR 140%). Finally, we assume the recovery for Strings to FY23 (CAGR 24.2%) and single digit growth. We expect EBITDA margin of 16.1% in FY25E, in line with EBITDA Adj. in FY24. Further margin gains are forecasted in FY26E (18.5%) and FY27E (19.5%), thanks to operating leverage and the partial shift of suppliers to China. Net Debt is projected to decrease from €4.2mIn in FY24 to €2.7mIn (Net Cash) in FY27E. We forecast avg. €0.8mIn annual capex, mostly attributable to Intangibles and avg. unlevered FCF of €1.1mIn in FY25-28E.

Valuation: HOLD; 12-month target price €2.5/sh

We value Markbass using avg. of DCF and multiples, setting our 12-month TP to €2.5/sh. For the DCF we use our FY25-28E unlevered FCF of €4.5mIn and 7.2% WACC, leading to €21.6mIn EV. For the multiples we use median EV/EBITDA26 7.1x of peers, leading to €19.9mIn EV. We use FY24 Net Debt (€4.2mIn) adjusted for Net IPO proceeds (€5.1mIn), leading to a €21.6mIn Equity Value (€2.5/sh). The stock trades at 6.9x EV/EBITDA 2026, a discount vs peers (7.1x). We believe Markbass has solid growth prospects thanks to its small size, leaving ample room for market penetration through new products categories. Margins are superior vs music instruments peers, but below the other two comps focused on pro audio, where Markbass aims to expand with its Audio Solutions line. Markbass has already gained 44% since IPO, given 7% upside vs our TP, we set our recommendation to HOLD.

November 11, 2025 at 17:30

Company Profile					
Bloomberg	Mark IM				
FactSet	MARK-IT				
Stock Exchange	Italian Stock Exchange				
Reference Index	FTSE Italia Growth				
Market Data					
Last Closing Price	2.3				
Number of shares (mln)	8.7				
Market cap. (mln)	20.1				
IPO Performance					
Absolute	43.8%				
Max / Min	5.6 / 1.6				
(€mln)	2023	2024	2025E	2026E	2027E
Revenues	12.2	12.2	12.2	14.2	16.4
Total Revenues (VoP)	13.0	13.0	12.9	15.1	17.4
yoy (%)	27.5%	0.0%	-0.7%	16.5%	15.4%
EBITDA Adj.	2.2	2.1	2.1	2.8	3.4
margin (%)	17.2%	16.0%	16.1%	18.5%	19.5%
EBIT	1.2	1.2	1.2	2.0	2.5
margin (%)	9.3%	8.9%	9.3%	13.2%	14.6%
Net profit	0.8	0.6	0.7	1.3	1.7
margin (%)	6.1%	4.3%	5.2%	8.7%	9.9%
Net debt (cash)	5.8	4.2	(1.2)	(1.8)	(2.7)
Equity	1.8	2.3	8.5	9.8	11.5
Capex	(0.6)	(0.6)	(0.7)	(0.8)	(0.8)
Unlevered FCF	(0.6)	1.7	1.1	0.7	1.1



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Executive summary

Musical instruments

Mature yet resilient	According to Music Trades Magazine, the Music Products Industry is a mature market, with a stable customer base and gradual shifts in demand. Despite a 5% decline in global sales in 2023 to \$18.1bn, volumes remained above pre-pandemic levels. Excluding China and Russia, the remaining 54 markets declined a more modest 3.1%. Production is concentrated in ~20 countries, led by China, Japan, Korea, Vietnam, the US and the EU. Over the past 30 years, growth has been modest but steady, with the Sector's long-term stability marking its key strength. Online platforms for second-hand sales (not included in the \$18.1bn figure) and tech-driven cost reductions in electronic gear continue to pressure top-line revenue.
Mixed segment performance in 2023	The aggregate 2023 Revenues from the largest 225 producers was \$27.1bn (the difference vs \$18.1bn relates to double counting and some non-music-related products). Performance across market segments in 2023 was mixed, Diversified firms grew 4.5% to \$7.0bn, driven by live event recovery, Accessories rose 4.6% to \$723.3mln. Conversely, Fretted instrument revenues fell 10.4% to \$1.8bn due to post-pandemic oversupply and competition from used gear platforms, similarly Pianos dropped 23.6% to \$1.3bn, due to a sharp headwind in China. Winds and bows declined 1.2% to \$908mln, impacted by labor shortages and reduced school funding. Audio manufacturers generated \$9.3bn (37% of Global 225 revenue), though over 60% stems from non-music applications. Outsized revenue growth of some companies in 2023 was thanks to M&A.
6.5% CAGR in Global Music Instruments	According to Mordor Intelligence, Musical Instruments are expected to grow from \$48.6bn in 2025 to \$66.6bn by 2030 (6.5% CAGR), driven by live performance demand, digital adoption, and online platforms. Technological innovations and connectivity are also playing a significant role in expanding the market, making musical instruments more accessible and affordable to a broader audience.
6.5% CAGR in Global Professional Audio	Professional Audio is expected to grow from \$12.5bn to \$17.1bn by 2030 (6.5% CAGR), fueled by corporate demand, nightlife expansion and music festivals. Asia Pacific leads growth, while Europe benefits from tech innovation and premium spending.

About Markbass

Quality since 1996	Founded in 1996 and headquartered in San Giovanni Teatino (Chieti), Markbass offers high-quality bass amplifiers known for durability, innovation and sound performance. Over the years the Company expanded its product portfolio, which now includes basses, strings and audio systems. Its product range spans entry-level to professional segments, reinforcing the brand's global reach and accessibility.
Setting new industry standards	The Company has in-house R&D and redefined the sector's standards by using neodymium in bass amplification, which is considerably lighter compared to other magnets. Recent products continue the legacy by using lighter plastics compared to most competitors.
Undeniable brand recognition	Markbass has established a strong and recognizable brand through continuous innovation, and close collaboration with professional musicians. Iconic yellow design ensures instant visual recognition and reinforces strong brand awareness.
Leveraging brand awareness	The Company plans to leverage its brands by strengthening and expanding its product portfolio across Musical Instruments and Audio Systems.
Close to customers and endorsers	Endorsers play a key role beyond marketing as Markbass has developed its products based on direct input from musicians to address the evolving demands of electric bass techniques.

Geographically diversified	The Company has a strong global presence, with products sold in over 80 countries, ensuring good geographical diversification. Overall, Europe represented 47% of Revenues, followed by North America with 41% and Asia with 8%.
Towards stronger online presence	Markbass is in early talks with the leading US music instruments ecommerce, which would reduce reliance on Guitar Center and complement the mostly brick & mortar channel with a strong online presence. The first order is expected by year end 2025 or early 2026.
International Acclaim	Over the years the Company has been featured in several national and international trade publications, receiving numerous awards.
Advancing global presence	During 2025, the Company strengthened its global reach through new distribution agreements. In Eastern Europe Markbass expanded its footprint by partnering with a German distributor. In Latam, a new agreement was signed with a distributor that operates regional warehouses to supply several countries, while maintaining a single Miami-based contact point. Discussions are also ongoing with local partners in China to accelerate market share growth. Finally, Markbass filed a patent for a guitar featured on instruments launching in 1H26.

Main financial data (FY22-1H25)

Bass Amps drove 1H25 10.7% Sales growth	In 1H25, Sales were up 10.7% yoy to €5.4mln. Markbass (Bass Amps) drove growth in absolute terms (+15.2% yoy), thanks to the completion of the internal reorganization of a key US distributor and client, which had weighed on sales in 1H24. In relative terms, the largest growth came from Blackline (entry level Bass Amps) with +30.3% yoy to €0.5mln, followed by Markinstruments (Basses) up 22% yoy to €0.7mln. Markstrings (<1% Revenues) declined 56% yoy to €45k, though the Company is defining an agreement with Amazon to market the line on the platform.
EBITDA flat yoy	EBITDA was flat yoy at €0.7mln, with margin on Total Revenues of 11.8% (-0.5pp yoy), mostly due to higher weight on Total Revenues from Labor cost (13.1% vs 12.3% yoy). Net income turned positive to €37k (vs €-5k yoy), thanks to lower Net financial expenses at €148k (from €247k yoy). Net Debt was almost flat €4.4mln (vs €4.2mln at YE24).
18.8% Total Revenue CAGR in FY21-24	In FY24 Revenues were flat at €12.2mln, Musical Instruments were up +126% yoy to €1.4mln (12% of sales), offsetting the decline in Amplifiers (-6.3% yoy) to €10.2mln (85% of sales), due to a temporary decline in orders from the largest customer. Both products categories reported positive unit growth, with +2.3% yoy to 43.1k for amplifiers and +190% to 5.4k for Musical Instruments. Both lines reported a decline in Revenue per unit, with -8.4% for Amplifiers due to the launch of entry level "Blackline", similarly Musical Instruments Revenue per unit was down -22%. Strings and Audio Systems remain marginal BUs, accounting for 2% of sales. The Company generated an 18.8% Total Revenue CAGR in FY21-24.
FY24 EBITDA Adj. margin 16%	In FY24 EBITDA Adj. was down 6.9% yoy to €2.1mln with 16% margin (-1.2pp yoy), mostly due to the growing Cost of services (+8.3% yoy) related to shipping. EBITDA has been adjusted for one-off labour costs of €0.1mln. Effective tax rates in FY23 and FY24 were as low as 4.4% and 9.5% respectively, thanks to lower taxable income due to losses during previous periods, as well as reversal of previously recognized DTLs, one-off adjustment related to prior-year tax provisions. In FY24 Net income was down -29.3% to €0.6mln, mainly due to Net Financial Expenses growing 38.4% yoy, mostly due to higher financing costs. Net financial expenses also included €0.1mln related to FX charges. During FY22-24 the Company invested €0.5mln on average, most of which (€0.4mln) in intangible assets relating to R&D. FY23 FCF was mostly affected by NWC absorption (€1.8mln) relating to Accounts Payable. During FY23-24 FCF before investments in NWC and capex, averaged at €2mln.

Our forecasts (FY25-27E)**10.5% sales CAGR
FY24-27E**

We estimate 10.5% Revenues CAGR in FY24-27E assuming Amplifiers will remain the Company's core cash-generating segment, growing single-digit (FY24-27E CAGR 6.4%). Musical Instruments represent a key growth driver, as this product line is still relatively new; we forecast a strong 20.2% CAGR. Audio Systems currently contribute marginally to overall revenue, but it represents the largest opportunity in terms of relative growth, with a projected CAGR of 140%. Finally, our projections on Strings (CAGR 24.2%) assume both the recovery to FY23 levels (in FY25E) and market rate growth (FY26-27E).

**EBITDA margin
expansion: FY26-27E
suppliers shift and
operating leverage**

We estimate FY25E EBITDA €2.1mIn and in line with FY24 EBITDA Adjusted, with margin at 16.1% in FY25E and slightly ahead of FY24 EBITDA adjusted margin thanks to lower expected material costs. This implies a strong 2H25E at 19.5% (vs 18.7% in 2H24). Margin gains are forecasted expanding in FY26E and FY27E, reaching 18.5% and 19.5%, respectively. This is driven by IPO costs reimbursements included in other revenues (€90k/year); operating leverage, as revenue growth outpaces the increase in fixed costs; the partial shift in the suppliers' base toward China, with material costs as a percentage of revenue declining 52.6% in FY26E.

Net Debt is seen gradually decreasing, from €4.4mIn in 1H25 to €-2.7mIn (Net Cash) in FY27E thanks €5.1mIn Net Proceeds from IPO, as well as revenue and profitability ramp up.

Valuation

Given the expected cash flow generation, we believe DCF to be an adequate valuation method. Relative valuation with multiples can be used as a cross-check, even though the peer group includes two Japanese companies, which may limit comparability.

DCF

We use our projected Unlevered FCF for the explicit FY25-28E period, totaling €4.5mIn. The €1.1mIn annual average Unlevered FCF over this period is used as the Terminal Value FCF.

7.2% WACC

To discount the estimated FCFs we would use a 7.2% WACC, derived from: i) a risk-free rate at 4.4%, as implicitly expected by consensus on the 30Y Italian BTP yield curve (100 days MA); ii) a market risk premium of 5.5%; iii) a target Debt-to-Equity (D/E) ratio of 100%; iv) a tax rate of 27%; v) a beta of 0.7 coming from the average of chosen listed peers; vi) a cost of debt of 5%. This leads to an Enterprise Value of €21.6mIn.

EV/EBITDA

The peer group selected to assess Markbass relative valuation using the market multiples approach includes B&C Speakers (IT), Powersoft (IT), Yamaha Corp (JP) and Roland (JP). The last two companies are significantly larger, operate as more diversified businesses and are based in Japan, which follows different dynamics, including the accounting standards. The median FY26E EV/EBITDA stands at 7.1x. This leads to an Enterprise Value of €19.9mIn.

TP €2.5, HOLD

As we estimate an Enterprise Value for both DCF and multiples, we consider FY24 Net Debt of €4.2mIn, adjusted for IPO proceeds (€6mIn) and listing costs (€0.9mIn). We consider the average between DCF and Multiples, obtaining an Equity Value of €21.6mIn (€2.5/sh). Markbass already gained 44% since IPO, given 7% upside vs our TP, we set our recommendation to HOLD.

SWOT analysis

STRENGTHS	WEAKNESSES
• Strong brand recognition • In-house R&D department • Geographical diversification • Comprehensive product range that caters to most price segments	• The largest client represents ~37% Revenue • Guitar Center (a key distributor) was upgraded to CCC+ by S&P (from SD) after the Company exchanged senior secured notes and extended debt maturity • Third party logistic may cause supply chain bottlenecks
OPPORTUNITIES	THREATS
• Growth in musical instruments and strings • Launch of professional audio solutions lineup • Growth in new geographies • In early talks with the leading US online music instruments retailer	• Competition from legacy international brands • Tariffs • Mature sector

The reference industry

Music Products Industry

A mature, yet stable Industry

According to Music Trades Magazine, the Music Products Industry is a mature market, defined by long-standing product categories, a stable customer base and infrequent shifts in cultural preferences. As a result, volume changes, whether growth or decline, are typically gradual.

In 2023, global sales of music products declined by 5% to approximately \$18.1bn, though volumes remained slightly above pre-pandemic levels. Around 20 countries, led by China, Japan, Taiwan, Korea, Vietnam, the US and much of the EU account for the bulk of global production.

Over the past 30 years, industry revenue has grown at a low single-digit pace, with periodic setbacks during events like the 2008 financial crisis and the COVID pandemic. While growth remains modest, the sector's long-term stability represents a key strength.

Tech advances and resale market pressure revenue

The \$18.1bn market size reflects only new product sales by country and overlooks the growing impact of the secondhand market. In the U.S., used guitar sales now rival new and used pianos outsell new by a wide margin. Online marketplaces and abundant supply are driving this shift. At the same time, tech advancements have lowered costs for electronic instruments and audio gear, further pressuring top-line revenue.

14-35 is the core age demographic

The 2023 downturn was driven by several global trends. Post-COVID consumer spending shifted from discretionary hard goods to services and entertainment, impacting categories such as musical instruments, electronics and apparel. A global decline in birth rates has also reduced the core 14-35 age demographic, historically central to the industry. Additionally, geopolitical instability in parts of Europe and the Middle East added further pressure to the global economy.

Figure 1: Global Music Products sales (\$, bn)

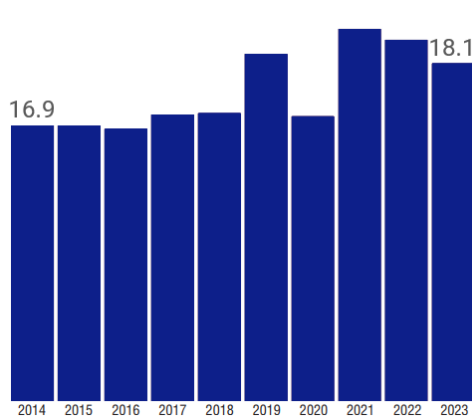
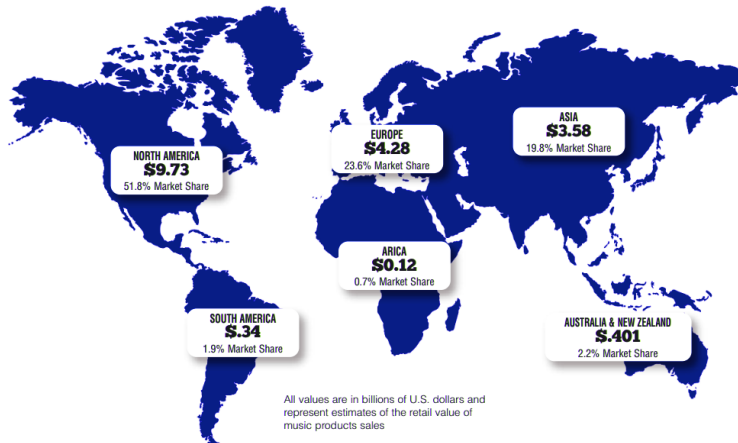


Figure 2: Global Music Products sales by region (\$, bn)



Source: Music Trades Magazine - The Global Music Industry 2024

3.1% decline in 2023 ex-Russia/China

2023 saw sharp declines in a few major markets. In China, formerly the world's second-largest music products market, volumes fell by an estimated 25%. While broader economic challenges, including the collapse of the real estate sector, played a role, the primary driver was the government's "Double Reduction" policy, which discourages extracurricular activities such as music lessons to reduce child-rearing costs and curb inequality. The policy has severely impacted piano sales, historically the market's largest segment. Filings from leading manufacturers Pearl River and Hailun suggest piano sales were 50% below 2021 levels. Other categories, such as wind and fretted instruments, were less affected. Russia was another

Demographics & culture are key spending drivers

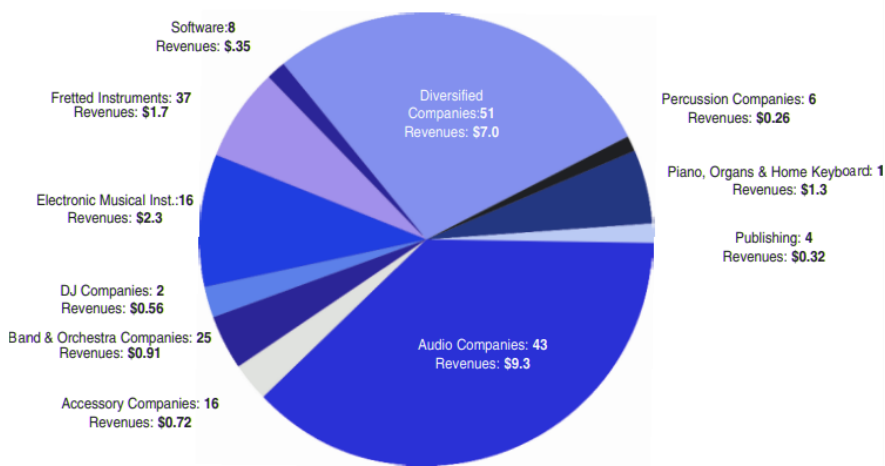
significant outlier, with revenues down 26%. Excluding China and Russia, the remaining 54 tracked markets saw a more modest 3.1% decline.

Demographics influence spending, as older populations tend to invest less in instruments and related products. This helps explain the relatively low per-capita music product revenue in Japan and Italy, both with the highest median ages. Cultural and institutional factors also shape market dynamics. In North America, widespread school music programs expose millions of children to instruments early on, supporting a strong market. In the UK, a deep-rooted folk tradition underpins its position as Europe’s largest guitar market. Meanwhile, Germany’s vibrant techno scene, born after the fall of the Berlin Wall, continues to drive strong demand for electronic instruments and DJ gear.

Largest 225 Music Products companies

Another way to analyze the Music Industry is by examining the largest 225 suppliers, spread across 28 countries, employing 110k people. This aggregate can be valued \$27.1bn. The discrepancy compared to the \$18.1bn Global Music Products sales stems from ~\$5bn of double counting (manufacturer of products which are then sold under different brands, distributors) and the inclusion of non-music-related products. The group comprises multi-category manufacturers (Yamaha), heritage brands (Martin Guitar Company) and software companies (Ableton).

Figure 3: 225 Companies ranked by product categories (\$, bn)



Source: Music Trades Magazine - The Global Music Industry 2024

Audio surges, accessories hold steady

Diversified Companies were standout performers in 2023, with revenues rising 4.5% to \$7.0bn driven by pent-up demand and the post-lockdown return of live events. Nearly all audio categories saw gains, except for recording systems, where pandemic-era spikes in audio interface sales tapered off. Accessory makers also saw growth, with revenues up 4.6% to \$723.3mIn, largely fueled by audio-related products from companies like Koenig & Meyer and Gator Cases. Historically, small goods such as straps, cases, strings and tuners have shown resilience to economic shifts, with steady growth tied to the expanding population of music makers.

Guitar makers face post-boom slowdown

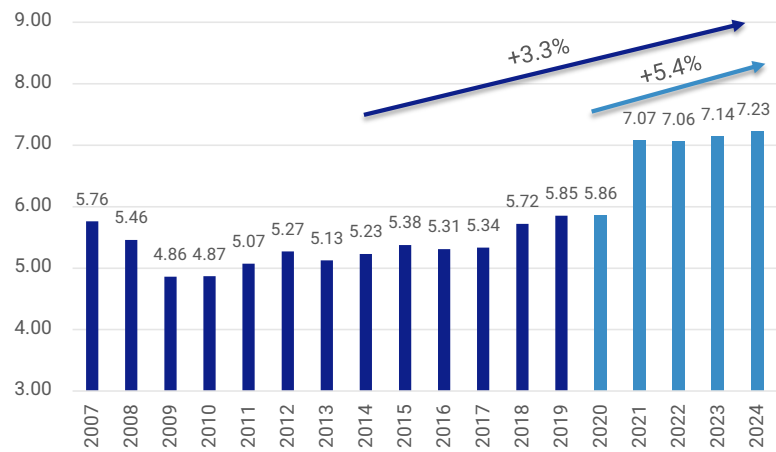
In contrast, fretted instrument suppliers saw a 10.4% drop in revenues, falling to \$1.8bn. From 2020 to 2022, guitar makers ramped up production to meet a surge in demand as interest in playing guitar spiked during lockdowns. But as life normalized, demand cooled, leaving inventories bloated throughout the supply chain. Working through this oversupply weighed heavily on 2023 revenues. Compounding the challenge was the continued growth of the used gear market via specialized platforms like Reverb and generic marketplace which have

	diverted sales from new instruments. While inventories have largely normalized in 2024, the abundance of used product continues to pressure new guitar sales.
Winds and bowed strings face structural headwinds	Wind and bowed string instrument makers saw a modest 1.2% revenue decline in 2023, falling to \$908mln. The drop reflects ongoing production challenges, as many manufacturers lost skilled labor during the pandemic and continue to face staffing shortages. In the US waning federal support also contributed, as the \$200bn Elementary and Secondary School Emergency Relief fund had temporarily boosted school instrument purchases, but with that stimulus winding down, tighter education budgets are expected. Looking ahead, declining birth rates in North America and Europe pose a structural challenge, as shrinking school populations translate to smaller music programs and reduced long-term demand.
China downturn hits piano makers	Acoustic piano makers were hit hardest in 2023, with revenues dropping 23.6% to \$1.3 billion. The long-term decline, driven by digital alternatives, shifting tastes and fewer retail outlets, accelerated due to a sharp downturn in China, which had accounted for over 60% of global sales. Economic uncertainty and new policies discouraging extracurriculars, including music lessons, caused steep drops: Pearl River and Hailun saw revenues fall 35% and 40%, respectively. Yamaha, Steinway, and other European brands also reported significant declines. Diversified companies weathered the storm better. Yamaha and Steinway, with broad product lines, generated \$7.1bn in combined 2023 revenue, 28.4% of the Global 225 total. Their performance underscores a growing trend toward consolidation, as firms seek scale through acquisition amid slowing innovation. Greater size helps spread risk and improves leverage with dominant retailers like Thomann, Sweetwater, Guitar Center and Amazon.
Audio manufacturers	Audio manufacturers account for \$9.3bn in aggregate revenue, including contract manufacturers, representing 37% (~\$5bn) of total Global 225 revenue. However, over 60% of that figure is tied to non-music industry such as a Shure microphone used in broadcasting or a JBL speaker installed in a cinema.
Acquisitions Key to Revenue Gains	Growth through M&A explains most of outsized revenue growth in 2023. Speaker maker RCF doubled revenue purchasing Mackie Designs, Roland acquired Drum Workshop, Native Instruments' +39% yoy growth followed its merger with iZotope, AlphaTheta (formerly Pioneer DJ) +34% yoy growth was supported by the acquisition of software firm Serato, European distributor GEWA grew through acquiring Wittner Metronome and Gretsch percussion distribution rights, while French distributor Algam expanded by taking over distributors in Italy and the Netherlands. Despite the numerous deals, the top of the Global 225 ranking remains stable, with Yamaha keeping the number one spot since the list's inception, though churn is constant just below with 35 companies exiting the list over the past 15 years.

3.3% CAGR real personal consumption

Another way to understand the evolution of the US Music Industry is by looking at US Real personal consumption expenditures of Musical instruments, which have grown at a 3.3% CAGR during 2014-2024. Consumption saw a 20.8% growth in 2021, which led to a 5.4% CAGR in 2020-2024.

Figure 4: US real personal consumption expenditures Musical instruments (\$bn, chained 2017)



Source: U.S. Bureau of Economic Analysis

6.5% CAGR in Music Instruments and Professional Audio

6.5% CAGR in Global Music Instruments Market

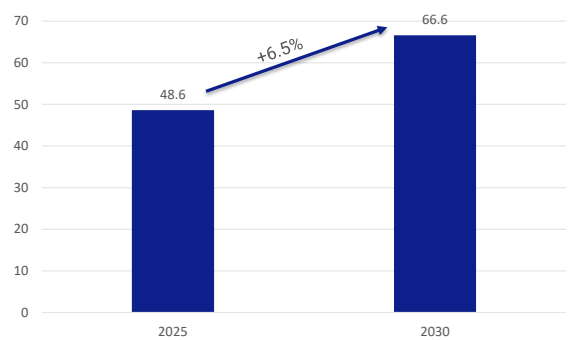
According to Mordor Intelligence, the Global Musical Instruments Market is expected to grow from \$48.6bn in 2025 to \$66.6bn by 2030 (6.5% CAGR). Growth will be driven by several factors, including the increasing popularity of live performances, the adoption of digital and electronic instruments and the development of online music platforms. Technological innovations and connectivity are also playing a significant role in expanding the market, making musical instruments more accessible and affordable to a broader audience.

String instruments dominate the market due to their versatility and widespread use across various music genres. The Asia Pacific region leads the global market, fueled by growing music education, rising incomes and a strong cultural embrace of music. Key markets like China, India and Japan are driving demand for both traditional and modern instruments. Additionally, the region benefits from cost-effective production, particularly in countries like China and Indonesia, which serve as major manufacturing hubs for global brands.

6.5% CAGR in Global Professional Audio Market

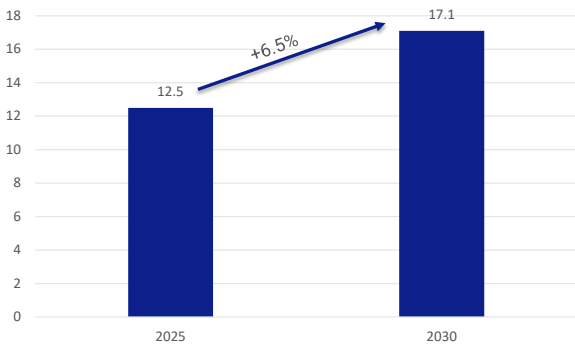
According to Mordor Intelligence, the Global Professional Audio Market is expected to grow from \$12.5bn in 2025 to \$17.1bn by 2030 (6.5% CAGR). This growth is driven by the increasing demand for high-end professional loudspeakers in the corporate sector, the expansion of nightclubs and bars, and the rising popularity of music festivals. Technological innovations and connectivity are also contributing to the market's expansion, making professional audio equipment more versatile and accessible. Europe is expected to see substantial gains due to technological advancements and increased consumer spending on premium audio and visual equipment. However, the Asia Pacific region remains the fastest-growing market, driven by rising consumer spending and a growing number of professional musicians and events.

Figure 5: Global Music Instruments Market (\$, bn)



Source: Mordor Intelligence - Musical Instruments Market Research, 2025

Figure 6: Global Professional Audio Market (\$, bn)



Source: Mordor Intelligence - Global Professional Audio Market, 2025

Overview of main brands of bass amps and bass

200+ brands, few dominate

The global market for bass amplifiers is dominated by a mix of legacy brands with long-standing reputations. Major producers include Fender, Ampeg (Yamaha), Boss (Roland), Vox, Peavey, Orange and Markbass. Bass amps cannot be used for guitars and vice versa.

On Guitar Center ecommerce, when sorting by “Top Sellers”, the first 4 products are from Fender, overall, 27 out of 48 products displayed (as of 2nd July, 2025) are from Markbass. Overall, we have identified over 200+ brands that produce bass and guitar amps, many of which fall under the definition of “boutique manufacturers” mainly focused on high end.

Three main types of amps

The guitar amplifier market is primarily divided into three categories: tube, solid-state, and digital amplifiers, each serving distinct user needs. Tube Amps use vacuum tubes for amplification with an analog signal path, they are known for warmth, dynamic response, and harmonic distortion but they are expensive and heavy. Solid-State Amps use transistors instead of tubes, they are also analog, but cleaner and more durable and less expensive. Finally, Digital Amps use digital signal processing (DSP) to simulate tube, solid-state and even specific vintage amp tones.

Power

Guitar and bass amplifiers are available in a wide range of power ratings, typically measured in watts (W). The power of an amplifier directly affects its volume, headroom (clean volume before distortion) and suitability for various playing environments.

Electronic bass guitars

Similarly, bass market is dominated by legacy brands such as Fender, Ibanez, Yamaha, Gibson, Jackson and Music Man. Some brands also operate with sub-brands targeted mostly at the lower end, such as Fender with Squier and Gibson with Epiphone. Most basses are electric, as acoustic basses would not be very audible when played during a live performance. Electric bass can have 4 to 6 strings.

Yamaha Corp

Yamaha Corp acquired bass amp brand Ampeg in 2018

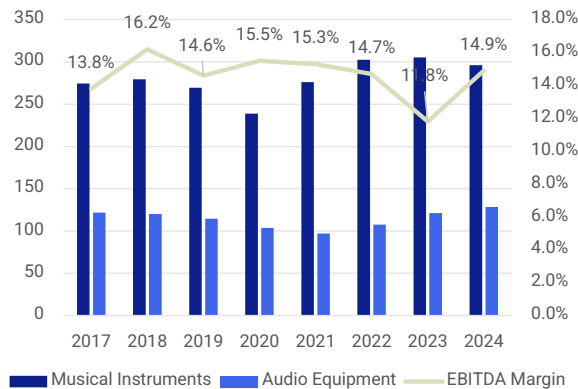
Yamaha Corp is a Japanese multinational company and the largest manufacturer of musical instruments. The Company was founded in 1887, while Yamaha Motor, a producer of motorcycles and marine products, was spun off in 1955. The Musical Instruments segment (70% FY24 revenues) includes piano, wind, string, percussion, digital musical instruments and other music-related activities. The Audio Equipment segment (30% FY24 revenues) sells consumer audio products, professional audio equipment, IT equipment and other sound-related activities. In 2018 Yamaha acquired Ampeg from LOUD Audio, an iconic producer of bass amps founded in 1946.

1.1% CAGR during 2017-2024

In 2017-2024, Yamaha Corp reported a CAGR of 1.1% for Musical Instruments and 0.8% for Audio Equipment. EBITDA margin averaged at 14.6%, with yoy declines between 2020 and

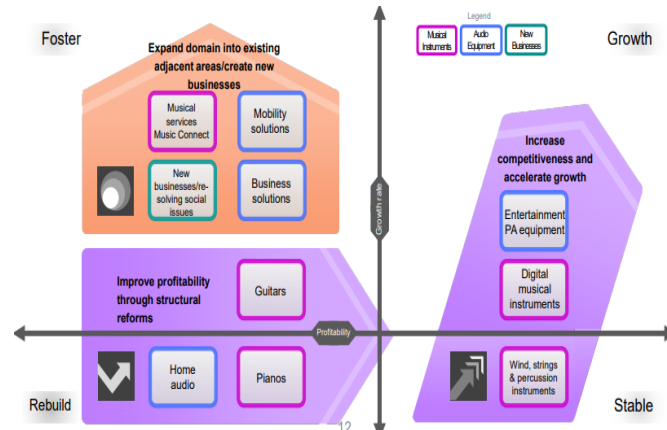
2023 down to 11.8%. 2024 marked a trend reversal, with margin climbing back to 14.9%. For the current FY, the Company expects +1.2% revenue growth excluding FX (-2.2% when included), driven by Others (+1.8% yoy), while Musical Instruments (-3.1%) and Audio Equipment (-8.8%) are expected to decline.

Figure 7: Sales, EBITDA Margin Yamaha Corp (JPY, bn)



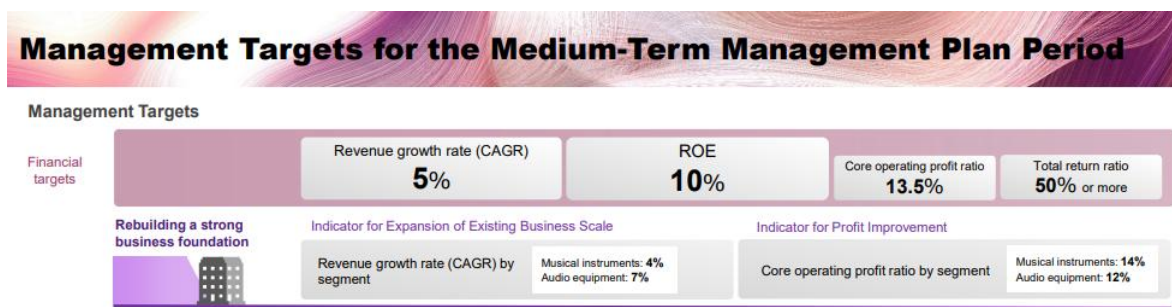
Source: Bloomberg

Figure 8: Yamaha Corp mid-term matrix



Source: Yamaha Corp

Figure 9: Medium Term plan Yamaha Corp May 2025



Source: Yamaha Corp

5% revenue CAGR target in the Medium Term

Yamaha Corp aims at generating 5% revenue CAGR in the Medium Term, with Musical Instruments targeting 4% and Audio Solutions 7%; Core Operating profit target is 13.5% (vs 7.9% in FY24, 9% average in FY21-24). The strategy is based on i) developing closer ties with customers, ii) creating new value, launching Yamaha Music Connect portal site (Learning, expression, connection) and by establishing a business development base in Silicon Valley, iii) improving flexibility and resilience, the Company has reinforced its production framework at the lead factory and reorganized piano manufacturing base.

According to a Company presentation, Yamaha Corp plans to mostly improve profitability of guitars through manufacturing reforms and strengthening of sales of mid- to high-end products. Audio Solutions for Business is among areas included in "Expand domain into existing adjacent areas/create new businesses".

Roland

Acquisition of Drum Workshop for 10.8x EV/EBITDA

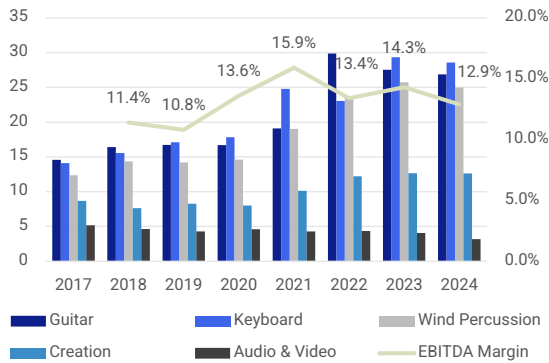
Roland Corporation is a Japanese multinational company founded in 1972 specializing in the design and manufacture of electronic musical instruments. The Electronic Musical Instruments segment (approximately 94% FY24 revenues) includes synthesizers, digital pianos, electronic drum kits, guitar-related products, DJ gear and other performance instruments. The remaining revenues are derived from production, broadcast, and professional audio/video equipment. In 2022 Roland acquired Drum Workshop for \$65mIn (10.8x

EV/EBITDA), specialized in musical instruments including drums, pedals, hardware and accessories.

8.2% CAGR during 2017-2024

In 2017-2024, Roland reported a Revenue CAGR of 8.2%, with Guitar and Related Equipment reporting a 9.1% Revenue CAGR. EBITDA margin averaged at 13.2%. For FY25 the Company expects revenue of JPY96.9-100.9bn (from -2.5% to +1.5%) and Operating Profit of JPY8.1-10.1bn.

Figure 10: Sales, EBITDA Margin Roland (JPY, bn)



Source: Bloomberg

Figure 11: Roland FY25 guidance

	FY2024	FY2025 forecast ¹	YoY
Sales	99.4	96.9 ~100.9	-2.5% ~ +1.5%
Operating Profit	9.9	8.1 ~10.1	-18.2% ~ +1.5%
Net Income ²	5.9	5.7 ~7.2	-3.4% ~ +20.5%

¹ Exchange rates for FY12/2025 USD/JPY: 147.7, EUR/JPY: 166.7, EUR/USD: 1.129
² Net income refers to "net income attributable to owners of parent"

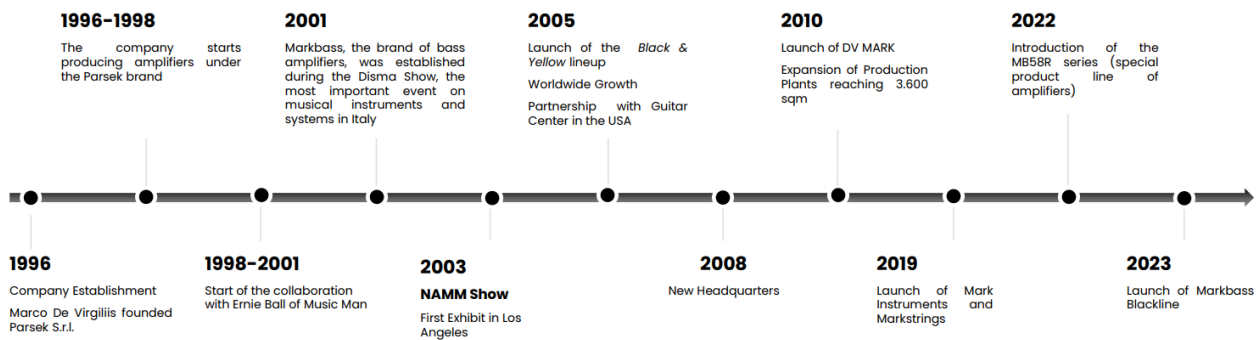
Source: Roland

History, structure and people

Company's evolution

1996, brand origins	In 1996 the founder Marco De Virgiliis created the company Parsek, initially focused on bass amplifiers.
1998, initial collaborations	In 1998, Parsek initiated strategic collaborations that played a key role in establishing the brand's market presence. Among these, the partnership with the renowned Ernie Ball brand by Music Man stands out. This followed the growing success of Parsek's amplifiers, which had begun to gain meaningful traction thanks to their outstanding quality.
2001, creation of Markbass	In 2001, during the Disma Show, an exhibition dedicated to musical instruments, music publishing and the recording industry, the "Markbass" brand of amplifiers was officially launched. Markbass products stood out for their innovative technical features, most notably the use of neodymium, a material that reduced the bass amplifier weight by ~50% compared to competing products.
2003, leading trade show	In 2003, Markbass participated in NAMM in Los Angeles, the industry's leading trade show organized by the National Association of Music Merchants. The event provided a strategic platform to engage with key industry players and enhance brand visibility, marking an important step in strengthening Markbass' presence in the international market.
2008, new HQ	In 2005, the launch of the "Black & Yellow" line and the start of a partnership with Guitar Center in the United States marked a period of strong global growth for Markbass. This expansion led to the opening of a new headquarters in 2008, followed by the launch of the DV MARK guitar amplifier line in 2010 and a subsequent production facility expansion to 3,600 square meters.
2019, stringed instruments	In 2019, the Company entered the stringed instrument market launching two new brands: MARK Instruments for electric basses and MARK Strings for musical strings.
2022, MB58R	In 2022, Markbass launched the amplifier line MB58R.
2023, Blackline	In 2023, the Company launched Blackline products, covering the entry level segment.
2025, listing on EGM	In September 2025, the Company was listed on Euronext Growth Milan, raising €6mIn through a capital increase.

Figure 12: Company history



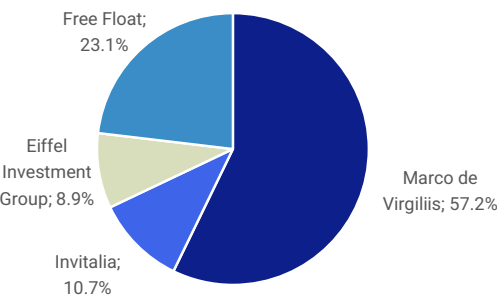
Source: Banca Profilo elaborations on Company Data

Key people & Group structure

Marco De Virgiliis,
CEO

Marco De Virgiliis is the founder and CEO, currently holding 57.2% of the Company. He is passionate about music and has a background in R&D in telecommunications and radio transmission, with previous roles at Telecom Italia, Telettra and Elasis. He holds a technical diploma in telecommunications and has longstanding interests in electrical and electronic engineering.

Figure 13: Main shareholders

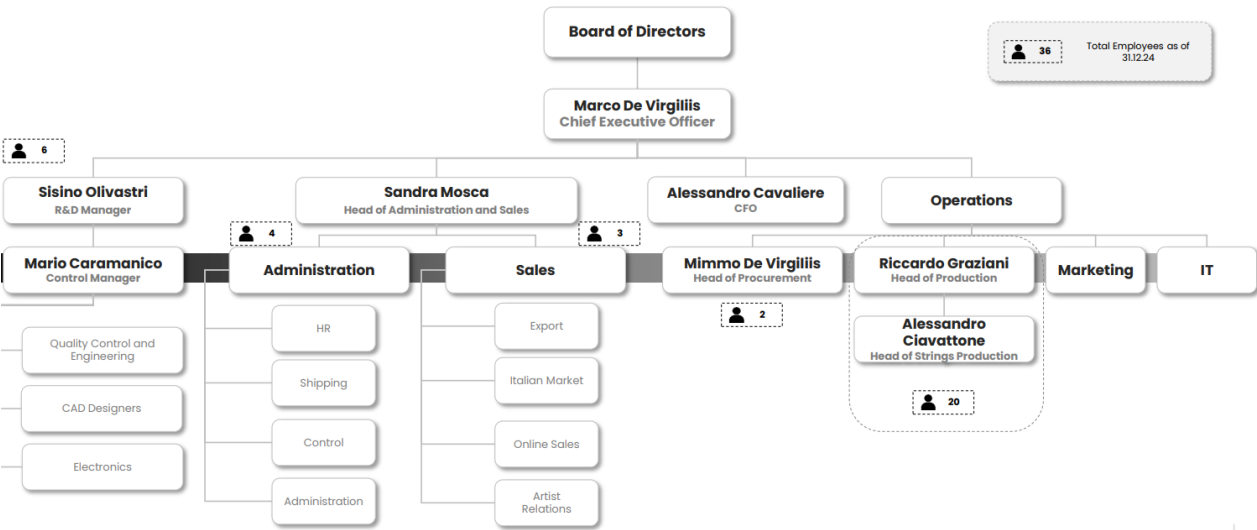


Source: Company Data

Alessandro Cavaliere,
CFO

Alessandro Cavaliere is the CFO. He is a founding partner of B&P Corporate Advisor, a management consulting company. He holds a Master's degree in Business and Economics, as well as certifications in financial management, risk analysis and corporate finance.

Figure 14: Key figures and organizational structure



Source: Company Data

Table 1: Board of Directors

Name	Role
Marco De Virgilis	Chairman
Alessandro Cavaliere	Director
Mimmo De Virgiliis	Director
Fabio Brigante	Independent Director
Domenico Tudini	Independent Director

Source: Company Data

Table 2: Statutory Auditors

Name	Role
Pierluigi Baliaetti	Chairman
Paola Simonelli	Auditor
Stefano Tumini	Auditor
Mauro Marino	Substitute Auditor
Cesare Di Gio Battista	Substitute Auditor

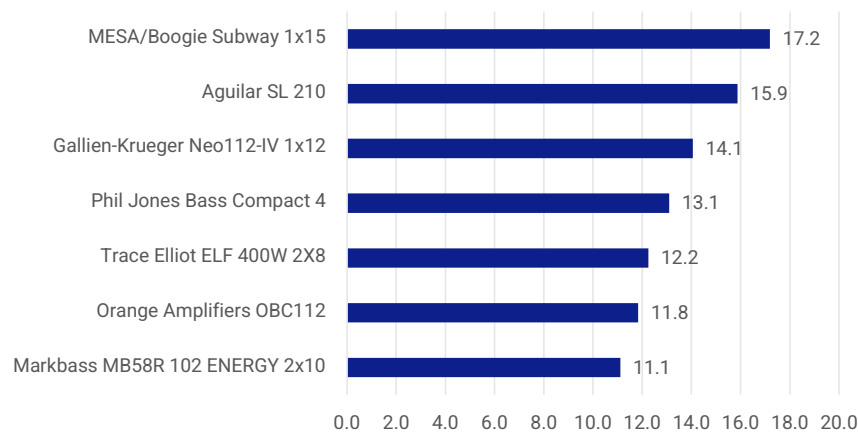
Source: Company Data

Markbass: iconic yellow brand

A globally recognized brand

Manufacturer of bass amplifiers and musical instruments	Markbass is an Italian manufacturer of amplifiers for electric bass and guitar, audio systems, music instruments and strings. Founded in 1996 and headquartered in San Giovanni Teatino (Chieti), the Company has established a strong global presence, with products sold in over 60 countries. Markbass has established a strong and recognizable brand through continuous innovation, distinctive visual identity and close collaboration with professional musicians.
Setting new industry standards	Markbass has in-house R&D and was the first company in the sector to use neodymium in bass amplification systems, which is considerably lighter compared to other magnets. This innovation has contributed to the success of the brand, which redefined the standards of the sector. The Company continued its legacy of innovation in lightweight design with the MB58R bass amp (launched in 2022), characterized by a new light material for the cabinet.
Focus on quality across all segments	Markbass offers high-quality instruments known for craftsmanship, durability and sound performance for both amateur and professional musicians. Its product range spans entry-level to professional segments, reinforcing the brand's global reach and accessibility.
Close to customers and endorsers	To address the evolving demands of electric bass techniques since the 1990s, Markbass has developed its products based on direct input from musicians. Company endorsers play a key role beyond marketing, providing valuable feedback that informs product design. Efforts are centered on sound fidelity and preserving the instrument's original timbre, as reflected in the slogan: "The real sound of your bass."
Geographical diversification	The Company sells its products to distributors (B2B), retailers (B2B2C) and directly to clients on its website (B2C). Moreover, thanks to international distributors and retailers Markbass has a strong geographical diversification.
Towards stronger online presence	Markbass is in early talks with the leading US music instruments ecommerce, which would reduce reliance on Guitar Center and complement the mostly brick & mortar channel with a strong online presence.
International Acclaim	During the years the Company has been featured in several national and international trade publications, such as Bass Magazine (United States and Japan) and Musicoff (Italy). Markbass also received numerous awards, testifying to the excellence and innovation of its products.
Leveraging brand awareness	The brand's legacy, quality and innovation are reflected in its iconic yellow design, which ensures instant visual recognition and reinforces strong brand awareness. The Company plans to leverage its brands by strengthening and expanding its product portfolio across Musical Instruments and Audio Systems.

Figure 15: 400w bass cabinets weight (kg)



Source: Company websites of respective products

Figure 16: Competitive arena

Company	Products	Country	Neodymium Offering	End Market	Positioning	Best Sound Quality	Highest Global Awareness	High Engineering Reputation
	• Amplifiers • Speaker cabinets	United States	Available	B2C; B2B touring/backline; B2B2C	Entry–Premium–Pro	✓ Warm	✓	
	• Amplifiers • Speaker cabinets	United States	Extensive	B2C; B2B	Medium–Premium–Pro		✓	✓
	• Amplifiers • Speaker cabinets • Pickups	United States	Extensive	B2C; B2B	Premium–Pro	✓ Musical/Studio		✓
	• Amplifiers • Speaker cabinets	Finland	Available	B2C; B2B	Premium–Pro	✓ Metal		✓
	• Amplifiers • Speaker cabinets	United Kingdom	Available	B2C; B2B	Entry–Medium–Pro			
	• Amplifiers • Speaker cabinets • Bass Guitars	United States	Available	B2C; B2B	Entry–Medium			
	• Amplifiers • Speaker cabinets • Cables & accessories	Sweden	Extensive	B2C; B2B	Premium–Pro	✓ Hi-fi		
	• Amplifiers • Speaker cabinets • Instruments • Accessories	Italy	Extensive	B2B2C; B2B; B2C Retail	Medium–Premium–Pro	✓ Clean, fast, modern	✓	✓ Lightweight Innovation

Source: Company Data

Figure 17: Well reviewed products



Source: Company Data

Table 3: Most significant awards won

Award/Event	Year	Awarded For	Location
MIPA – Music International Press Award	2007	Best product for Traveler 151 H	Musikmesse (Frankfurt, Germany)
Bass Players Magazine: Readers' Choice Awards	2008	High quality of Markbass instruments and amplifiers	United States
Bass Gear Magazine Award	2009	Outstanding introduction of Markbass amps and pedals	United States
MIPA – Music International Press Award	2011	Best product for Traveler 102 P	Musikmesse (Frankfurt, Germany)
Abruzzo Regional Council	2013	"The value of excellence: Abruzzo that does not surrender" award to Marco De Virgiliis	Italy
Sound Expo Pescara	2023	Best Instruments: Gloxy bass series	Pescara, Italy
Scottbasslessons: Greatest Bass Amps	2024	Little Mark IV bass amplifier	United Kingdom

Source: Company Data

Supply chain

Research and development

Research and development are key to keeping a competitive edge, as the Company operates in a highly specialized niche market. The R&D team is composed of industry experts capable of identifying emerging trends and market opportunities, supporting the continuous advancement of the Company’s technological offering.

The R&D process is structured in three key phases: i) design, focused on developing solutions that respond to evolving market needs, ii) feasibility, reliability and engineering testing, which involves technical and economic analysis, including cost, viability and timeline assessments, iii) prototyping, to test and verify compliance with technical specifications. Product identity is reinforced by distinctive design elements, such as the iconic yellow color.

Figure 18: Markbass supply chain



Source: Company Data

Suppliers selection

The Company sources components globally through a network of over 50 suppliers, with key procurement hubs in China and Indonesia, which provide several of the most technical and specialized parts. Ten core partners play a critical role in the supply chain, selected for their production capacity, reliability and compliance with quality standards. To mitigate supply chain risk and ensure operational continuity, Markbass maintains a dual-sourcing policy, securing at least two primary suppliers per brand. This approach limits dependency on individual suppliers and enhances flexibility in response to cost fluctuations, logistical disruptions or shifts in market conditions. The supplier network is regularly evaluated to ensure consistent performance and high product quality.

Production & Quality control

Markbass ensures product quality through key in-house operations in Italy, where all final assembly and rigorous quality inspections are performed. Electrical components are entirely designed and manufactured internally, allowing full control over innovation and reliability. Additionally, all strings are produced in Italy, preserving the region’s artisanal tradition and ensuring premium sound quality. Most other components are outsourced to China and Indonesia, chosen for their technical capabilities and cost efficiency.

The production process starts with detailed quality checks on incoming materials, continues with flexible assembly lines based on market demand and concludes with final product testing by specialized personnel using precise instruments. This hybrid model allows Markbass to maintain high standards, optimize costs and protect its technological know-how.

Sales & Distribution

Markbass distributes its products through three main channels: international distributors, Italian retailers and direct-to-consumer online sales. Foreign sales are managed via specialized distributors, each covering one or more countries and working closely with the Company’s Export Manager. In Italy, Markbass operates directly through a dedicated B2B portal for retailers. End customers purchase via the company’s online store, with orders shipped within three days. Direct sales are also made to backline services, which provide equipment for rent to be used during concerts.

To support global distribution, Markbass relies on a network of logistics partners and places strong emphasis on packaging quality and shipping deadlines, recognizing their importance

for professionals relying on timely deliveries. An automated system tracks orders, payments and delays to ensure efficiency and transparency. This multi-channel strategy, combined with reliable logistics and careful packaging, reinforces Markbass’ position as a trusted, professional brand in the global music equipment market.

Figure 19: Key international distributors and dealers



Source: Company Data

After sale support After-sales assistance is a core component of the Company’s business model, aimed at ensuring customer satisfaction and long-term loyalty. Key initiatives include an extensive product warranty covering manufacturing defects, detailed user manuals to support correct usage and troubleshooting guides for common issues. The Company also offers real-time online support via chat, email and forums, as well as a global network of service centers for repairs and technical assistance. These services are designed to provide fast, efficient solutions and reinforce the Company’s reputation as a reliable, customer-focused brand.

Target market and customer acquisition

Target market The Company offers a highly customized commercial proposal, which stands out for its ability to respond to different needs within the music scene, addressing a varied clientele.

Markbass primarily targets industry professionals in live events and recording studios such as musicians and sound engineers. These users require high-quality, robust and reliable equipment capable of meeting the demands of live and studio environments. The Company positions itself as a reference supplier by offering technologically advanced and high-performance solutions. The diversification of its target audience reinforces the Company’s reputation across the music and professional audio sectors.

Furthermore, Markbass targets amateurs and enthusiasts, who seek premium and high-performance products, but also entry-level solutions for those approaching the world of music for the first time. This segment prioritizes quality and affordability, addressed through a diverse product range tailored to varying experience levels. For example, the Black Line series is designed to offer entry-level musicians reliable and quality equipment at a more accessible price point, expanding the reach of the brand to a broader customer base without compromising on performance.

Customer acquisition To expand its customer base and enhance brand visibility, Markbass uses a multi-channel strategy. Digital marketing plays a central role, with active social media engagement and targeted campaigns reaching a wide and diverse audience. Offline, the Company strengthens its presence through participation in major industry events, fostering direct connections with its core market. Collaborations with professional musicians boost brand credibility, while partnerships with local music stores and retailers ensure broad distribution and accessible consumer touchpoints, extending its overall market reach.

Products

Amplifiers

The amplifier line represents the core of the Company's business, with a focus on the design, production and distribution of high-quality bass and guitar amplifiers that deliver a pure, transparent sound while preserving the instrument's natural tone. The offering targets professionals and enthusiasts seeking reliable, high-performance equipment. The Company segments its offering under 2 brands, Markbass for basses and DV Mark for guitars.

The range is structured into five main categories:

- **Amplifier heads:** compact and lightweight units that amplify the bass signal for output through speaker cabinets. Markbass heads feature advanced EQ controls, high-output capacity and innovative preamp technologies, making them suitable for both studio and live performance across a variety of musical genres.
- **Cabinets:** speaker enclosures that project the amplified bass signal. Designed for portability and durability, Markbass cabinets incorporate high-performance components, including custom neodymium drivers, to ensure a balanced and full-range sound.
- **Combo amplifiers:** all-in-one units combining the amplifier head and cabinet in a compact format. Ideal for practice and small-scale performances, the range includes models of varying power levels and features such as headphone outputs, AUX inputs and integrated EQ controls.
- **Bass pedals:** devices that allow real-time tone shaping and sound enhancement through effects like distortion, compression and chorus. Engineered specifically for bass, Markbass pedals maintain clarity and definition across low frequencies.
- **Accessories:** Markbass offers a selection of accessories to support its amplifier products, including protective covers, footswitches for live control and high-quality cables for reliable signal transmission.

Figure 20: Amplifier



Figure 21: Cabinet



Figure 22: Pedal



Figure 23: Combo



Source: Company data

Audio systems

The Audio Systems line provides high-performance, professional-grade solutions designed for live sound reinforcement, events and installations. The main products are:

- **Audio Chain (AC) System:** sound reinforcement system composed of interconnected components designed to optimize the signal flow from input (e.g., microphones or instruments) to output (speakers). It includes amplifiers, speakers and interface units that integrate seamlessly, providing a robust and efficient audio management platform. The AC System is suitable for live performances and fixed installations.
- **Ergo System:** compact, active audio solutions ideal for live events and mobile setups, designed for seamless integration with other Markbass products while ensuring high sound quality.
- **Active Subwoofers:** low-frequency speaker systems equipped with built-in amplification, enabling standalone operation without the need for external power amps.

- Accessories: cables, connectors, speaker stands and mounting solutions.

Figure 24: AC AMP



Figure 25: AC Module



Figure 26: Ergo



Figure 27: Subwoofer



Source: Company data

Music Instruments

The Markbass Instruments line includes electric basses designed to meet the needs of musicians across a wide range of experience levels, from beginners to professionals. The product line is characterized by careful component selection and precise engineering, aimed at delivering solid sound performance across various playing environments. Products strike a balance between traditional craftsmanship and modern innovation, offering a tonal profile that is versatile and suitable for multiple musical genres.

The Company emphasizes quality at every stage of production, from the use of premium Italian tone woods to final assembly, with the aim of delivering distinctive sound character while maintaining a competitive price-to-performance ratio.

The product portfolio includes:

- Made in Italy (F1): high-end basses crafted in Italy, distinguished by lightweight construction and premium materials. These instruments are positioned to deliver strong sound performance and superior build quality, targeting professional users;
- Gloxy Basses (Gloxy): advanced electronics at an accessible price point, the Gloxy series aims to balance affordability with sound quality, making it a competitive choice in the mid-range segment;
- Yellow Basses (Yellow): recognized for their distinctive sound and iconic design, the Yellow series targets the entry-level market. While more affordable, these instruments are developed to maintain performance standards above typical budget offerings;
- Custom and Limited Editions: bespoke and limited-run instruments that fall outside the scope of the main product lines, developed to meet specific requirements and often feature unique characteristics or exclusive designs, catering to niche market demand.

The Company also plans to expand its portfolio with the introduction of an electric guitar line.

Figure 28: F1



Figure 29: Gloxy



Figure 30: Yellow



Figure 31: Limited



Source: Company data

Strings

The Company produces and sells strings for bass, electric guitars, acoustic guitars and double bass combining traditional craftsmanship with advanced manufacturing technologies. The division was established following the 2019 acquisition of the machinery and expertise of D’Orazio Strings, a historic Abruzzo-based string manufacturer active since 1859. This integration allowed Markbass to merge artisanal know-how with innovative techniques to produce high-quality strings that meet the demands of modern musicians. Production is still based in Abruzzo, a region with a longstanding tradition in string manufacturing.

The strings are developed in collaboration with internationally renowned musicians, whose feedback contributes directly to the design and continuous improvement of the product range.

Accessories

Finally, the Company sells several accessories for its products, such as guitar straps, carrying bags and speaker poles.

Figure 32: Overview of products

 The Markbass brand specialises in bass amplifiers recognised worldwide for high quality and innovation. The brand offers a wide range of products, from entry-level to professional-grade equipment. 	 The Markbass Black Line is a product line within the Markbass brand that focuses on entry-level amplifiers. This line aims to provide the same high-quality sound and reliability associated with the Markbass brand but at a more affordable price. 	 Mark Audio develops professional audio systems used for concerts, events and venues. These systems are designed to ensure excellence in the reproduction of sound for technical applications. 	 Markbass Instruments includes electric basses for both entry-level and professional musicians combining quality components and high-quality sounds adapted to every type of playing style. 	 Markbass Strings produces strings for guitar, basses and other string instruments emphasising a mix of traditional craftsmanship and cutting-edge manufacturing technologies, including manufacturing processes inherited from the historic D’Orazio Strings manufacturer. 	 DV Mark focuses on amplifiers for guitars, catering to a diverse clientele, including professional and amateur guitarists. It offers a broad range of products, including compact amplifiers, powerful heads and versatile combos. 
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Source: Company Data

Historical financials

1H25 Results

Bass Amps drove 1H25 10.7% Sales growth

In 1H25, Sales were up 10.7% yoy to €5.4mln. Markbass (Bass Amps) drove growth in absolute terms (+15.2% yoy), driven by the completion of the internal reorganization of a key US distributor and client, which had weighed on sales in 1H24. In relative terms, the largest growth came from Blackline (entry level Bass Amps) with +30.3% yoy to €0.5mln, followed by Markinstruments (Basses) up 22% yoy to €0.7mln. Markstrings (<1% Revenues) declined 56% yoy to €45k, though the Company is defining an agreement with Amazon to market the line on the platform.

EBITDA flat yoy

EBITDA was flat yoy at €0.7mln, with margin on Total Revenues of 11.8% (-0.5pp yoy), mostly due to higher weight on Total Revenues from Labor cost (13.1% vs 12.3% yoy). EBIT was up 5.4% yoy at €0.3mln, with margin on Total Revenues of 4.8% (flat yoy). Net income turned positive to €37k (vs €-5k yoy), thanks to lower Net financial expenses at €148k (from €247k yoy). Net Debt was almost flat €4.4mln (vs €4.2mln at YE24).

New distribution agreements

During the year, the Company strengthened its global footprint through new distribution agreements, now reaching 80 markets worldwide. In Eastern Europe Markbass expanded its footprint by partnering with a German distributor. In Latam, a new agreement was signed with a distributor that operates regional warehouses to supply several countries including Colombia and Caribbean, while maintaining a single Miami-based contact point. In the US, negotiations are underway with a leading online music retailer, with the first order expected by late 2025 or early 2026. The Company is also in talks with local partners in China to grow its market share. Finally, Markbass filed a patent for a guitar featured on instruments launching in 1H26.

Figure 33: Sales breakdown by product (€,k)

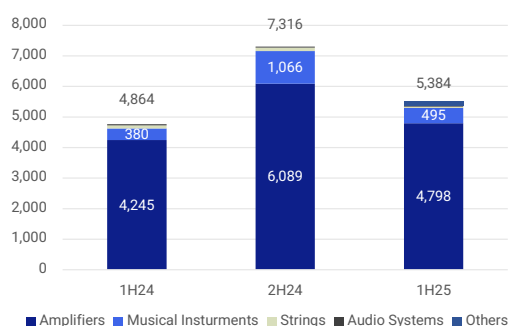
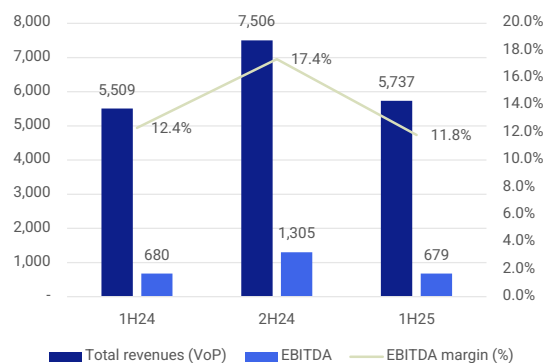


Figure 34: Total Revenues, EBITDA, margin 1H24-1H25 (€,k)



Source: Banca Profilo elaborations on Company Data

Table 4: Revenue Breakdown (€, k)

Revenue breakdown (€,k)	1H24	2H24	1H25
Amplifiers	4,245	6,089	4,798
yoy (%)	n.a.	n.a.	13.0%
on sales (%)	87.3%	83.2%	89.1%
Musical Instruments	380	1,066	495
yoy (%)	n.a.	n.a.	30.3%
on sales (%)	7.8%	14.6%	9.2%
Strings	102	113	45
yoy (%)	n.a.	n.a.	-55.9%
on sales (%)	2.1%	1.5%	0.8%
Audio Systems	34	35	27
yoy (%)	n.a.	n.a.	-20.6%
on sales (%)	0.7%	0.5%	0.5%
Others	103	13	19
yoy (%)	n.a.	n.a.	-81.6%
on sales (%)	2.1%	0.2%	0.4%
Revenues	4,864	7,316	5,384
yoy (%)	n.a.	n.a.	10.7%

Source: Banca Profilo elaborations on Company Data

Table 5: Income Statement (€, k)

Income Statement (€,k)	1H24	2H24	1H25
Revenues	4,863	7,316	5,384
Other	427	(11)	154
Total revenues (VoP)	5,509	7,506	5,737
yoy (%)	n.a.	n.a.	4.1%
Material costs	(3,081)	(3,971)	(3,202)
on revenues (%)	55.9%	52.9%	55.8%
Costs of services	(801)	(998)	(809)
on revenues (%)	14.5%	13.3%	14.1%
Cost for the use of third-part assets	(210)	(230)	(242)
on revenues (%)	3.8%	3.1%	4.2%
Labour costs	(680)	(923)	(750)
on revenues (%)	12.3%	12.3%	13.1%
Other operating expenses	(58)	(79)	(55)
on revenues (%)	1.0%	1.1%	1.0%
EBITDA Adj.	680	1,407	679
margin (%)	12.4%	18.7%	11.8%
yoy (%)	n.a.	n.a.	-0.3%
EBITDA	680	1,305	679
margin (%)	12.4%	17.4%	11.8%
yoy (%)	n.a.	n.a.	-4.2%
D&A	(417)	(417)	(401)
EBIT	264	888	278
margin (%)	4.8%	11.8%	4.8%
yoy (%)	n.a.	n.a.	5.4%
Net financial expenses	(247)	(287)	(148)
Taxes	(22)	(37)	(93)
Net profit	(5)	564	37
margin (%)	-0.1%	7.5%	0.6%

Source: Banca Profilo elaborations on Company Data

Table 6: Balance Sheet (€, k)

Balance sheet (€,k)	2024	1H25
Tangible	1,010	997
Intangibles	2,411	2,503
Financials & Others	54	48
Fixed Assets	3,475	3,548
Inventory	4,639	4,670
Accounts receivable	2,677	1,894
Accounts payable	(2,973)	(1,849)
Operating net working capital	4,344	4,715
Other current assets (/liabilities)	(68)	(316)
Net Working Capital	4,275	4,399
Other Assets (Liabilities)	(1,191)	(1,225)
Net Invested Capital	6,559	6,722
Equity	2,320	2,354
Net Debt (Cash)	4,239	4,369

Source: Banca Profilo elaborations on Company Data

FY21-24: 18.8% Total Revenue CAGR

FY24: flat Revenues, volume growth

In FY24 the Company reported basically unchanged Revenues at €12.2mln. Musical Instruments were up +126% yoy to €1.5mln (12% of sales), offsetting the decline in Amplifiers (-6.3% yoy) to €10.3mln (85% of sales), due to a temporary decline in orders from the largest customer. Both products categories reported positive unit growth, with +2.3% yoy to 43.1k for amplifiers and +190% to 5.4k for Musical Instruments. Both lines reported a decline in Revenue per unit, with -8.4% for Amplifiers due to the launch of entry level "Blackline", similarly Musical Instruments Revenue per unit was down -22%. Strings and Audio Systems remain marginal BUs, accounting for 2% of sales. The Company generated an 18.8% Total Revenue CAGR in FY21-24.

Figure 35: Sales breakdown by product (€,k)

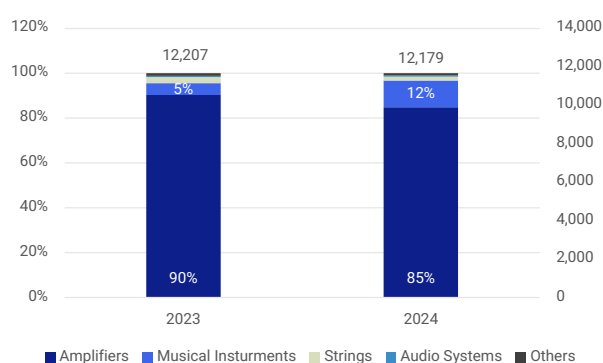
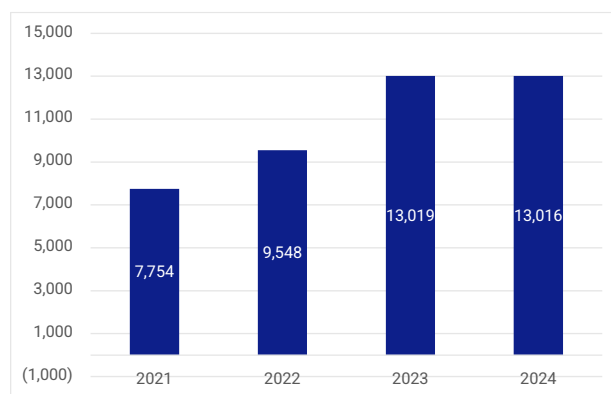


Figure 36: Total Revenues FY21-24 (€,k)



Source: Banca Profilo elaborations on Company Data

Geographical diversification

The Company derives most of its Revenue through International Distributors, which accounted for 92% of Revenues in 2024. Overall, Europe represented 47% of Revenues, followed by North America with 41% and Asia with 8%. The figures were broadly in line with FY23. The largest client, a US based distributor, generated 37.7% of Revenues in FY24.

Figure 37: FY24 Revenue breakdown by region

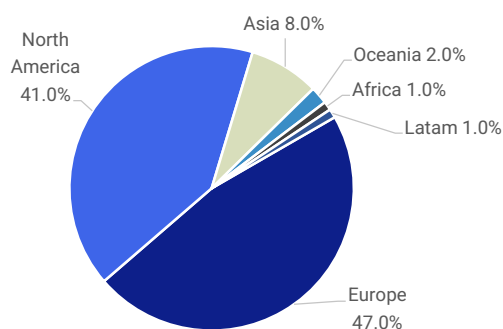
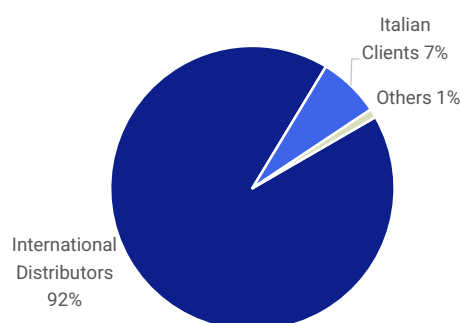


Figure 38: FY23 & FY24 Revenue breakdown by client



Source: Banca Profilo elaborations on Company Data

FY24 EBITDA margin contraction due to higher shipping costs

In FY24 EBITDA Adj. was down -6.9% yoy to €2.1mln with 16% margin (-1.2pp yoy), mostly due to the growing Cost of services (+8.3% yoy) related to shipping. EBITDA has been adjusted for one-off labour costs of €0.1mln. EBITDA in FY22 was €0.2mln (1.6% margin) and was affected by the higher impact of fixed costs given lower turnover as well as the spike in shipping costs, with Cost of Services of €2mln (19.1% on Revenues), well above current levels in both absolute (vs €1.7-1.8mln) and relative (vs 12.8%-13.8% on Revenues) terms.

FY24 EBIT was down -5% yoy to €1.2mIn, with margin contracting 0.4pp yoy to 8.9%. Effective tax rates in FY23 and FY24 were 4.4% and 9.5% respectively, mainly thanks to lower taxable income due to losses during previous periods, reversal of previously recognized DTLs and one-off adjustment related to prior-year tax provisions.

In FY24 Net income was down -29.3% to €0.6mIn, mainly due to Net Financial Expenses growing 38.4% yoy, mostly due to higher financing costs. Net financial expenses also included €0.1mIn related to FX charges. In FY22 the Company recorded an impairment of €0.9mIn relating to a stake in the subsidiary MIC S.r.l., following the interruption of the development project that had originally justified its establishment.

Figure 39: FY24 Europe Revenue breakdown

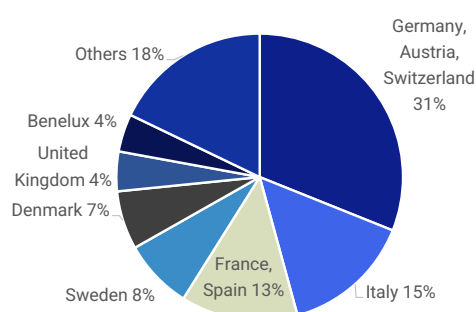
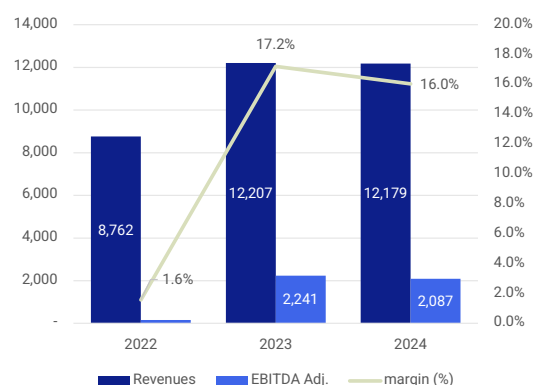


Figure 40: FY22-24 Revenues, EBITDA Adj. (€k)



Source: Banca Profilo elaborations on Company Data

Table 7: Revenue Breakdown (€, k)

Revenue breakdown (€,k)	2023	2024
Amplifiers	11,024	10,334
yoy (%)	n.a.	-6.3%
on sales (%)	90.3%	84.9%
Musical Instruments	639	1,446
yoy (%)	n.a.	126.3%
on sales (%)	5.2%	11.9%
Strings	343	215
yoy (%)	n.a.	-37.3%
on sales (%)	2.8%	1.8%
Audio Systems	60	69
yoy (%)	n.a.	15.0%
on sales (%)	0.5%	0.6%
Others	141	116
yoy (%)	n.a.	-17.7%
on sales (%)	1.2%	1.0%
Revenues	12,207	12,179
yoy (%)	39.3%	-0.2%

Source: Banca Profilo elaborations on Company Data

Table 8: Income Statement (€, k)

Income Statement (€,k)	2022	2023	2024
Revenues	8,762	12,207	12,179
Other	1,450	812	837
Total revenues (VoP)	10,212	13,019	13,016
yoy (%)	31.7%	27.5%	0.0%
Material costs	(6,240)	(7,119)	(7,052)
on revenues (%)	61.1%	54.7%	54.2%
Costs of services	(1,954)	(1,662)	(1,799)
on revenues (%)	19.1%	12.8%	13.8%
Cost for the use of third-part assets	(288)	(394)	(440)
on revenues (%)	2.8%	3.0%	3.4%
Labour costs	(1,446)	(1,475)	(1,603)
on revenues (%)	14.2%	11.3%	12.3%
Other operating expenses	(122)	(255)	(137)
on revenues (%)	1.2%	2.0%	1.1%
EBITDA Adj.	161	2,241	2,087
margin (%)	1.6%	17.2%	16.0%
yoy (%)	n.a.	1294.4%	-6.9%
EBITDA	161	2,113	1,985
margin (%)	1.6%	16.2%	15.3%
yoy (%)	n.a.	1214.7%	-6.1%
D&A	(946)	(900)	(833)
EBIT	(785)	1,213	1,152
margin (%)	-7.7%	9.3%	8.9%
yoy (%)	n.a.	-254.5%	-5.0%
Net financial expenses	(8)	(386)	(534)
Impairment	(934)	-	-
Taxes	(52)	(36)	(59)
Net profit	(1,779)	790	559
margin (%)	-17.4%	6.1%	4.3%

Source: Banca Profilo elaborations on Company Data

FY24 Fixed Tangible were €1mIn of which €0.7mIn land and buildings, the Company is relatively asset-light as most of the production is carried out by third parties. Intangible were €2.4mIn, mostly relating to capitalized R&D (€1.1mIn) and concessions & brands (€0.8mIn).

OWNC improvement in FY24

Operating Net Working Capital declined to €4.3mIn in FY24, thanks to destocking, with lower Inventory at €4.6mIn (from €4.8mIn yoy), but also in relative terms, with Inventory Days (calculated with Material Costs) down 4 days to 240. Similarly, NWC also benefitted from higher Accounts Payable at €3mIn (from €2.7mIn yoy) with slightly longer payments (calculated on costs ex labour) up to 115 days (from 103). In FY24 Net Debt stood at €4.2mIn (2.1x ND/EBITDA), down from €5.8mIn yoy (2.7x ND/EBITDA).

Figure 41: ONWC FY22-24 (€,k)

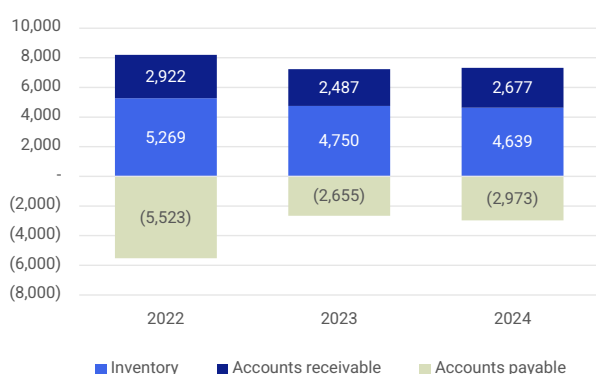
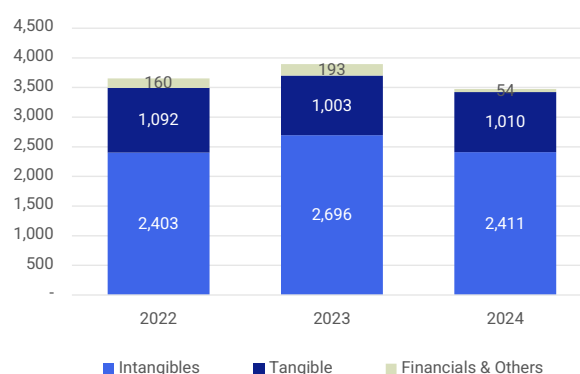


Figure 42: Fixed assets FY22-24 (€,k)



Source: Banca Profilo elaborations on Company Data

Table 9: Balance Sheet (€, k)

Balance sheet (€,k)	2022	2023	2024
Tangible	1,092	1,003	1,010
Intangibles	2,403	2,696	2,411
Financials & Others	160	193	54
Fixed assets	3,655	3,893	3,475
Inventory	5,269	4,750	4,639
on materials(%)	84%	67%	66%
Inventory Days (Days)	308	244	240
Accounts receivable	2,922	2,487	2,677
on revenues (%)	33%	20%	22%
DSO (Days)	122	74	80
Accounts payable	(5,523)	(2,655)	(2,973)
on costs (%)	64%	28%	32%
DPO (Days)	234	103	115
Operating net working capital	2,667	4,582	4,344
on revenues (%)	30%	38%	36%
Other current assets (/liabilities)	381	222	(68)
Net Working Capital	3,048	4,804	4,275
Other liabilities	(1,160)	(1,145)	(1,191)
Net Invested capital	5,543	7,552	6,559
Equity	962	1,777	2,320
Net debt (cash)	4,581	5,774	4,239
Liquidity	(2,238)	(1,873)	(2,002)
Net Debt (cash)/Equity	4.8x	3.2x	1.8x
Net Debt (cash)/EBITDA	28.5x	2.7x	2.1x

Source: Banca Profilo elaborations on Company Data

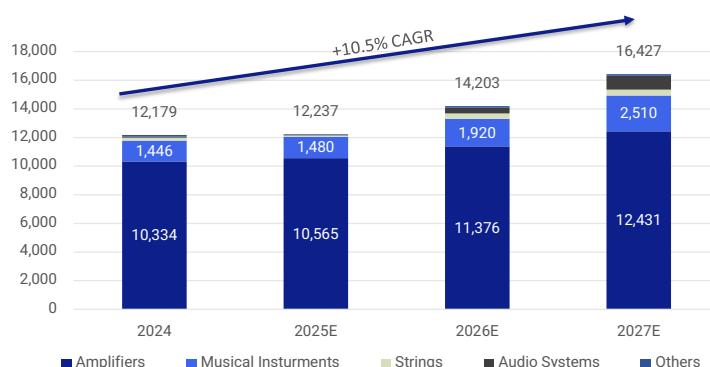
During FY22-24 the Company invested €0.5mln on average, most of which (€0.4mln) in intangible assets relating to R&D. FY23 FCF was mostly affected by NWC absorption (€1.8mln) relating to Accounts Payable. FY23-24 FCF averaged at €0.9mln.

2025-2027 Estimates

10.5% sales CAGR FY24-27E

We estimate 10.5% Revenues CAGR in FY24-27E assuming Amplifiers will remain the Company's core cash-generating segment, growing single-digit (FY24-27E CAGR 6.4%). Musical Instruments represent a key growth driver, as this product line is still relatively new; we forecast a strong 20.2% CAGR. Audio Systems currently contribute marginally to overall revenue, but it represents the largest opportunity in terms of relative growth, with a projected CAGR of 140%. However, due to its small base, the absolute revenue contribution remains limited (+€0.9mIn in FY27E vs FY24) over the explicit period. Finally, our projections on Strings (CAGR 24.2%) assume both the recovery to FY23 levels and market rate growth.

Figure 43: FY24-27E Revenues (€, k)



Source: Banca Profilo estimates and elaborations on Company Data

Amplifiers: 6.4% revenue CAGR 2024- 2027E

We assume 6.4% annual volume growth for Amplifiers, in line with market research (Mordor Intelligence, Musical Instruments Market Research and Global Professional Audio Market, 6.5%). This figure is above Yamaha Corp's targets (May 2025) of 5% annual revenue growth, of which 4% for Musical Instruments (which includes guitar/bass amplifiers) and 7% for Audio Equipment.

For Strings, we expect FY26E revenue to recover the 2023 levels and modest growth in line with the market (7%), also considering that the business was acquired in 2019.

Fretted Instruments, from 0.1% to 0.17% market share by 2027

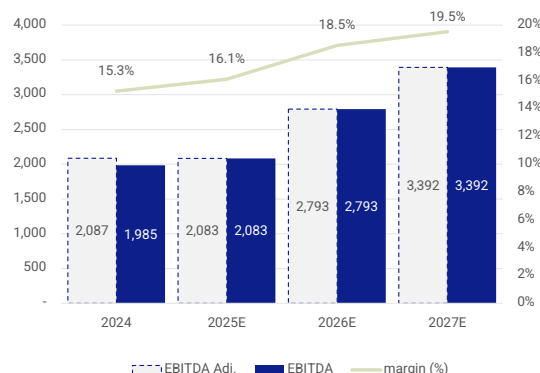
Regarding Musical Instruments, we based our projections on \$1.7bn "fretted instruments" market (€1.4bn), where Markbass currently holds at least 0.1% market share, according to FY24 revenues. This is at the lower end as we expect the main component of the market to be acoustic/electric guitars, rather than bass. We assume a 2% volume growth in 2025 and average 30% for the following two years, as the Company is in early stages in terms of products catalog. Here we land on a 0.17% market share in 2027 (assuming a static market). For this division we forecast around €0.3mIn annual capex, recovering in +€1.6mIn of additional revenue over the three-year period assuming €1.5mIn FY24 as a baseline.

Audio Systems, from 0.002% to 0.03% market share by 2027

For Audio Systems, we have considered a market size of \$9.3bn, adjusted for the relevant music component (40%), yielding a targetable segment of \$3.7bn or €~3.2bn. Based on the Company's current minimal presence (audio systems account for 1% of sales) and given it is an area of focus for the management, we project a strong growth trajectory with 7x volume in FY26E and 2x in FY27E. This would result in €1mIn in revenues by FY27. The sharp yoy growth is largely attributable to a low base effect, coupled with planned strategic investment in the segment. Under these assumptions, the Company's market share would increase from ~0.002% today to ~0.03% by FY27 (assuming a static market). Taking the €0.1mIn revenues in FY24 as a baseline, we estimate an additional €1.2mIn in revenues over the three-year

period. This means a recovery in revenue terms in the same timeframe of additional capex in audio systems, which we are estimating at around €0.5m per year.

Figure 44: FY24-27E EBITDA Adj. (€, k)



Source: Banca Profilo estimates and elaborations on Company Data

EBITDA margin expansion: FY26-27E suppliers shift and operating leverage

We estimate FY25E EBITDA €2.1m and in line with FY24 EBITDA Adjusted, with margin at 16.1% in FY25E and slightly ahead of FY24 EBITDA margin adjusted thanks to lower expected material costs. This implies a strong 2H25E at 19.5% (vs 18.7% in 2H24). Margin gains are forecasted to expand in FY26E and FY27E, reaching 18.5% and 19.5%, respectively. This is driven by IPO costs reimbursements included in other revenues (€90k/year); operating leverage, as revenue growth outpaces the increase in fixed costs; the partial shift in the suppliers' base toward China, with material costs as a percentage of revenue declining 52.6% in FY26E.

We forecast FY25-27E average D&A expenses at €875k, which includes amortization of capitalized IPO expenses. Average annual financial expenses are seen at €0.2m, declining vs FY24 as they do not include FX, better debt terms post-IPO and interest income from liquidity.

Finally, we consider a 27% Tax rate in the coming years. Net profit is seen at €0.7m in FY25E (+5.2% yoy), €1.3m in FY26E and €1.7m in FY27E.

Figure 45: FY24-27E EBIT and Net Profit (€, k)

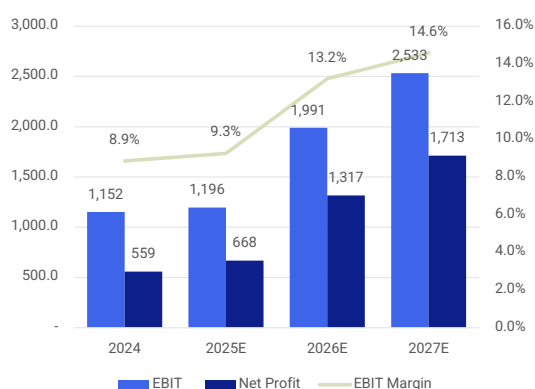
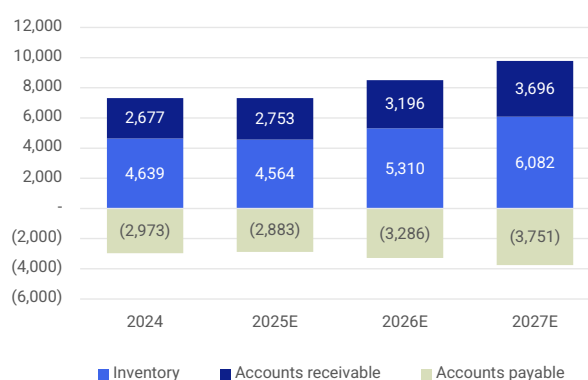


Figure 46: ONWC FY24-27E (€,k)



Source: Banca Profilo estimates and elaborations on Company Data

Table 10: Revenue Breakdown (€, k)

Revenue breakdown (€,k)	2024	2025E	2026E	2027E
Amplifiers	10,334	10,565	11,376	12,431
yoy (%)	-6.3%	2.2%	7.7%	9.3%
on sales (%)	84.9%	86.3%	80.1%	75.7%
Musical Instruments	1,446	1,480	1,920	2,510
yoy (%)	126.3%	2.4%	29.7%	30.7%
on sales (%)	11.9%	12.1%	13.5%	15.3%
Strings	215	100	385	412
yoy (%)	-37.3%	-53.5%	285.2%	7.0%
on sales (%)	1.8%	0.8%	2.7%	2.5%
Audio Systems	69	52	401	954
yoy (%)	15.0%	-25.1%	676.7%	137.6%
on sales (%)	0.6%	0.4%	2.8%	5.8%
Others	116	40	120	120
yoy (%)	-17.7%	-65.5%	200.0%	0.0%
on sales (%)	1.0%	0.3%	0.8%	0.7%
Revenues	12,179	12,237	14,203	16,427
yoy (%)	-0.2%	0.5%	16.1%	15.7%

Source: Banca Profilo estimates and elaborations on Company Data

Table 11: Income Statement (€, k)

Income Statement (€,k)	2024	2025E	2026E	2027E
Revenues	12,179	12,237	14,203	16,427
Other	837	689	858	947
Total Revenues (VoP)	13,016	12,927	15,061	17,374
yoy (%)	0.0%	-0.7%	16.5%	15.4%
Material costs	(7,052)	(6,937)	(7,926)	(9,077)
on revenues (%)	54.2%	53.7%	52.6%	52.2%
Costs of services	(1,799)	(1,701)	(1,974)	(2,283)
on revenues (%)	13.8%	13.9%	13.9%	13.9%
Cost for the use of third-part assets	(440)	(490)	(500)	(510)
on revenues (%)	3.4%	3.8%	3.3%	2.9%
Labour costs	(1,603)	(1,544)	(1,670)	(1,882)
on revenues (%)	12.3%	11.9%	11.1%	10.8%
Other operating expenses	(137)	(171)	(199)	(230)
on revenues (%)	1.1%	1.4%	1.4%	1.4%
EBITDA Adj.	2,087	2,083	2,793	3,392
margin (%)	16.0%	16.1%	18.5%	19.5%
yoy (%)	-6.9%	-0.2%	34.0%	21.5%
EBITDA	1,985	2,083	2,793	3,392
margin (%)	15.3%	16.1%	18.5%	19.5%
yoy (%)	-6.1%	5.0%	34.0%	21.5%
D&A	(833)	(887)	(802)	(859)
EBIT	1,152	1,196	1,991	2,533
margin (%)	8.9%	9.3%	13.2%	14.6%
yoy (%)	-5.0%	3.8%	66.4%	27.3%
Fin. Income (Expenses)	(534)	(281)	(187)	(187)
Taxes	(59)	(247)	(487)	(633)
Net Profit	559	668	1,317	1,713
margin (%)	4.3%	5.2%	8.7%	9.9%

Source: Banca Profilo estimates and elaborations on Company Data

Inventory weight on materials is seen slightly increasing (from 66% in FY24 to 67% in FY26E) as the Company expands its product portfolio. DSO are expected to be slightly longer (82) and DPO slightly shorter (113) during the period.

Net Debt is seen gradually decreasing, from €4.4m in 1H25 to €-2.7m (Net Cash) in FY27E thanks to €5.1m Net Proceeds from IPO, as well as revenue and profitability ramp up.

Table 12: Balance Sheet (€, k)

Balance sheet (€,k)	2024	2025E	2026E	2027E
Tangible	1,010	1,054	1,093	1,124
Intangibles	2,411	3,029	3,014	2,949
Financials & Others	54	54	54	54
Fixed Assets	3,475	4,138	4,161	4,127
Inventory	4,639	4,564	5,310	6,082
on materials(%)	66%	66%	67%	67%
Inventory Days (Days)	240	240	245	245
Accounts receivable	2,677	2,753	3,196	3,696
on revenues (%)	22%	23%	23%	23%
DSO (Days)	80	82	82	82
Accounts payable	(2,973)	(2,883)	(3,286)	(3,751)
on costs (%)	32%	31%	31%	31%
DPO (Days)	115	113	113	113
Operating net working capital	4,344	4,435	5,220	6,027
on revenues (%)	36%	36%	37%	37%
Other current assets (/liabilities)	(68)	(68)	(68)	(68)
Net Working Capital	4,275	4,367	5,152	5,959
Other Assets (Liabilities)	(1,191)	(1,244)	(1,289)	(1,334)
Net Invested Capital	6,559	7,261	8,024	8,752
Equity	2,320	8,472	9,789	11,501
Net Debt (Cash)	4,239	(1,212)	(1,765)	(2,750)

Source: Banca Profilo estimates and elaborations on Company Data

We expect FY25E capex of €0.7mln, mainly Intangibles, plus €0.9mln in listing-related capitalized costs. For FY26-27E, annual capex is seen at an average €0.8mln, largely Intangibles.

Valuation

Given the expected cash flow generation, we believe DCF to be an adequate valuation method. Relative valuation with multiples can be used as a cross-check, even though the peer group includes two Japanese companies, which may limit comparability.

HOLD, TP €2.5/sh

As we estimate an Enterprise Value for both DCF and multiples, we consider FY24 Net Debt of €4.2mIn, adjusted for IPO proceeds (€6mIn) and listing costs (€0.9mIn). We consider the average between DCF and Multiples, obtaining an Equity Value of €21.6mIn (€2.5/sh). Markbass already gained 44% since IPO, given 7% upside vs our TP, we set our recommendation to HOLD.

Table 13: Valuation

	Equity Value	Weight
DCF (€, mIn)	22.4	50%
Multiples (€, mIn)	20.7	50%
Total (€, mIn)	21.6	
Shares (mIn)	8.7	
TP (€)	2.5	

Source: Banca Profilo estimates

DCF

**DCF to FY28E:
€4.5mIn of Unlevered
FCF**

We use our projected Unlevered Free Cash Flows (FCF) for the explicit FY25-28E period, totaling €4.5mIn. The €1.1mIn annual average FCF over this period is used as the Terminal Value FCF.

WACC at 7.2%

To discount the estimated Unlevered FCF we would use a 7.2% WACC, derived from:

- a risk-free rate at 4.4%, as implicitly expected by consensus on the 30Y Italian BTP yield curve (100 days MA);
- a market risk premium of 5.5%;
- a target Debt-to-Equity (D/E) ratio of 100%;
- a tax rate of 27%;
- a beta of 0.7 coming from the average of chosen listed peers;
- a cost of debt of 5%.

We estimate an Enterprise Value of €21.6mIn, after subtracting Net Debt adjusted of -€0.8mIn (Net Cash) we reach an Equity Value of €22.4mIn (€2.6/sh)

Table 14: Unlevered FCF (€, k)

Free Cash Flow (Valuation)	2025E	2026E	2027E	2028E
EBIT	1,196	1,991	2,533	2,714
Taxes	(323)	(537)	(684)	(733)
NOPAT	873	1,453	1,849	1,981
D&A	887	802	859	952
Change in NWC	(91)	(785)	(807)	(562)
Change in other	53	45	45	45
Capex	(650)	(825)	(825)	(825)
Unlevered FCF	1,072	690	1,121	1,591

Source: Banca Profilo estimates

Table 15: DCF Valuation (€, mln)

WACC		DCF (€, mln)		2025E	2026E	2027E	2028E	TV
Perpetual growth rate	2.0%	Free Cash Flows		1.1	0.7	1.1	1.6	1.1
Risk free rate (30Y)	4.4%	Years (#)		1	2	3	4	
Equity risk premium	5.5%	Discount factor		0.99	0.92	0.86	0.80	
Unlevered Beta	0.7	Terminal Value						21.9
Levered Beta	1.2	NPV		1.1	0.6	1.0	1.3	17.6
KE	10.8%	Sum of NPVs		1.1	1.7	2.7	3.9	21.6
Cost of debt	5.0%							
Tax rate	27.0%	Valuation (€, mln)						
KD	3.7%	Enterprise Value (€,mln)		21.6				
Target D/E	100.0%	Net debt adj. (cash) (€,mln)		(0.8)				
D/D+E	50.0%	Equity Value (€,mln)		22.4				
E/D+E	50.0%	Number of shares		8.7				
WACC	7.2%	Price per share €		2.6				

Source: Banca Profilo estimates, Bloomberg

Market multiples

EV/EBITDA multiples The peer group selected to assess Markbass relative valuation using the market multiples approach includes B&C Speakers (IT), Powersoft (IT), Yamaha Corp (JP) and Roland (JP). The last two companies are significantly larger, operate as more diversified businesses and are based in Japan, which follows different dynamics, including the accounting standards.

We consider the median FY26E EV/EBITDA which stands at 7.1x, estimating an Enterprise Value of €19.9mln, after subtracting Net Debt adjusted of -€0.8mln (Net Cash) we reach an Equity Value of €20.7mln (€2.4/sh).

Table 16: Market multiples

Multiples	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
	EV/Sales				EV/EBITDA				EV/EBIT				P/E			
Roland	0.9	0.9	0.9	0.9	7.2	7.7	7.1	6.4	9.3	10.8	9.6	8.4	14.5	14.1	12.4	10.
Yamaha	1.0	1.0	1.0	0.9	8.8	8.9	7.6	7.0	15.2	15.4	12.3	10.3	17.8	22.9	18.5	15.
B&C Speakers	1.7	1.7	1.6	1.5	7.7	7.7	7.1	6.5	8.8	8.9	8.1	7.4	9.3	12.6	10.7	9.
Powersoft	2.8	2.3	2.0	1.8	10.1	8.6	7.1	6.1	12.0	10.9	8.8	7.5	16.9	16.4	13.0	10.
Average	1.6	1.5	1.4	1.3	8.5	8.2	7.2	6.5	11.3	11.5	9.7	8.4	14.7	16.5	13.6	11.
Median	1.3	1.3	1.3	1.2	8.2	8.1	7.1	6.5	10.7	10.9	9.2	7.9	15.7	15.2	12.7	10.
Markbass	1.8	1.5	1.3	1.1	12.0	9.2	6.9	5.7	20.7	16.1	9.7	7.6	36.0	30.1	15.3	11.

Source: Banca Profilo elaborations on Bloomberg data

Table 17: Revenue growth and EBITDA Margin

	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E	2024	2025E	2026E	2027E
	Revenue growth				EBITDA Margin				EBIT Margin				Net Income Margin			
Roland	-2.9%	0.1%	3.9%	3.7%	12.9%	12.2%	12.6%	13.5%	10.0%	8.6%	9.4%	10.3%	6.0%	6.2%	6.8%	7.5%
Yamaha	2.4%	-3.2%	1.9%	2.8%	10.8%	10.9%	12.7%	13.4%	6.3%	6.4%	7.8%	9.1%	6.4%	5.2%	6.3%	7.1%
B&C Speakers	6.8%	1.6%	5.9%	6.5%	21.7%	21.9%	22.4%	22.8%	19.0%	18.9%	19.5%	20.1%	17.7%	12.9%	14.4%	14.8%
Powersoft	3.1%	22.0%	14.8%	13.0%	27.5%	26.5%	27.9%	28.6%	23.2%	20.9%	22.5%	23.5%	17.3%	14.6%	16.1%	16.9%
Average	2.3%	5.1%	6.6%	6.5%	18.2%	17.9%	18.9%	19.6%	14.6%	13.7%	14.8%	15.8%	11.9%	9.7%	10.9%	11.6%
Median	2.7%	0.9%	4.9%	5.1%	17.3%	17.0%	17.6%	18.1%	14.5%	13.8%	14.5%	15.2%	11.9%	9.6%	10.6%	11.1%
Markbass	0.0%	-0.7%	16.5%	15.4%	15.3%	16.1%	18.5%	19.5%	8.9%	9.3%	13.2%	14.6%	4.3%	5.2%	8.7%	9.9%

Source: Banca Profilo elaborations on Bloomberg data

B&C Speakers

B&C Speakers is an Italian company specialized in the design, production and marketing of electro-acoustic transducers for the professional audio sector. In FY24 it generated €100mln revenues.

Powersoft	Powersoft is an Italian company specialized in the design and manufacturing of solutions for the professional audio sector. Products include power amplifiers, speakers and subwoofers. In FY24 it generated €71mln revenues.
Roland Corporation	Roland Corporation is a Japanese multinational company specializing in the design and manufacture of electronic musical instruments. The Electronic Musical Instruments segment (approximately 94% FY24 revenues) includes synthesizers, digital pianos, electronic drum kits, guitar-related products, DJ gear and other performance instruments. The remaining revenues are derived from production, broadcast and professional audio/video equipment. In FY24 it generated €607mln revenues.
Yamaha Corp	Yamaha Corp is a Japanese multinational company and the largest manufacturer of musical instruments. The Musical Instruments segment (70% FY24 revenues) includes piano, wind, string, percussion, digital musical instruments and other music-related activities. The Audio Equipment segment (30% FY24 revenues) sells consumer audio products, professional audio equipment, IT equipment and other sound-related activities. In FY24 it generated €2.8bn revenues.

Key risks

Downside: revenue concentration and tariffs	We believe that the Company's revenue concentration poses a vulnerability, with its largest client accounting for approximately 37% of total revenues. Moreover, S&P upgraded the issuer rating of key distributor Guitar Center to CCC+ (from SD, selective default) after the Company extended the maturity of its 8.5% senior secured notes from 2026 to 2029 by exchanging preferred stock and newly issued notes. While the Company could shift distributors as there is demand for the brand, it still represents a risk that could materially affect the top line. Markbass is in early talks with the leading US online music instruments retailer, which would improve diversification in terms of retailers and channel (online vs brick & mortar). Ongoing tariff uncertainty is also a key risk, while it could be mitigated by production shifts, it reduces the capability to establish long term plans.
Upside: stronger demand for new products	On the upside, a stronger demand than our forecast for new product lines across both Musical Instruments and Audio Systems can positively affect top line, with a stronger effect on bottom line thanks to operating leverage.

Offer structure and IPO Proceeds

The IPO was structured as a capital increase of up to €6mIn Euronext Growth Milan, with a 15% greenshoe. The Company raised €6mIn, costs related to the listing were €0.9mIn.

Existing shareholders will have an 18-month lock-up period.

Participants of the IPO will receive 1 bonus share for every 5 ordinary shares if they do not sell their shares until the end of the twelfth calendar month following the beginning of trading.

In addition, up to 4,744,000 warrants are issued for free: i) 374,000 warrants to IPO subscribers at a ratio of 1 Warrant for every 10 Shares, ii) up to 4,370,000, at a later date, to all holders of the on a date to be determined jointly with Borsa Italiana by December 31, 2025, at a ratio of 1 Warrant for every 2 Shares held.

Figure 47: Deal Structure

Deal Structure	Issuer	▪ Markbass S.r.l.
	Offering Structure	▪ Capital Increase
	Fund Raising	▪ Up to 6 €mIn
	Market	▪ Euronext Growth Milan 
	Greenshoe	▪ 15% Offering
Timing	Lock Up	▪ 18 months
	Pre-Admission	▪ September 2025
Use of Proceeds	Admission	▪ September 2025
	▪ Products Development	
	▪ R&D	
	▪ M&A	

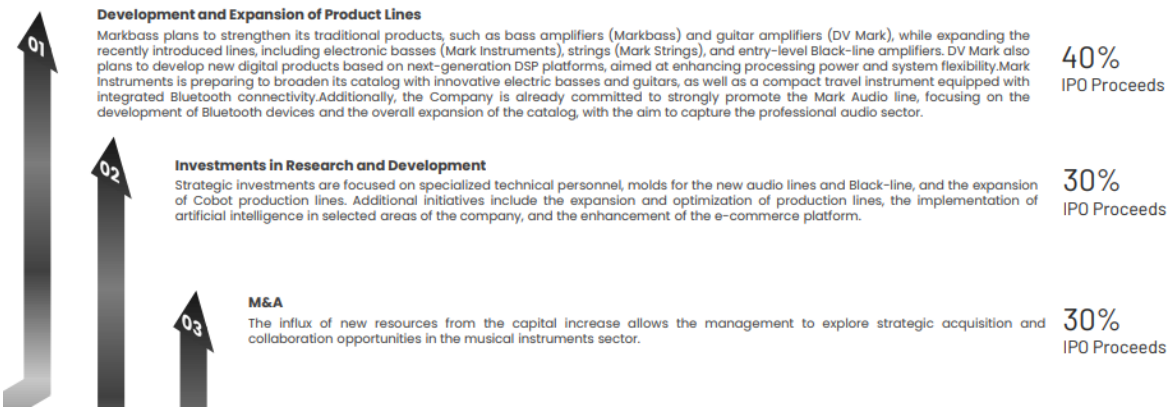
Source: Company data

30% proceeds
towards M&A

Markbass plans to allocate ~70% of IPO proceeds across expansion of the product lines and R&D. More precisely, the Company will focus on strengthening the amplifier range while expanding into entry-level amplifiers, basses, guitars, strings and professional audio solutions. Bluetooth will be one of the key technologies adopted across products. Investments in R&D will include specialized personnel, molds for audio lines, expansion of Cobot production lines and enhancement of ecommerce platform.

The remainder 30% is expected to be used for M&A in the musical instruments sector.

Figure 48: Use of proceeds



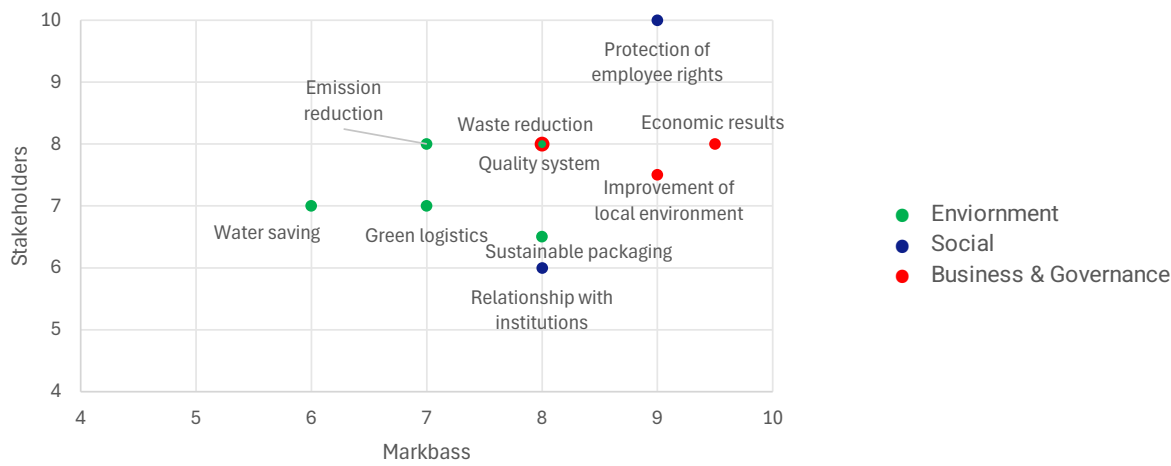
Source: Company data

Appendix

ESG

Markbass supports the Global Goals through its commitment to sustainable development. It has prepared three internal sustainability reports, the latest in 2023, which included a materiality matrix aligned with GRI and IIRC standards. The analysis identified customers, employees and financial institutions as key stakeholders.

Figure 49: Materiality Matrix



Source: Company data

Eco-friendly materials	The Company uses fully recyclable materials for its MB58R line of cabinets and combos. Moreover, strings packaging uses eco-friendly, food-grade packaging. Finally, Markbass supported Treebu, a startup planting Paulownia trees in Verona (Italy).
Supportive work environment	The Company places emphasis on employee well-being, fostering a safe, healthy and supportive work environment. Facilities include a relaxation room equipped with massage chairs, a sauna and hydrotherapy amenities, as well as recreational areas featuring a performance stage, table football, darts and a gym. Remote work is also common at Markbass based on company and employee needs.
Community Engagement	In addition to internal initiatives, the company maintains active community engagement, collaborating with local universities to support academic partnerships and research. Through the “Young Musicians Unite” project, the company donates musical instruments and equipment to underprivileged students. It also contributes to charitable efforts abroad, including donations to missions in Africa, such as the provision of a motorcycle to support local transportation needs.

Markbass

Recommendation
HOLD

Target Price
2.5 €

Upside
7%

Company Overview

Markbass is an Italian manufacturer of amplifiers for electric bass and guitar, audio systems, music instruments and strings. Founded in 1996 and headquartered in San Giovanni Teatino (Chieti), the Company has established a strong global presence, with products sold in over 80 countries. Markbass has established a strong and recognizable brand through continuous innovation, distinctive visual identity and close collaboration with professional musicians.

P&L (€k)	2023	2024	2025E	2026E	2027E
Revenues	12,207	12,179	12,237	14,203	16,427
Other	812	837	689	858	947
Total Revenues (VoP)	13,019	13,016	12,927	15,061	17,374
yoy (%)	27%	0.0%	-0.7%	16.5%	15.4%
EBITDA Adj.	2,241	2,087	2,083	2,793	3,392
margin (%)	17.2%	16.0%	16.1%	18.5%	19.5%
EBITDA	2,113	1,985	2,083	2,793	3,392
margin (%)	16.2%	15.3%	16.1%	18.5%	19.5%
EBIT	1,213	1,152	1,196	1,991	2,533
margin (%)	9.3%	8.9%	9.3%	13.2%	14.6%
Net Profit	790	559	668	1,317	1,713
margin (%)	6.1%	4.3%	5.2%	8.7%	9.9%

Revenues (€k)	2023	2024	2025E	2026E	2027E
Amplifiers	11,024	10,334	10,565	11,376	12,431
Musical Instruments	639	1,446	1,480	1,920	2,510
Strings	343	215	100	385	412
Audio Systems	60	69	52	401	954

Balance Sheet (€k)	2023	2024	2025E	2026E	2027E
Fixed Assets	3,893	3,475	4,138	4,161	4,127
Net Working Capital	4,804	4,275	4,367	5,152	5,959
Other Assets (Liabilities)	(1,145)	(1,191)	(1,244)	(1,289)	(1,334)
Net Invested Capital	7,552	6,559	7,261	8,024	8,752
Equity	1,777	2,320	8,472	9,789	11,501
Net Debt (Cash)	5,774	4,239	(1,212)	(1,765)	(2,750)

Cash Flow (€k)	2023	2024	2025E	2026E	2027E
EBITDA	2,241	2,087	2,083	2,793	3,392
Fin. Income (Expenses)	(386)	(534)	(281)	(187)	(187)
Taxes	(36)	(59)	(247)	(487)	(633)
Change in NWC & Other	(1,771)	575	(39)	(740)	(762)
Capex	(634)	(555)	(650)	(825)	(825)
FCF	(586)	1,514	867	553	985
Other investments	902	139	(900)	-	-
Equity Financing	-	(16)	5,984	-	-
Dividends	-	-	(500)	-	-
Other Changes	(1,509)	(102)	-	-	-
Change in Net Debt	(1,193)	1,535	5,451	553	985
Unlevered FCF	(620)	1,694	1,072	690	1,121

Strengths

Strong brand recognition
In-house R&D department
Geographical diversification
Comprehensive product range that caters to most price segments

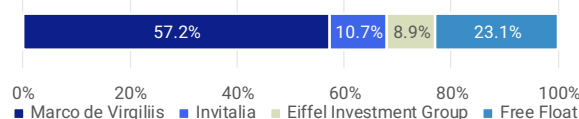
Opportunities

Growth in musical instruments and strings
Launch of professional audio solutions lineup
Growth in new geographies
In early talks with the leading US online music instruments retailer

Company Description

Company Sector Music Instruments
Reference Index FTSE ITALIA Growth
Main Shareholder Marco de Virgiliis
Price 2.30
Daily Average Volumes (30D) 24,103

Shareholders



Share Data	2023	2024	2025E	2026E	2027E
Market Cap (mln)			20.1	20.1	20.1
Number of Shares (mln)			8.74	8.74	8.74
EPS			0.08	0.15	0.20
DPS			0.06	-	-
BVPS			0.97	1.12	1.32

Key Ratios	2024	2025E	2026E	2027E
ROE	27.3%	12.4%	14.4%	16.1%
ROCE	17.6%	16.5%	24.8%	28.9%
Net Debt (Cash)/EBITDA	2.1	(0.6)	(0.6)	(0.8)
Working Capital/Sales	35%	36%	36%	36%
Capex/Sales	4.6%	5.3%	5.8%	5.0%
Capex/D&A	0.7	0.7	1.0	1.0

Multiples	2024	2025E	2026E	2027E
P/BV	n.a.	2.4x	2.0x	1.7x
EV/Sales	1.8x	1.5x	1.3x	1.1x
EV/EBITDA	12.0x	9.2x	6.9x	5.7x
EV/EBIT	20.7x	16.1x	9.7x	7.6x
P/E	36.0x	30.1x	15.3x	11.7x
Dividend yield	n.a.	2.5%	0.0%	0.0%
FCF yield	n.a.	4.3%	2.8%	4.9%

Peers	2024	2025	2026	2027
EV/Sales	1.3x	1.3x	1.3x	1.2x
EV/EBITDA	8.2x	8.1x	7.1x	6.5x
EV/EBIT	10.7x	10.9x	9.2x	7.9x
P/E	15.7x	15.2x	12.7x	10.9x

Weaknesses

The largest client represents ~37% Revenue
Guitar Center (a key distributor) is rated CCC+ by S&P
Third party logistic may cause supply chain bottlenecks

Threats

Competition from legacy international brands
Tariffs
Mature sector

Disclaimer

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