

Company:	Rating:	Target Price:	Sector:
Markbass	HOLD	€2.5 (Unchanged)	Music Instruments

Tuning up for a delayed crescendo

Logistical headwinds and shifted orders in 2H25

In FY25, Revenues reached €11.3m (-7.5% yoy), -7.9% below our estimate of €12.2m [Please refer to our Initial Coverage on November 11, 2025]. The full-year result was characterized by a sharp 2H25 reversal that offset a brilliant 1H25 double-digit growth trajectory. This downturn was primarily triggered by supply chain bottlenecks and a distribution network rationalization, leading to a €1m order slippage and a sharper contraction in VoP to €11.7m (-9.8% yoy) due to negative finished goods inventory changes. Segmental performance highlighted the resilience of the flagship Markbass brand (+1.6% yoy), which anchored the core Amplifiers unit at €10m (-2.8% yoy; -4.9% vs. est.), while adjacent lines bore the brunt of distributor wait-and-see attitudes ahead of new catalog renewal; Musical Instruments fell to €1.1m (-26.3% yoy) and segments like Strings (-52.2% yoy) and Audio Systems (-61.1% yoy) faced significant downturns, though their small scale limited the overall top-line impact. Operating profitability was pressured by lower volumes weighing on the cost structure, with EBITDA Adj. falling to €1.7m (-13.9% yoy; -17.9% vs. €2.1m est.) and margins narrowing to 14.6% (-1.4pp yoy), while Net Income dropped to €0.2m (-58.7% yoy) as a higher Taxes and increased D&A from IPO cost capitalization outweighed savings in net financial expenses. On the Balance Sheet, ONWC showed a sticky dynamic at 38% of VoP (vs. 36% in FY24), with DIO rising to 251 days as delayed deliveries slowed production. DSO improved at 68 days (vs. 80 days in FY24) and DPO worsened at 93 days (vs. 115 in FY24). Net Cash improved at €1.2m (vs. €4.2m Net Debt in FY24) thanks liquidity from IPO proceeds. Total Debt dropped to €4.2m.

Investments in product mix continue unabated

Management remains focused on leveraging the Markbass brand for horizontal expansion, with development investments continuing unabated through 2026. Main drivers include portfolio diversification (entry-level, basses, wireless Audio Systems) and R&D for industrial efficiency (Cobots, proprietary molds) and e-commerce margin optimization. Key milestones ahead: 1H26 launch of patented instrument technology and professional Bluetooth solutions for the consumer electronics market. Global distribution optimization continues, highlighted by the Feb-26 Sweetwater agreement to increase North American e-commerce penetration and reduce exposure to traditional retailers. M&A remains a secondary pillar for dimensional scale and consolidating the Company's position in the musical instruments sector.

Estimates revision. Growth peak pushed to FY2027-28E, margins trimmed, heavier ONWC

We have revised our FY26E Revenues estimates downward by -8.9% to €12.9m (+14.8% yoy), factoring in a strategic roll forward of management's key objectives to 2027. This reflects only partial recovery of order slippage and a more embryonic phase than anticipated for some of the new product lines. Despite the delay, we forecast FY28E Revenues to reach €18.8m (18.6% CAGR FY25-28E). Margins in FY26 face headwinds from +35% YTD neodymium price surges and higher logistics costs. This leads to an Adj. EBITDA of €2.1m (15% margin; -3.5pp vs. previous) and Net Income of €0.6m, followed by a gradual margin recovery up to 18.1% by FY28E as operating leverage improves, transportation and material costs normalize, and new products gain traction. ONWC is expected to remain elevated at 39% of VoP in FY26E due to safety stock and extended transit times, before normalizing in 2027 through inventory absorption. Ultimately, the combined impact of ONWC buildup and front-loaded Capex (€1m vs 800k old) brings the FY26E Net Cash to €1m.

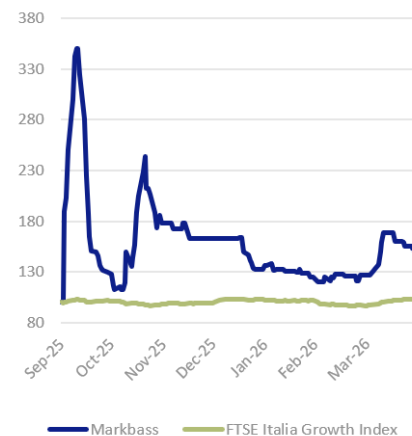
Valuation: HOLD; 12-month target price €2.5/sh (Unchanged)

We value Markbass using an average of DCF and relative valuation, setting our 12-month TP to €2.5/sh. For the DCF, we apply a 7.2% WACC and model a FY26-29E cumulative unlevered FCF of €4.8m (+8.2% vs. old). This increase is driven by the extension of our forecast horizon and the temporal back-loading of key strategic objectives to 2027, which offsets short-term operational headwinds, leading to an Equity Value of €23.6m (€2.7/sh). Regarding the relative valuation, we adopt a blended FY26-27E EV/EBITDA approach (7.9x and 7.2x, respectively) to better account for increased execution risks, resulting in an Equity Value of €20.1m (€2.3/sh). Both methodologies incorporate FY25 Net Cash of €1.2m. Considering the stock has already surged 51.3% since its IPO and the limited 3% upside to our TP, we set our recommendation to HOLD.

April 28, 2026 at 18:00

Company Profile					
Bloomberg	Mark IM				
FactSet	MARK-IT				
Stock Exchange	Italian Stock Exchange				
Reference Index	FTSE Italia Growth				
Market Data					
Last Closing Price	2.4				
Number of shares (mln)	8.7				
Market cap. (mln)	21.2				
IPO Performance					
Absolute	51.3%				
Max / Min	5.6 / 1.6				
(€mln)	2024	2025E	2026E	2027E	2028E
Revenues	12,2	11,3	12,9	16,3	18,8
Total Revenues (VoP)	13,0	11,7	13,7	17,2	19,8
yoy (%)	0,0%	-9,8%	17,1%	25,4%	15,0%
EBITDA Adj.	2,1	1,7	2,1	2,9	3,6
margin (%)	16,0%	14,6%	15,0%	17,1%	18,1%
EBIT	1,2	0,8	1,0	1,9	2,4
margin (%)	8,9%	6,5%	7,5%	10,9%	12,3%
Net profit	0,6	0,2	0,6	1,2	1,7
margin (%)	4,3%	2,0%	4,6%	7,2%	8,4%
Net debt (cash)	4,2	(1,2)	(1,0)	(1,8)	(3,1)
Equity	2,3	8,0	8,5	9,7	11,4
Capex	(0,6)	(0,7)	(1,0)	(0,7)	(0,7)
Unlevered FCF	1,7	1,2	0,1	0,9	1,4

Markbass vs FTSE Italia Growth Index since IPO



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SWOT analysis

STRENGTHS

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

WEAKNESSES

- The largest client represents ~37% of Revenues
- 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

- 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

THREATS

- Competition from legacy international brands
- Tariffs
- Mature sector
- Neodymium price volatility

The reference industry

Music Products Industry

A mature, yet stable Industry

According to Music Trades Magazine and the National Association of Music Merchants (NAMM), 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 music product sales fell by 5.0% 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 global market size of \$18.1bn in 2023 reflects only new product sales and overlooks the growing influence of the secondhand market. In the U.S., used guitar sales now rival new ones, while used pianos outsell new instruments by a wide margin—a shift driven by the proliferation of online marketplaces and abundant supply. By 2024, structural pressure from the resale market remained significant, with platforms such as Reverb and eBay featuring approximately 150,000 daily listings. Simultaneously, technological advancements have reduced costs for electronic instruments and audio gear, placing further downward pressure on revenues.

14-35 is the core age demographic

The recent 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.

Demographics & culture are key spending drivers

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.

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

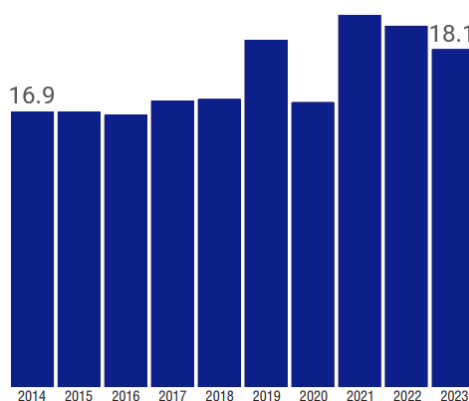
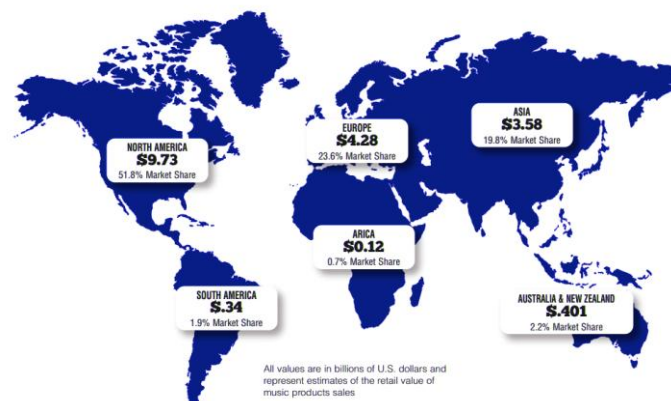


Figure 2: Global Music Products sales by region (\$, bn)



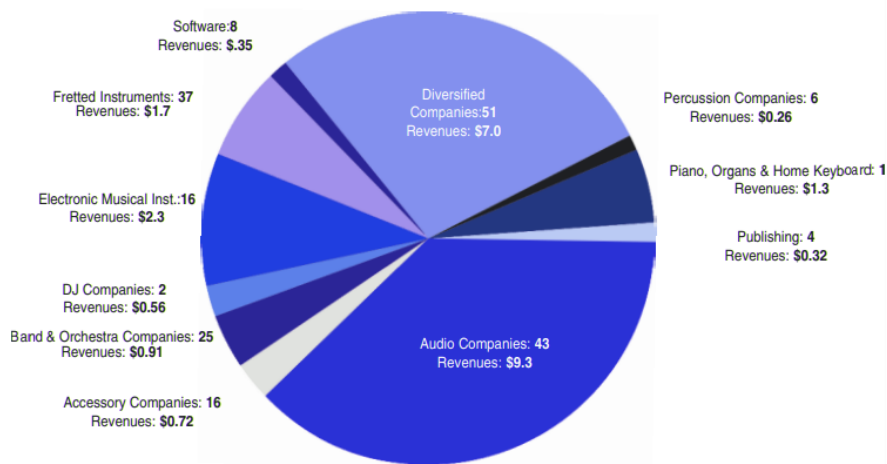
Source: Music Trades Magazine - The Global Music Industry 2024

- 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. Russia was another significant outlier, with revenues down 26%. Excluding China and Russia, the remaining 54 tracked markets saw a more modest 3.1% decline.
- Gradual stabilization in 2024** Although the final global total for 2024 is pending, the U.S. market (44% of global sales), recorded shipments of \$8.3bn, a 2.1% yoy decline. Considering the U.S. a proxy of the global market, we see gradual stabilization that follows the unprecedented demand spike triggered by the 2020-2021 COVID lockdowns. That period of over-optimism and subsequent overproduction resulted in bloated inventories across the industry, forcing a long cycle of discounted sales that significantly pressured margins for many manufacturers.
- Strong lateral drivers** While the hardware market shows signs of maturity, the broader music ecosystem provides a robust structural tailwind. Goldman Sachs projects global music revenues to nearly double by 2035, reaching \$200bn, from \$105bn in 2024. This growth is largely anchored by streaming services, which lower the entry barrier for everyone and stimulate demand for home recording gear and entry-level instruments. Simultaneously, the live music sector is expected to grow at a 7.2% CAGR through 2030, underpinned by inelastic demand. This thriving environment creates a "pull effect" for the products industry, while the rise of new monetization models continues to expand the global community of active music makers and listeners.

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 at \$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)



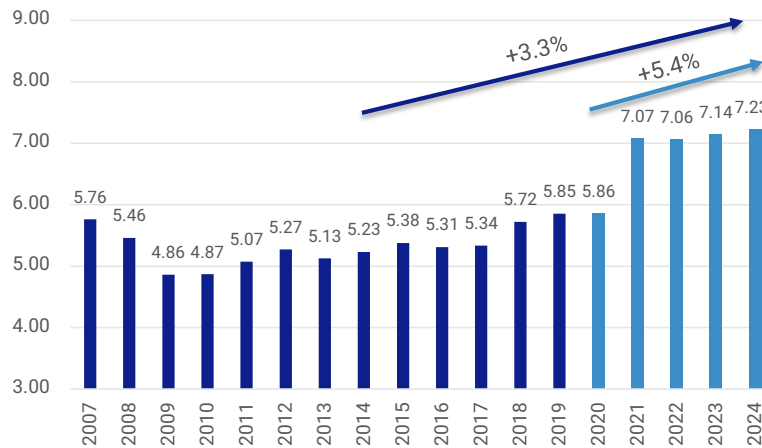
Source: Music Trades Magazine - The Global Music Industry 2024

Audio surges, accessories hold steady	Diversified Companies were standout performers in 2023, with revenues rising 4.5% yoy 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, a trend that persisted into 2024.
Guitar makers face post-boom slowdown	In contrast, fretted instrument suppliers saw a 10.4% drop in revenues, falling to \$1.8bn in 2023. This followed a pandemic-era production surge that left inventories bloated across the supply chain. In the U.S., data of 2024 shows guitar shipments advanced 3.0% yoy to 2.4 million units. Despite this volume growth, the estimated retail value declined 5.9% yoy to \$1.67bn (down from \$1.78bn in 2023). The primary driver was heavy discounting on electric guitars to clear excess stock. The amplifier segment also faced structural headwinds, declining 10.2% yoy to \$169mIn as players shift toward digital modeling and software plug-ins. Conversely, guitar effects remain a bright spot, with shipments nearing 1.5 million units (\$200mIn), driven by their functional simplicity and accessible pricing.
Winds and bowed strings face structural headwinds	Wind and bowed string instrument makers saw a modest 1.2% revenue decline in 2023, falling to \$908mIn. In 2024, the U.S. retail value reached \$788.3mIn as shipments declined 2.1% yoy, as the \$200bn Elementary and Secondary School Emergency Relief fund stimulus keeps winding down. 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 \$1.3bn. The long-term decline, driven by digital alternatives, shifting tastes and fewer retail outlets, accelerated due to a sharp downturn in China (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. By 2024, U.S. data confirmed a decisive shift as digital instruments grew 8.4% yoy in retail value to \$234mIn, while acoustic shipments reached the lowest levels ever recorded. Grand piano shipments fell 18.7% yoy to \$179.4mIn and verticals plummeted 40.1% yoy to \$62.8mIn.
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	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. 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.

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

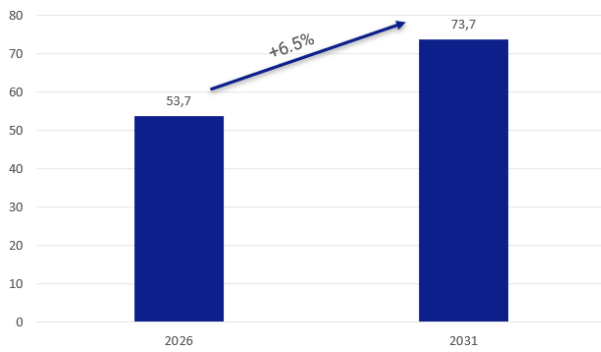
According to Mordor Intelligence, the Global Musical Instruments Market is expected to grow from \$53.7bn in 2026 to \$73.5bn by 2031 (6.5% CAGR). Growth will be driven by several factors, including the increasing popularity of live performances, the adoption of digital and electronic instruments and 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.

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.

6.1% CAGR in Global Professional Audio Market

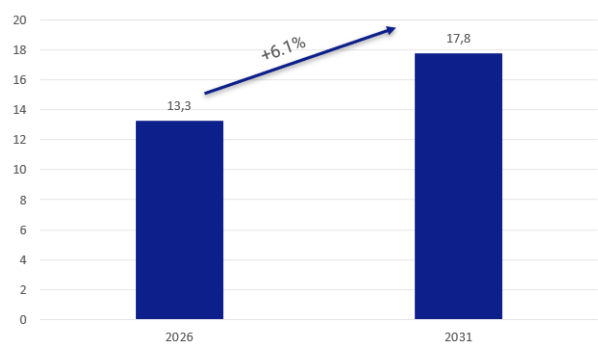
According to Mordor Intelligence, the Global Professional Audio Market is expected to grow from \$13.3bn in 2026 to \$17.8bn by 2031 (6.1% CAGR). This growth is driven by the increasing demand for high-end professional loudspeakers in the corporate sector, the expansion of nightclubs and bars, and the 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, 2026

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



Source: Mordor Intelligence - Global Professional Audio Market, 2026

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.

Markbass maintains high visibility on Guitar Center’s e-commerce platform; when sorting by “Top Sellers,” the brand accounts for 21 out of 48 displayed products (as of April 2026). This commercial presence is reinforced by strong user sentiment, with Markbass occupying 3 of the top 5 positions when filtered by customer reviews. 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

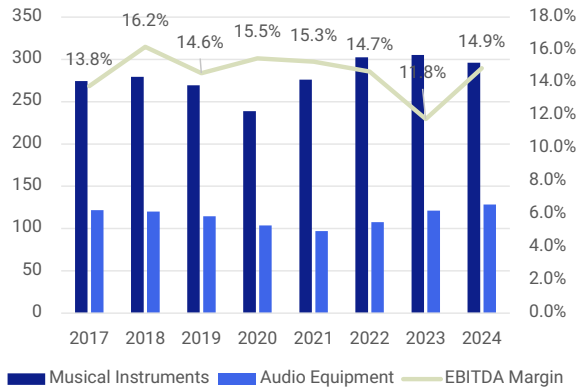
Yamaha Corp acquired bass amp brand Ampeg in 2018

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% Revenue CAGR during 2017-2024

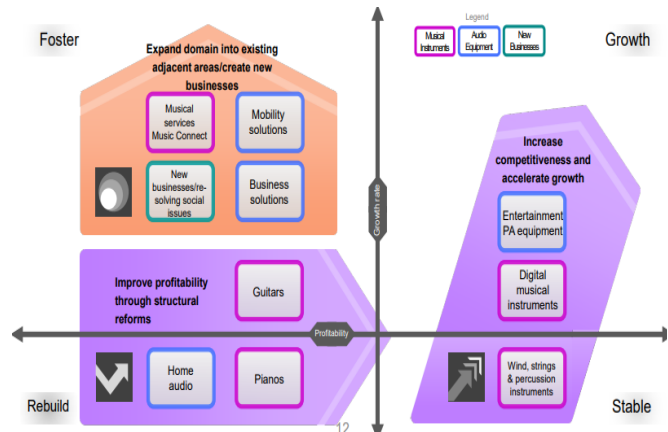
In 2017-2024, Yamaha Corp reported a Revenue CAGR of 1.1% for Musical Instruments and 0.8% for Audio Equipment. EBITDA margin averaged at 14.6%, with yoy declines between 2020 and 2023 down to 11.8%. 2024 marked a trend reversal, with margin climbing back to 14.9%. For the current FY25, the Company expects +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)



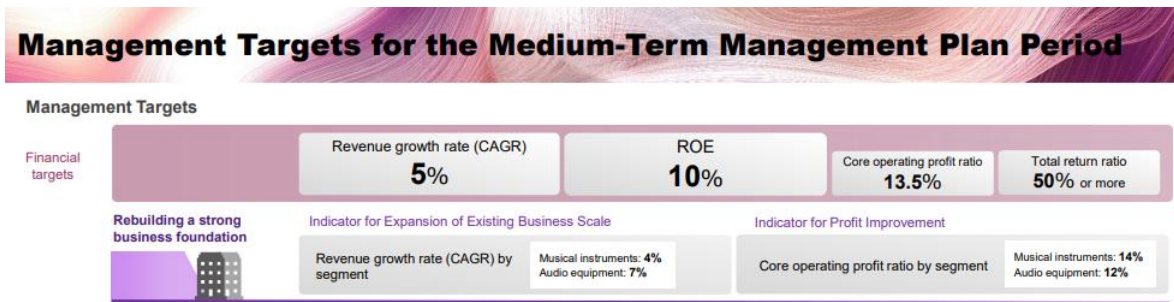
Source: Bloomberg

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".

For FY25, the Company expects revenues for JPN462bn (-0.1% yoy) and an operating profit for JPN33bn (-3.7% yoy).

Roland

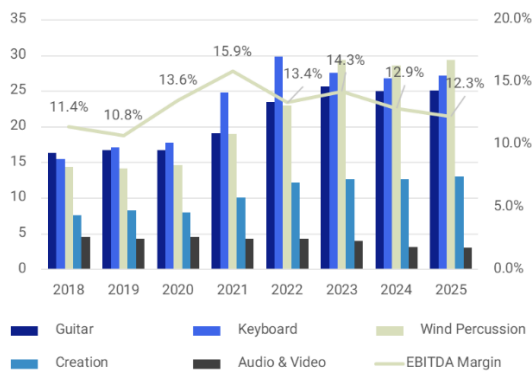
Acquisition of Drum Workshop at 10.8x EV/EBITDA

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% FY25 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.

7.4% revenues CAGR during 2018-2025

In 2018-2025, Roland reported a Revenue CAGR of 7.4%, with Guitar and Related Equipment reporting a 6.3% Revenue CAGR. EBITDA margin averaged at 13.1%. For FY26 the Company expects revenue of JPY106.4bn (+5.4%) and an operating profit of JPY10bn (+6.2%), as the market enters a modest recovery phase across all regions. Roland also set its targets for FY28, expecting a 2025-2028 CAGR on sales of 5.9%.

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



Source: Bloomberg

Figure 11: Roland FY25 guidance

	FY25	FY26E	yoy
Sales ¹	100,9	106,4	+5,4%
Operating Profit ²	9,4	10,0	+6,2%

¹Exchange rate for FY12/2025 USD/JPY: 149.72, EUR/JPY: 169.06, EUR/USD: 1.129
²Exchange rate for FY12/2026 USD/JPY: 148.00, EUR/JPY: 170.00, EUR/USD: 1.149
³Net profit refers to "net profit attributable to owners of parent"

Source: Roland

FY25 Results

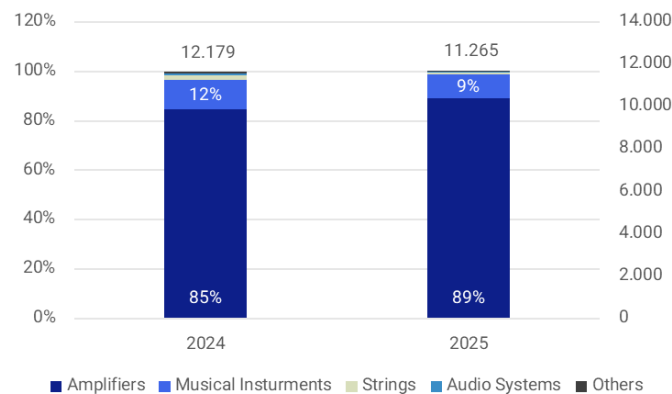
Logistical headwinds and shifted orders in 2H25 dragged FY25 Revenues -7.9% below our estimates

In FY25, Revenues reached €11.3mln, down -7.5% yoy, -7.9% below our estimates of €12.2mln [*Please refer to our Initial Coverage on November 11, 2025*], with a sharper -9.8% contraction in Value of Production (VoP) due to negative changes in finished goods inventory, decreasing from €13mln in FY24 to €11.7mln in FY25. Despite a brilliant first half of the year, where the Company maintained double-digit growth, the trend sharply reversed in 2H25, due to supply chain bottlenecks, particularly in Indonesia, where the Company sources critical components. The effects of the slowed production were exacerbated by a rationalization of the distribution network, leading to the slippage of already acquired orders into 2026. This primarily affected the new product lines, which accounted for a €1mln variance relative to our initial forecasts.

Entry level lines hit by timing and logistics; core Markbass brand remains resilient at +1.6% yoy

Adjacent product lines bore the brunt of the period's challenges, with Musical Instruments hit the hardest in both relative and absolute terms, falling -26.3% yoy to €1.1mln (-28% below our estimates). This underperformance was primarily driven by substantial order slippage and a product portfolio that is yet to reach its full commercial breadth, with several releases scheduled for the coming months. Strings and Audio Systems also suffered significant downturns of -52.2% and -61.1% yoy, respectively; however, these declines did not materially impact overall top-line performance due to their smaller scale (less than 2% of sales). Notably, Audio Systems generated almost no revenues in 2H25, as this segment remains a key focus for forecasted investments in the coming years and new products have yet to be launched. The core Amplifiers business unit remained the Company's primary pillar, slowing the decline of the previous year and recording a -2.8% yoy to €10mln (-4.9% below our estimates). Much like the other divisions, Amplifiers was affected by a wait-and-see attitude from distributors ahead of the launch of new product lines in 2026, which weighed on the DV Mark guitar line and the Blackline entry-level series (-25.7% and -17.4% yoy respectively). Conversely, the flagship Markbass brand proved resilient, posting a +1.6% yoy increase.

Figure 12: Sales breakdown by product: FY24 vs FY25 (€k)

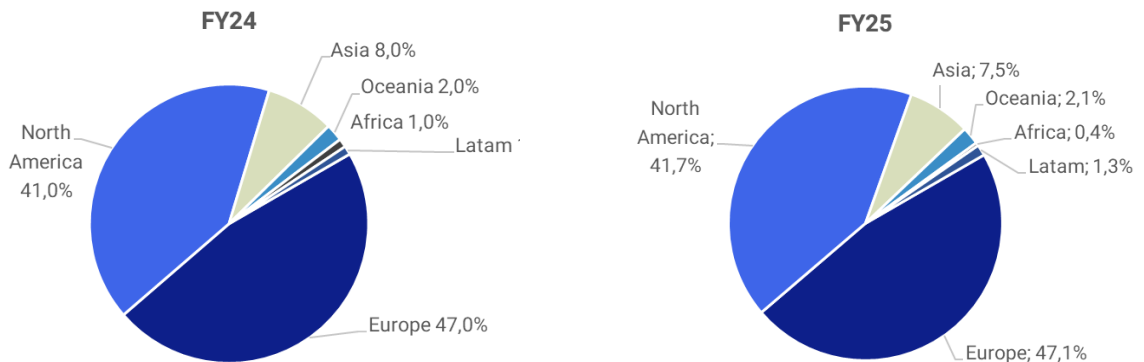


Source: Banca Profilo elaborations on Company Data

FY25 Revenue Breakdown by region in line with FY24

Revenue by region remained broadly stable yoy, with Europe and the US accounting for 47.1% (vs 47%) and 41.7% (vs 41%) of total sales, respectively. Both regions saw a slight increase in their respective weights on total turnover, signaling a stronger foothold in developed geographies, Markbass's core markets.

Figure 13: FY24 vs FY25 Revenue breakdown by region



Source: Banca Profilo elaborations on Company Data

Generalized margins contraction: FY25 EBITDA Adj. margin down -1.4pp vs FY24

EBITDA Adj. was down -13.9% yoy to €1.7mln, -17.9% below our estimate of €2.1mln. EBITDA Adj. margin was down -1.4pp yoy to 14.6% (vs our estimates of 16.1%), due to higher weight of services and personnel costs, as lower volumes weighted on the structure.

FY25 EBIT was down -34.2% yoy to €0.8mln (vs our estimates of €1.2mln), with margin contracting to 6.5% (-2.4pp vs FY24), impacted by the increase in D&A, driven by the capitalization of IPO costs related to the EGM listing process and R&D for new product lines.

Lower Interests vs higher Taxes

Net Income fell 58.7% yoy to €0.23mln (vs our estimate of €0.69mln), as a higher tax burden more than offset the reduction in Net Financial Expenses. This improvement in Interest costs was underpinned by sharp deleveraging of long-term debt and significantly lower utilization of short-term credit lines.

Figure 14: FY22-25 Revenues, EBITDA Adj. (€k)

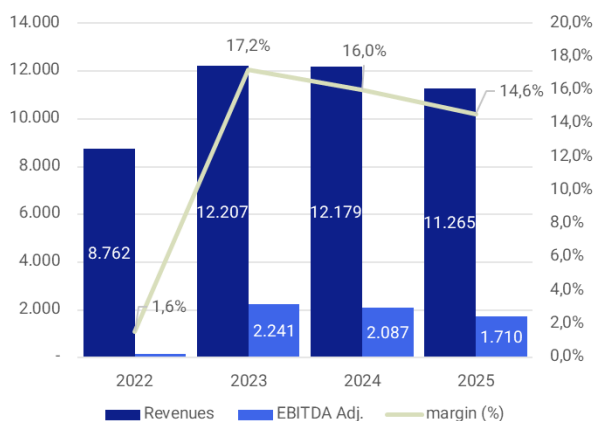
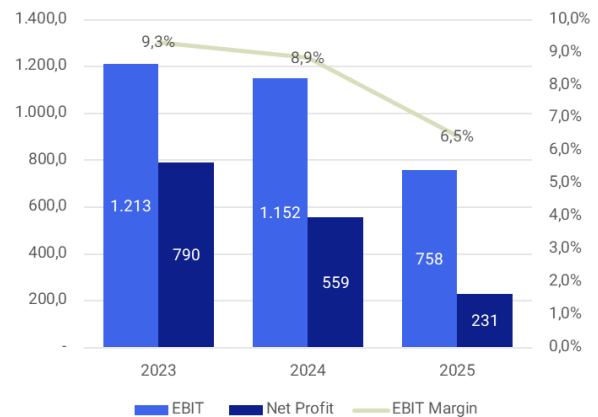


Figure 15 FY23-25 EBIT, Net Profit (€k)



Source: Banca Profilo elaborations on Company Data

Table 1: Revenue Breakdown (€, k)

Revenue breakdown (€,k)	2023	2024	2025E	2025A	A vs E
Amplifiers	11,024	10,334	10,565	10,047	-4.9%
yoy (%)	n.a.	-6.3%	2.2%	-2.8%	
on sales (%)	90.3%	84.9%	86.3%	89.2%	
Musical Instruments	639	1,446	1,480	1,065	-28.0%
yoy (%)	n.a.	126.3%	2.4%	-26.3%	
on sales (%)	5.2%	11.9%	12.1%	9.5%	
Strings	343	215	100	102	+2.0%
yoy (%)	n.a.	-37.3%	-53.5%	-52.6%	
on sales (%)	2.8%	1.8%	0.8%	0.9%	
Audio Systems	60	69	52	28	-45.8%
yoy (%)	n.a.	15.0%	-25.1%	-59.4%	
on sales (%)	0.5%	0.6%	0.4%	0.2%	
Others	141	116	40	24	
yoy (%)	n.a.	-17.7%	-65.5%	-79.3%	
on sales (%)	1.2%	1.0%	0.3%	0.2%	
Revenues	12,207	12,179	12,237	11,265	-7.9%
yoy (%)	39.3%	-0.2%	0.5%	-7.5%	

Source: Banca Profilo elaborations on Company Data

Table 2: Income Statement (€, k)

Income Statement (€,k)	2022	2023	2024	2025E	2025A	A vs E
Revenues	8,762	12,207	12,179	12,237	11,265	-7.9%
Other	1,450	812	837	689	474	
Total Revenues (VoP)	10,212	13,019	13,016	12,927	11,740	-9.2%
yoy (%)	31.7%	27.5%	0.0%	-0.7%	-9.8%	
Material costs	(6,240)	(7,119)	(7,052)	(6,937)	(6,335)	
on revenues (%)	61.1%	54.7%	54.2%	53.7%	54.0%	
Costs of services	(1,954)	(1,662)	(1,799)	(1,701)	(1,609)	
on revenues (%)	19.1%	12.8%	13.8%	13.9%	13.7%	
Cost for the use of third-part assets	(288)	(394)	(440)	(490)	(422)	
on revenues (%)	2.8%	3.0%	3.4%	3.8%	3.6%	
Labour costs	(1,446)	(1,475)	(1,603)	(1,544)	(1,568)	
on revenues (%)	14.2%	11.3%	12.3%	11.9%	13.4%	
Other operating expenses	(122)	(255)	(137)	(171)	(95)	
on revenues (%)	1.2%	2.0%	1.1%	1.4%	0.8%	
EBITDA Adj.	161	2,241	2,087	2,083	1,710	-17.9%
margin (%)	1.6%	17.2%	16.0%	16.1%	14.6%	-1.5%
yoy (%)	n.a.	1294.4%	-6.9%	-0.2%	-18.1%	
EBITDA	161	2,113	1,985	2,083	1,710	-17.9%
margin (%)	1.6%	16.2%	15.3%	16.1%	14.6%	-1.5%
yoy (%)	-84.8%	1214.7%	-6.1%	5.0%	-13.9%	
D&A	(946)	(900)	(833)	(887)	(952)	
EBIT	(785)	1,213	1,152	1,196	758	-36.6%
margin (%)	-7.7%	9.3%	8.9%	9.3%	6.5%	-2.8%
yoy (%)	n.a.	-254.5%	-5.0%	3.8%	-34.2%	
Net financial expenses	(8)	(386)	(534)	(281)	(338)	
Impairment	(934)	-	-	-	-	
Taxes	(52)	(36)	(59)	(247)	(189)	
Net profit	(1,779)	790	559	668	231	-65.4%
margin (%)	-17.4%	6.1%	4.3%	5.2%	2.0%	-3.2%

Source: Banca Profilo elaborations on Company Data

On the Balance Sheet, FY25 Fixed Assets expanded due to the capitalization of IPO-related costs, and the execution of planned R&D investments.

Contrasting forces on ONWC: 38.3% on Revenues

Operating Net Working Capital exhibited stickiness in 2025 due to logistical bottlenecks and sales contraction, rising to 38.3% on Revenues (vs 36% in FY24). Inventory decreased to €4.4m as the Company partially drew from existing finished goods stock, though postponed orders caused DIO to rise to 251 days (from 240 days in FY24). Trade Receivables declined, with DSO improving to 68 days (from 80 days in FY24), while DPO decreased to 93 days (from 115 days), in line with lower purchases.

Significant deleveraging thanks to IPO

The post-IPO capital structure provided a consistent cash injection that transitioned the Company to a Net Cash of €1.2m in FY25, from a Net Debt of €4.2m in FY24 (2.1x ND/EBITDA). Total Debt dropped to €4.2m, from €6.2m in FY24.

Figure 16: ONWC FY23-25 (€k)

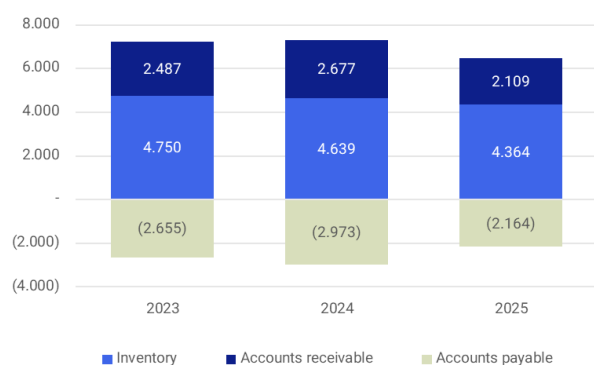
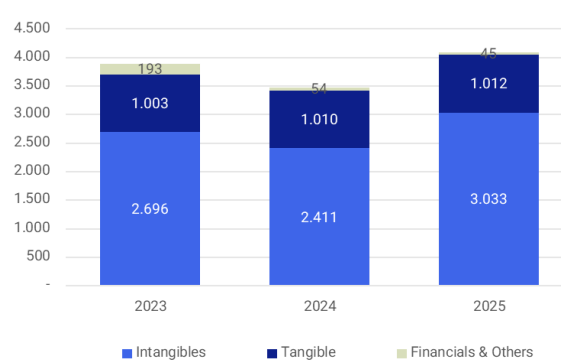


Figure 17: Fixed Assets FY23-25 (€k)



Source: Banca Profilo elaborations on Company Data

Table 3: Balance Sheet (€ k)

Balance sheet (€k)	2022	2023	2024	2025E	2025A
Tangibles	1,092	1,003	1,010	1,054	1,012
Intangibles	2,403	2,696	2,411	3,029	3,033
Financials & Others	160	193	54	54	45
Fixed assets	3,655	3,893	3,475	4,138	4,089
Inventory	5,269	4,750	4,639	4,564	4,364
on materials(%)	84%	67%	66%	66%	69%
Inventory Days (Days)	308	244	240	240	251
Accounts receivable	2,922	2,487	2,677	2,753	2,109
on revenues (%)	33%	20%	22%	23%	19%
DSO (Days)	122	74	80	82	68
Accounts payable	(5,523)	(2,655)	(2,973)	(2,883)	(2,164)
on costs (%)	64%	28%	32%	31%	26%
DPO (Days)	234	103	115	113	93
Operating net working capital	2,667	4,582	4,344	4,435	4,309
on revenues (%)	30%	38%	36%	36%	38%
Other current assets (/liabilities)	381	222	(68)	(68)	(374)
Net Working Capital	3,048	4,804	4,275	4,367	3,935
Other liabilities	(1,160)	(1,145)	(1,191)	(1,244)	(1,233)
Net Invested capital	5,543	7,552	6,559	7,261	6,790
Equity	962	1,777	2,320	8,472	8,030
Net Debt (Cash)	4,581	5,774	4,239	(1,212)	(1,239)
Liquidity	(2,238)	(1,873)	(2,002)	(7,453)	(5,432)
Net Debt (cash)/Equity	28.5x	2.7x	2.1x	(0.6x)	(0.7)x
Debt	6,819	7,648	6,241	6,241	4,193

Source: Banca Profilo elaborations on Company Data

Strategy and Estimates Update

Investments in product mix continue unabated

A solid bedrock for growth	Markbass continues to capitalize on its iconic brand recognition to differentiate in a steady and established market. While FY25 results trailed initial estimates, they reflect a necessary phase of strategic consolidation and rationalization. This transition serves as a bridge toward the long-term commercial and financial targets established during the September IPO, as new product lines, across both entry-level and adjacent segments, gain full traction and potential. Ultimately, the flagship brand remains the foundation upon which the Company is anchoring its horizontal expansion into newer product categories.
70% on organic expansion	Since its listing, Markbass has focused on deploying approximately €6mIn in IPO proceeds to accelerate its development plan. Roughly 40% is dedicated to portfolio diversification (entry-level amplifiers, basses, and professional audio), where Bluetooth and wireless technologies will be key elements adopted across products such as Audio System, for which consistent growth is expected. An additional 30% is deployed to R&D, including specialized personnel, proprietary molds for audio lines, and the expansion of Cobot production lines to drive industrial efficiency. This investment also encompasses the enhancement of the proprietary e-commerce platform, which is expected to optimize the sales mix and guarantee higher unit margins through a more direct commercial approach.
30% on M&A	Remaining resources are reserved for strategic acquisitions in the musical instruments sector to accelerate dimensional scale.
New launches coming soon	A key milestone regards the launch of a new instrument line in 1H26 featuring a guitar technology, patented in 1H25. Furthermore, the introduction of the Markbass Audio line will target the consumer electronics market with Bluetooth and wireless professional solutions, exposing the Company to a market that will see further growth in the next years.
Strengthening the commercial network: Sweetwater deal in February 2026	Major efforts are focused on strengthening Markbass's global footprint through optimized distribution channels. Following the 2025 expansion in Eastern Europe, Latam, and China, the Company signed a distribution agreement with Sweetwater in February 2026. As a leading U.S. online retailer specializing in musical instruments and professional audio, Sweetwater facilitates deeper e-commerce penetration in North America. This partnership is strategically designed to complement the Company's existing brick-and-mortar presence through Guitar Center while reducing dependency on the latter, which is currently facing financial distress. By executing this dual-channel approach, Markbass aims to broaden its customer base and improve distribution efficiency in its core developed markets.

2026-2027 estimates revision. Adding 2028E

Long-term growth assumptions unchanged; partial recovery in FY26E; yoy growth to peak in FY27	<p>Based on FY25 results, we have revised our estimates 2026-2027 and extended our forecast horizon to include 2028E. Although redimensioned in the short term, we maintain our long-term growth expectations in line with our previous research [<i>Please refer to our Initial Coverage on November 11, 2025</i>], as the Company is only in the early stages of executing its strategic objectives defined during the IPO.</p> <p>For FY26E, we project Revenues of €12.9mIn (down -8.9% vs old), implying a +14.8% yoy growth. This revision accounts for the €1mIn order rollover recorded at the end of 2025. We assume only a partial recovery of these orders for two reasons:</p> <ul style="list-style-type: none"> • Brand switching risk: While premium customers are generally willing to wait for premium brands, the risk of switching to more readily available competitors is significantly higher for entry-level products and newer, less established business units.
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- Strategy execution: We anticipate a slower-than-expected ramp-up for new business units, particularly Audio Systems, effectively pushing the full translation of the management's strategy into concrete results to 2027, with yoy growth peaking at 26%.

Despite these temporary setbacks, we estimate a 18.6% Revenue CAGR (FY25-FY28E), supported by the scheduled investment plan and the physiological nature of recent events, already partially forecasted.

Looking at the Business Units, we individually revise each different path of growth:

Amplifiers remains growth backbone; Musical Instruments sees new launches; Audio Systems first decisive contribution pushed to 2027

- **Amplifiers** remains Markbass's backbone, expected to outpace market rates with a 13.1% CAGR (FY25-28E) as Blackline and DVMark regain momentum following recent supply chain tensions. We project FY26E Revenues at €10.7m (+6.4% yoy) vs. €11.4m old, resolving the hiccups of the past year while not yet reaching full capacity. By FY28E, Revenues are estimated at €14.5m, as we anticipate accelerated growth in 2027 and 2028 to account for a timing shift in the strategic rollout.
- **Musical Instruments** is expected to record FY26E Revenues for €1.7m (+57.5% yoy) vs. €1.9m old and €2.7m in FY28E, reflecting a partial recovery of slipped orders, bolstered by upcoming product launches which remain central to the Company's long-term horizontal expansion.
- **Strings** estimated Revenues remain unchanged at €385k for FY26E and €425k for FY28E as the division successfully met our previous targets. Although it remains a smaller business unit subject to inherent volatility, the line is highly and easily scalable. It continues to serve as a strategic vehicle for horizontal diversification and market testing, allowing the Company to explore new segments without requiring significant operational pivots.
- **Audio Systems** represents our most significant revision, as the unit is in a more embryonic phase than previously anticipated. We expect FY26E to mirror FY25 dynamic, with Revenues of €150k (vs €400k old) due to key new products being still developed and current figures may be impacted by the clearance of older stock. Given this line is the primary target of the Company's R&D efforts, we remain confident in its eventual profitability, forecasting the first decisive contribution in 2027 at approximately €1m, before slowly stabilizing going forward.

Figure 18: FY25-28E Revenues (€, k)

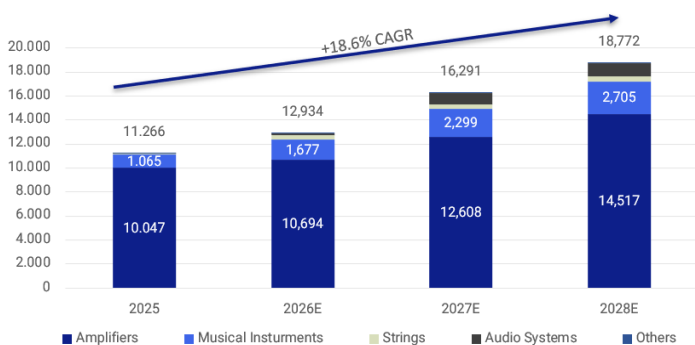
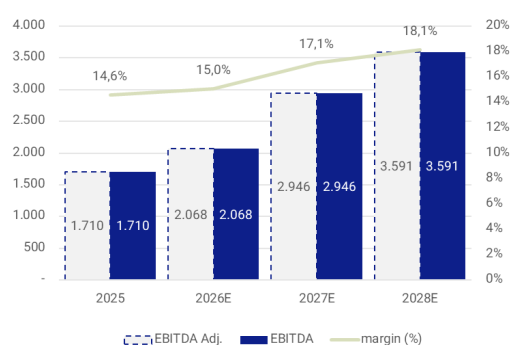


Figure 19: FY25-28E EBITDA Adj. (€, k)



Source: Banca Profilo estimates and elaborations on Company Data

EBITDA Adj. margin threatened by Neodymium prices in FY26E

We estimate FY26E EBITDA Adj. at €2.1m (+20.9% yoy), with a margin of 15% (vs €2.8m old; margin 18.5% old), mostly due to higher Costs of Services (rise in transportation costs) and Materials. While the partial shift in the supplier base toward China may yield benefits, potential supply chain disruptions from rising global tensions represent a downside risk for 2026. Furthermore, neodymium, a key rare earth element in premium products, has seen prices

surge +30% YTD following a bullish 2025. Although used in small quantities, we assume a total neodymium weight on material costs (only Markbass's premium Cabinets and Combos) of around 5%. Our simulation suggests a YTD 50% price hike could drive a ~2 pp increase in total material cost on VoP (%). Consequently, we prudentially project material costs at 55.5% of VoP in FY26E (vs. 52.6% old), before a gradual decline that will bring FY28E EBITDA Adj. to €3.6mln (margin 18.1%).

Better debt terms post IPO

We forecast FY26-28E average D&A expenses at around €1mln, which includes amortization of capitalized IPO expenses. Average annual Financial Expenses are seen at €170k, declining vs FY25 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 €0.6mln in FY26E (+4.6% yoy, previously seen at €1.3mln), €1.2mln in FY27E and €1.7mln in FY28E.

Figure 20: FY25-28E EBIT and Net Profit (€, k)

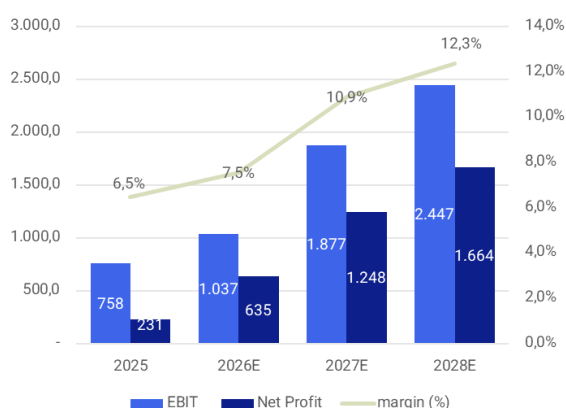
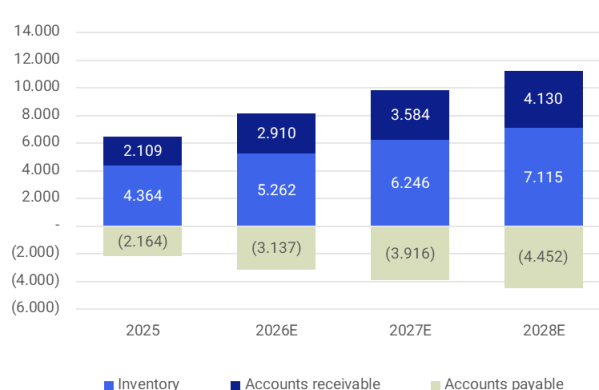


Figure 21: ONWC FY25-28E (€,k)



Source: Banca Profilo estimates and Company Data

Table 4: Revenues Breakdown FY25-FY28E (€, k)

Revenue Breakdown	2025E			2026E			2027E		2028E
	2023	2024	old	2025 actual	old	new	old	new	new
Amplifiers	11,024	10,334	10,565	10,047	11,376	10,694	12,431	12,608	14,517
yoy (%)	n.a.	-6.3%	2.2%	-2.8%	7.7%	6.4%	9.3%	17.9%	15.1%
on sales (%)	90.3%	84.9%	86.3%	89.2%	80.1%	82.7%	75.7%	77.4%	77.3%
Musical Instruments	639	1,446	1,480	1,065	1,920	1,677	2,510	2,299	2,705
yoy (%)	n.a.	126.3%	2.4%	-26.3%	29.7%	57.5%	30.7%	37.1%	17.6%
on sales (%)	5.2%	11.9%	12.1%	9.5%	13.5%	13.0%	15.3%	14.1%	14.4%
Strings	343	215	100	102	385	385	412	400	425
yoy (%)	n.a.	-37.3%	-53.5%	-52.6%	285.2%	277.6%	7.0%	3.8%	6.3%
on sales (%)	2.8%	1.8%	0.8%	0.9%	2.7%	3.0%	2.5%	2.5%	2.3%
Audio Systems	60	69	52	28	401	154	954	961	1,101
yoy (%)	n.a.	15.0%	-25.1%	-59.4%	676.7%	450.9%	137.6%	522.8%	14.6%
on sales (%)	0.5%	0.6%	0.4%	0.2%	2.8%	1.2%	5.8%	5.9%	5.9%
Others	141	116	40	24	120	24	120	24	24
yoy (%)	n.a.	-17.7%	-65.5%	-79.3%	200.0%	0.0%	0.0%	0.0%	0.0%
on sales (%)	1.2%	1.0%	0.3%	0.2%	0.8%	0.2%	0.7%	0.1%	0.1%
Revenues	12,207	12,179	12,237	11,265	14,203	12,934	16,427	16,291	18,772
yoy (%)	39.3%	-0.2%	0.5%	-7.5%	16.1%	14.8%	15.7%	26.0%	15.2%

Source: Banca Profilo estimates and Company Data

Table 5: Income Statement FY25-FY28E (€, k)

Income Statement	2023	2024	2025E	2025	2026E	2026E	2027E	2027E	2028E
			old	actual	old	new	old	new	new
Revenues	12,207	12,179	12,237	11,265	14,203	12,934	16,427	16,291	18,772
Other	812	837	689	474	858	807	947	942	1,041
Total Revenues (VoP)	13,019	13,016	12,927	11,740	15,061	13,741	17,374	17,233	19,813
yoy (%)	27.5%	0.0%	-0.7%	-9.8%	16.5%	17.0%	15.4%	25.4%	15.0%
Material costs	(7,119)	(7,052)	(6,937)	(6,335)	(7,926)	(7,626)	(9,077)	(9,392)	(10,699)
on revenues (%)	54.7%	54.2%	53.7%	54.0%	52.6%	55.5%	52.2%	54.5%	54.0%
Costs of services	(1,662)	(1,799)	(1,701)	(1,609)	(1,974)	(1,811)	(2,283)	(2,248)	(2,591)
on revenues (%)	12.8%	13.8%	13.9%	13.7%	13.9%	14.0%	13.9%	13.8%	13.8%
Use of third-part assets	(394)	(440)	(490)	(422)	(500)	(500)	(510)	(564)	(580)
on revenues (%)	3.0%	3.4%	3.8%	3.6%	3.3%	3.6%	2.9%	3.3%	2.9%
Labour costs	(1,475)	(1,603)	(1,544)	(1,568)	(1,670)	(1,555)	(1,882)	(1,855)	(2,089)
on revenues (%)	11.3%	12.3%	11.9%	13.4%	11.1%	11.3%	10.8%	10.8%	10.5%
Other expenses	(255)	(137)	(171)	(95)	(199)	(181)	(230)	(228)	(263)
on revenues (%)	2.0%	1.1%	1.4%	0.8%	1.4%	1.4%	1.4%	1.4%	1.4%
EBITDA Adj.	2,241	2,087	2,083	1,710	2,793	2,068	3,392	2,946	3,591
margin (%)	17.2%	16.0%	16.1%	14.6%	18.5%	15.0%	19.5%	17.1%	18.1%
yoy (%)	1294.4%	-6.9%	-0.2%	-18.1%	34.0%	20.9%	21.5%	42.5%	21.9%
EBITDA	2,113	1,985	2,083	1,710	2,793	2,068	3,392	2,946	3,591
margin (%)	16.2%	15.3%	16.1%	14.6%	18.5%	15.0%	19.5%	17.1%	18.1%
yoy (%)	1214.7%	-6.1%	5.0%	-13.9%	34.0%	20.9%	21.5%	42.5%	21.9%
D&A	(900)	(833)	(887)	(952)	(802)	(1,031)	(859)	(1,069)	(1,144)
EBIT	1,213	1,152	1,196	758	1,991	1,037	2,533	1,877	2,447
margin (%)	9.3%	8.9%	9.3%	6.5%	13.2%	7.5%	14.6%	10.9%	12.3%
yoy (%)	-254.5%	-5.0%	3.8%	-34.2%	66.4%	36.9%	27.3%	81.0%	30.4%
Fin. Income (Expenses)	(386)	(534)	(281)	(338)	(187)	(168)	(187)	(168)	(168)
Impairment	-	-	-	-	-	-	-	-	-
Taxes	(36)	(59)	(247)	(189)	(487)	(235)	(633)	(462)	(615)
Net Profit	790	559	668	231	1,317	635	1,713	1,248	1,664
margin (%)	6.1%	4.3%	5.2%	2.0%	8.7%	4.6%	9.9%	7.2%	8.4%

Source: Banca Profilo estimates and Company Data

Heavy ONWC in FY26E; expected to normalize by FY27E

Operating Net Working Capital (ONWC) is projected to remain structurally high at approximately 39% of VoP for FY26 (vs. 38.3% in FY25), factoring in longer lead and transportation times. DSO are expected at 82 days and DPO at 113 days, while DIO is maintained at 252 days to accommodate increased stock amid scaling efforts, catalog diversification, and extended shipping times. A normalization towards 36% of VoP is anticipated in FY27E, driven by the Company gaining full traction and accelerated turnover triggering the absorption of accumulated inventory.

Net Cash to worsen to €1mln in FY26E

Net Cash is forecast to worsen to €1mln, due to increased cash absorption from ONWC and a proposed dividend of €210k, improving to €3.1mln by FY28 (down from our previous €4.2mln estimate), thanks to steady organic performance in core segments and the successful scale-up of adjacent product lines.

Table 6: Balance Sheet FY25-FY28E (€, k)

Balance Sheet	2023	2024	2025E	2025	2026E	2026E	2027E	2027E	2028E
			old	actual	old	new	old	new	new
Tangible	1,003	1,010	1,054	1,012	1,093	1,099	1,124	1,107	1,109
Intangibles	2,696	2,411	3,029	3,033	3,014	2,915	2,949	2,575	2,166
Financials & Others	193	54	54	45	54	45	54	45	45
Fixed Assets	3,893	3,475	4,138	4,089	4,161	4,058	4,127	3,727	3,320
Inventory	4,750	4,639	4,564	4,364	5,310	5,262	6,082	6,293	7,115
on materials(%)	67%	66%	66%	69%	67%	69%	67%	67%	67%
Inventory Days (Days)	244	240	240	251	245	252	245	245	243
Accounts receivable	2,487	2,677	2,753	2,109	3,196	2,910	3,696	3,584	4,130
on revenues (%)	20%	22%	23%	19%	23%	23%	23%	22%	22%
DSO (Days)	74	80	82	68	82	82	82	80	80
Accounts payable	(2,655)	(2,973)	(2,883)	(2,164)	(3,286)	(3,137)	(3,751)	(3,916)	(4,452)
on costs (%)	28%	32%	31%	26%	31%	31%	31%	32%	32%
DPO (Days)	103	115	113	93	113	113	113	115	115
Operating net working capital	4,582	4,344	4,435	4,309	5,220	5,036	6,027	5,961	6,793
on revenues (%)	38%	36%	36%	38%	37%	39%	37%	37%	36%
Other current assets (/liabilities)	222	(68)	(68)	(374)	(68)	(374)	(68)	(374)	(374)
Net Working Capital	4,804	4,275	4,367	3,935	5,152	4,662	5,959	5,587	6,419
Other Assets (Liabilities)	(1,145)	(1,191)	(1,244)	(1,233)	(1,289)	(1,301)	(1,334)	(1,372)	(1,447)
Net Invested Capital	7,552	6,559	7,261	6,790	8,024	7,419	8,752	7,941	8,291
Equity	1,777	2,320	8,472	8,030	9,789	8,455	11,501	9,702	11,366
Net Debt (Cash)	5,774	4,239	(1,212)	(1,239)	(1,765)	(1,036)	(2,750)	(1,761)	(3,075)
Liquidity	(1,873)	(2,002)	(7,453)	(5,432)	(8,006)	(5,229)	(8,991)	(5,954)	(7,268)

Source: Banca Profilo estimates and Company Data

Front-loading CapEx to FY26E

Our average annual CapEx estimates for FY26E-FY28E remain at €0.8mln, primarily directed toward intangibles. However, we have revised the schedule to reflect a more front-loaded investment profile, with 2026 outlays projected to reach €1mln to accelerate the Audio Systems rollout, keeping the overall investment cycle in line with our long-term forecasts.

Table 7: Free Cash Flow FY25-FY28E (€, k)

Free Cash Flow (Valuation)	2023	2024	2025E	2025	2026E	2026E	2027E	2027E	2028E
			old	actual	old	new	old	new	new
EBIT	1,213	1,152	1,196	758	1,991	1,037	2,533	1,877	2,447
Taxes	(327)	(311)	(323)	(205)	(537)	(280)	(684)	(507)	(661)
NOPAT	885	841	873	553	1,453	757	1,849	1,370	1,786
D&A	900	833	887	952	802	1,031	859	1,069	1,144
Change in NWC	(1,756)	528	(91)	341	(785)	(727)	(807)	(925)	(832)
Change in other	(15)	47	53	42	45	68	45	71	75
Capex	(634)	(555)	(650)	(675)	(825)	(1,000)	(825)	(738)	(738)
Unlevered FCF	(620)	1,694	1,072	1,213	690	129	1,121	848	1,436

Source: Banca Profilo estimates and Company Data

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

**DCF to FY29E:
€4.8mln of Unlevered
FCF (+8.3% vs.
previous)**

Our valuation is based on a €4.8mln projected cumulative Unlevered FCF for the FY26-29E period. Despite short-term revisions, cumulative cash flows have increased by 8.2% compared to our Initial Coverage in November 2025, reflecting a temporal back-loading of cash generation rather than a structural loss of value. This increase is primarily driven by the inclusion of FY29E in our explicit horizon and the delay of the effects of strategic objectives in FY27-28E.

Consequently, the resulting annual average FCF of €1.2mln serves as the basis for our Terminal Value calculation, from previous €1.1mln, which we assume to grow at a 2% perpetual growth rate.

**WACC at 7.2%
(Unchanged)**

To discount the estimated Unlevered FCF we would use a 7.2% WACC (unchanged), 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%.

**DCF Equity Value at
€23.6mln**

We estimate an Enterprise Value of €22.4mln, after adding Net Cash of €1.2mln, we reach an Equity Value of €23.6mln (€2.7/sh; vs. previous €2.6/sh).

Table 8: Unlevered FCF (€, k)

Free Cash Flow (Valuation)	2026E	2027E	2028E	2029E
EBIT	1,037	1,877	2,447	2,994
Taxes	(280)	(507)	(661)	(808)
NOPAT	757	1,370	1,786	2,186
D&A	1,031	1,069	1,144	1,078
Change in NWC	(727)	(925)	(832)	(264)
Change in other	68	71	75	79
Capex	(1,000)	(738)	(738)	(650)
Unlevered FCF	129	848	1,436	2,428

Source: Banca Profilo estimates

Table 9: DCF Valuation (€, mln)

WACC		DCF (€, mln)					
Perpetual growth rate	2.0%	Free Cash Flows	2026E	2027E	2028E	2029E	TV
Risk free rate (30Y)	4.4%	Years (#)	1	2	3	4	
Equity risk premium	5.5%	Discount factor	0.95	0.89	0.83	0.77	
Unlevered Beta	0.7	Terminal Value					23,817
Levered Beta	1.1	NPV	123	755	1,192	1,881	18,452
KE	10.7%	Sum of NPVs	123	878	2,070	3,951	22,403
Cost of debt	5.0%	Valuation (€, mln)					
Tax rate	27.0%	Enterprise Value (€,mln)	22.4				
KD	3.7%	Net Debt (Cash) (€,mln)	(1.2)				
Target D/E	100.0%	Equity Value (€,mln)	23.6				
D/D+E	50.0%	Number of shares	8.7				
E/D+E	50.0%	Price per share €	2.7				
WACC	7.2%						

Source: Banca Profilo estimates, Bloomberg

Market multiples

FY26E and FY27E 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.

Equity relative valuation at €20.1mln

Unlike our previous research, we do not rely exclusively on EV/EBITDA 2026 multiple. Instead, we adopt a blended average, applying FY26E and FY27E multiples (7.9x and 7.2x, respectively) to Markbass's corresponding EBITDA estimates. This approach accounts for high execution risk, as several strategic objectives have been deferred to FY27. Relying solely on the FY27E multiple would result in an aggressive valuation given the projected EBITDA surge that year. We estimate an Enterprise Value of €18.8mln and, after adjusting for a €1.2mln Net Cash position at the end of 2025, we end up with an Equity Value of €20.1mln (€2.3/sh vs. €2.4/sh old).

Table 10: Market multiples

Multiples	2025				2026E				2027E				2028E			
	EV/Sales	EV/EBITDA	EV/EBIT	P/E	EV/Sales	EV/EBITDA	EV/EBIT	P/E	EV/Sales	EV/EBITDA	EV/EBIT	P/E	EV/Sales	EV/EBITDA	EV/EBIT	P/E
Roland	1.2	1.1	1.1	1.0	9.7	8.6	7.8	7.1	12.8	11.4	10.0	8.9	51.7	15.0	13.1	11.6
Yamaha	0.9	0.9	0.9	0.8	10.1	7.3	6.6	4.8	20.6	10.7	9.4	7.1	38.8	16.8	14.8	11.6
B&C Speakers	1.4	1.4	1.3	1.3	7.1	7.2	6.4	5.8	8.4	8.6	7.5	6.7	13.5	12.0	10.3	9.3
Powersoft	3.0	2.7	2.4	2.2	11.6	9.6	8.7	8.0	15.1	12.5	11.1	10.0	24.2	16.0	14.0	12.5
Average	1.6	1.5	1.4	1.3	9.6	8.2	7.4	6.4	14.2	10.8	9.5	8.2	32.0	14.9	13.1	11.2
Median	1.3	1.3	1.2	1.1	9.9	7.9	7.2	6.5	13.9	11.1	9.7	8.0	31.5	15.5	13.6	11.6
Markbass	2.2	1.5	1.2	1.0	14.9	9.9	6.9	5.7	33.5	19.7	10.9	8.4	93.8	34.1	17.4	13.0

Source: Banca Profilo elaborations on Bloomberg data

Table 11: Revenue growth and EBITDA Margin

	2025				2026E				2027E				2028E			
	Revenue growth	EBITDA Margin	EBIT Margin	Net Income Margin	Revenue growth	EBITDA Margin	EBIT Margin	Net Income Margin	Revenue growth	EBITDA Margin	EBIT Margin	Net Income Margin	Revenue growth	EBITDA Margin	EBIT Margin	Net Income Margin
Roland	1.5%	5.9%	3.9%	3.8%	12.3%	13.0%	13.9%	14.7%	9.3%	9.9%	10.8%	11.8%	2.1%	7.0%	7.7%	8.4%
Yamaha	-1.5%	3.8%	3.3%	7.3%	9.3%	12.4%	13.1%	17.1%	4.5%	8.4%	9.3%	11.5%	2.9%	6.5%	7.2%	8.5%
B&C Speakers	-1.3%	-1.9%	4.9%	6.9%	19.3%	19.4%	21.1%	21.6%	16.4%	16.3%	17.9%	18.6%	10.2%	11.7%	12.9%	13.5%
Powersoft	29.3%	12.6%	9.6%	8.8%	26.1%	27.8%	28.1%	28.2%	20.0%	21.4%	22.0%	22.5%	10.7%	14.4%	15.0%	15.5%
Average	7.0%	5.1%	5.4%	6.7%	16.7%	18.2%	19.1%	20.4%	12.6%	14.0%	15.0%	16.1%	6.5%	9.9%	10.7%	11.5%
Median	0.1%	4.8%	4.4%	7.1%	15.8%	16.2%	17.5%	19.3%	12.9%	13.1%	14.4%	15.2%	6.6%	9.4%	10.3%	11.0%
Markbass	-9.8%	17.1%	25.4%	15.0%	15.3%	14.6%	15.0%	17.1%	6.5%	7.5%	10.9%	12.3%	4.3%	2.0%	4.6%	7.2%

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. FY25 revenues of €99mln.
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 FY25 it generated €92.3mln 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% FY25 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 FY25 it generated €598.3mln 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.

Mix

HOLD, TP €2.5/sh	As we estimate an Enterprise Value for both DCF and multiples, we add FY25 Net Cash of €1.2mln. We consider the average between DCF and Multiples, obtaining an Equity Value of €21.9mln (€2.5/sh). Markbass has already gained 51.3% since IPO, given 3% upside vs our TP, we set our recommendation to HOLD.
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Table 12: Valuation

	Equity Value	Weight
DCF (€, mln)	23.6	50%
Multiples (€, mln)	20.1	50%
Total (€, mln)	21.9	
Shares (mln)	8.7	
TP (€)	2.50	

Source: Banca Profilo estimates

Key risks

Downside: revenue concentration, global tensions and neodymium price surge	<p>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. This downside is mitigated by a new commercial partnership with Sweetwater, leading online distributor in the U.S., providing a stable, high-growth channel that balances the company's traditional distribution</p> <p>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. Recent global tension and rising energy prices also pose a threat, potentially increasing costs of manufacturing, transportation and distribution in the international markets served by the Company.</p>
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Lastly, the Company incorporates neodymium in its premium products. Despite its limited volume per unit, this rare earth element (REE) has been subject to extreme price volatility and significant surges in recent months, potentially acting as a headwind for short-term margins.

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.

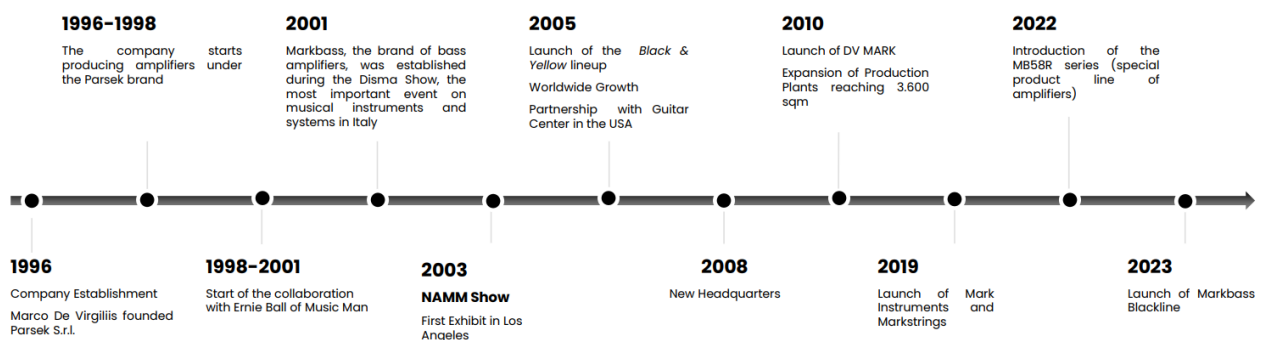
Appendix

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 €6m through a capital increase.
2026, partnership with Sweetwater	In 2026, the Company announced a commercial partnership with Sweetwater, leader in online sales of musical instrument and professional audio equipment in the American market.

Figure 22: Company history



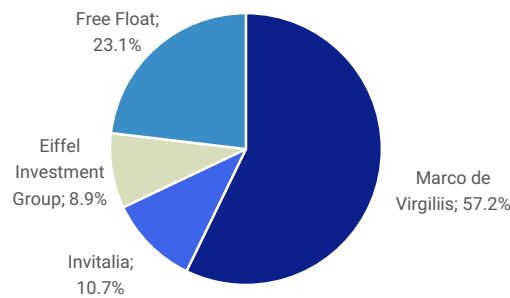
Source: Banca Profilo elaborations on Company Data

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 23: Main shareholders

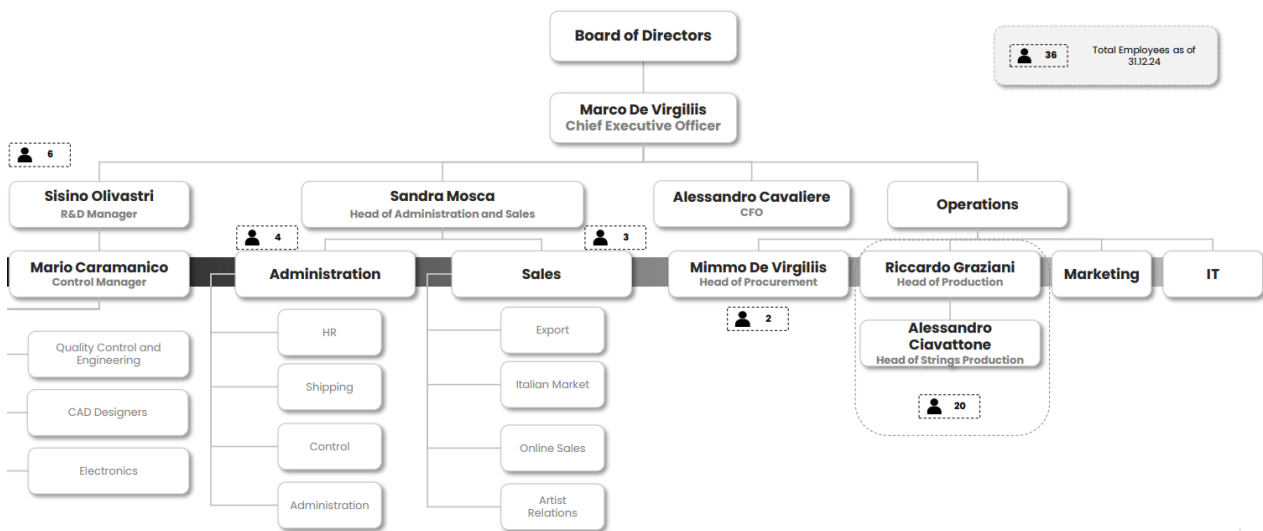


Source: Company Data

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 24: Key figures and organizational structure



Source: Company Data

Table 13: Board of Directors

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

Source: Company Data

Table 14: Statutory Auditors

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

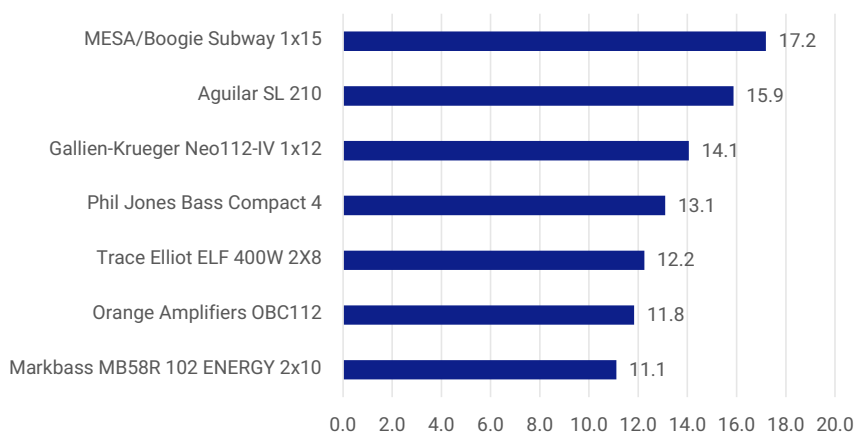
Source: Company Data

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	During the first months of 2026, Markbass launched a major commercial collaboration with Sweetwater, the leader in online sales of musical instruments and professional audio equipment in the American market. This partnership reduces reliance on Guitar Center, complementing 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 25: 400w bass cabinets weight (kg)



Source: Company websites of respective products

Figure 26: 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 27: Well reviewed products



Source: Company Data

Table 15: 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 28: 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 29: 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 30: Amplifier



Figure 31: Cabinet



Figure 32: Pedal



Figure 33: 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 34: AC AMP



Figure 35: AC Module



Figure 36: Ergo



Figure 37: 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 38: F1



Figure 39: Gloxy



Figure 40: Yellow



Figure 41: 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 42: Overview of products

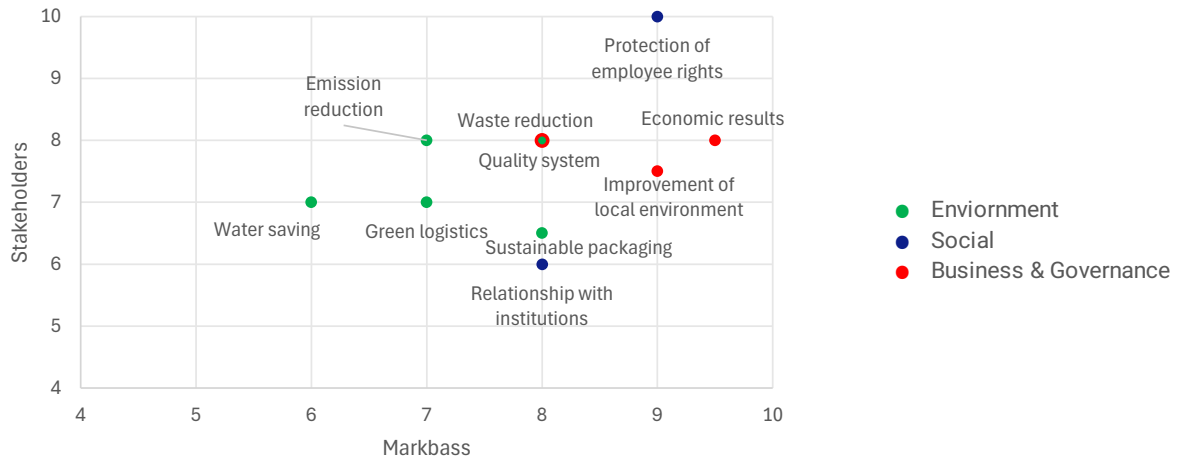
 <p>The Markbass brand specialises in bass amplifiers recognised worldwide for high quality and innovation. The brand offers a wide range of products, from entry-level to professional-grade equipment.</p> 	 <p>The Markbass Black Line is a product line within the Markbass brand that focuses on entry-level amplifiers. This line aims to provide the same high-quality sound and reliability associated with the Markbass brand but at a more affordable price.</p> 	 <p>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.</p> 	 <p>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.</p> 	 <p>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.</p> 	 <p>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.</p> 
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Source: Company Data

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 43: 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
3%

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)	2024	2025	2026E	2027E	2028E
Revenues	12,179	11,265	12,934	16,291	18,772
Other	837	474	807	942	1,041
Total Revenues (VoP)	13,016	11,740	13,741	17,233	19,813
yoy (%)	0%	-10%	17%	25%	15%
EBITDA Adj.	2,087	1,710	2,068	2,946	3,591
margin (%)	16.0%	14.6%	15.0%	17.1%	18.1%
EBITDA	1,985	1,710	2,068	2,946	3,591
margin (%)	15.3%	14.6%	15.0%	17.1%	18.1%
EBIT	1,152	758	1,037	1,877	2,447
margin (%)	8.9%	6.5%	7.5%	10.9%	12.3%
Net Profit	559	231	635	1,248	1,664
margin (%)	4.3%	2.0%	4.6%	7.2%	8.4%

Revenues (€k)	2024	2025	2026E	2027E	2028E
Amplifiers	10,334	10,047	10,694	12,608	14,517
Musical Instruments	1,446	1,065	1,677	2,299	2,705
Strings	215	102	385	400	425
Audio Systems	69	28	154	961	1101

Balance Sheet (€k)	2024	2025	2026E	2027E	2028E
Fixed Assets	3,475	4,089	4,058	3,727	3,320
Net Working Capital	4,275	3,935	4,662	5,587	6,419
Other Assets (Liabilities)	(1,191)	(1,233)	(1,301)	(1,372)	(1,447)
Net Invested Capital	6,559	6,790	7,419	7,941	8,291
Equity	2,320	8,030	8,454	9,702	11,366
Net Debt (Cash)	4,239	(1,239)	(1,035)	(1,761)	(3,074)

Cash Flow (€k)	2024	2025	2026E	2027E	2028E
EBITDA	2,087	1,710	2,068	2,946	3,591
Fin. Income (Expenses)	(534)	(338)	(168)	(168)	(168)
Taxes	(59)	(189)	(235)	(462)	(615)
Change in NWC & Other	575	383	(659)	(854)	(757)
Capex	(555)	(675)	(1,000)	(738)	(738)
FCF	1,514	890	6	726	1,313
Other investments	139	(891)	-	-	-
Equity Financing	(16)	5,979	-	-	-
Dividends	-	(500)	(210)	-	-
Other Changes	(102)	0	-	-	-
Change in Net Debt	1,535	5,478	(204)	726	1,313
Unlevered FCF	1,694	1,213	129	848	1,436

Strengths

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

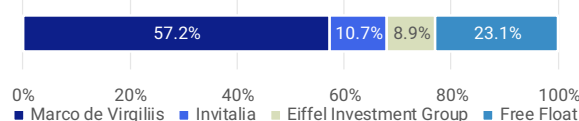
Opportunities

- 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: 2.42
Daily Average Volumes (30D): 24,103

Shareholders



Share Data	2025	2026E	2027E	2028E
Market Cap (mln)	21.2	21.2	21.2	21.2
Number of Shares (mln)	8.74	8.74	8.74	8.74
EPS	0.03	0.07	0.14	0.19
DPS	0.06	0.02	-	-
BVPS	0.92	0.97	1.11	1.30

Key Ratios	2025	2026E	2027E	2028E
ROE	4.5%	7.7%	13.7%	15.8%
ROCE	11.2%	14.0%	23.6%	29.5%
Net Debt (Cash)/EBITDA	(0.7)	(0.5)	(0.6)	(0.9)
Working Capital/Sales	35%	36%	34%	34%
Capex/Sales	6.0%	7.7%	4.5%	3.9%
Capex/D&A	0.7	1.0	0.7	0.6

Multiples	2025	2026E	2027E	2028E
P/BV	2.6x	2.2x	1.9x	0.0x
EV/Sales	1.5x	1.2x	1.0x	0.0x
EV/EBITDA	9.9x	6.9x	5.7x	0.0x
EV/EBIT	19.7x	10.9x	8.4x	0.0x
P/E	34.1x	17.4x	13.0x	0.0x
Dividend yield	2.4%	1.0%	0.0%	0.0%
FCF yield	4.2%	0.0%	3.4%	0.0%

Peers	2025	2026	2027	2028
EV/Sales	1.3x	1.3x	1.2x	1.1x
EV/EBITDA	9.9x	7.9x	7.2x	6.5x
EV/EBIT	13.9x	11.1x	9.7x	8.0x
P/E	31.5x	15.5x	13.6x	11.6x

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
- Neodymium price volatility

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