Company:	Rating:	Target Price:	Sector:
Markbass S.p.A.	**BUY (From HOLD)**	**€2.1 (from €2.5)**	**Music Instruments**

Transition year: building headroom for the next phase

October 26, 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	€ 1.6
Number of shares (mln)	9.8
Market cap. (mln)	€ 15.6
1-Year performance	
Absolute	-25.2%
Max/Min	€ 3.9 / € 1.5

(€/mln)	2024	2025	2026E	2027E	2028E
Revenues	12.2	11.3	12.0	14.5	16.5
VoP	13.0	11.7	12.8	15.4	17.5
yoy	*0.0%*	*-9.8%*	*9.4%*	*19.9%*	*13.4%*
EBITDA Adj.	2.1	1.7	1.7	2.5	3.1
EBITDA Adj. margin	*16.0%*	*14.6%*	*13.2%*	*16.1%*	*17.5%*
EBIT	1.2	0.8	0.7	1.5	2.0
EBIT margin	*8.9%*	*6.5%*	*5.8%*	*9.6%*	*11.3%*
Net profit	0.6	0.2	0.4	0.9	1.3
Net Profit margin	*4.3%*	*2.0%*	*3.1%*	*6.1%*	*7.5%*
Net debt (cash)	4.2	(1.2)	(2.3)	(2.8)	(4.0)
Equity	2.3	8.0	9.3	10.3	11.6
Capex	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)
Unlevered FCF	1.7	1.2	0.3	0.6	1.4

Performance since IPO



1H26 results: Amps hold steady, margins suffer from macro headwinds

In 1H26, Markbass reported sales of €5.3mln, -2.3% yoy, ~41% of our previous 2026E forecast [*please refer to our Company Update dated April 28, 2026*], while VoP reached €6.3mln (+10.6% yoy) on a €0.7mln inventory build-up. Core Amplifiers held steady at €4.7mln (+2.2% yoy, 89.8% of sales), aided by Sweetwater and the entry-level Blackline line (+26.9% yoy), mitigating softer Musical Instruments (€0.5mln, -29.7% yoy). EBITDA contracted to €0.6mln (-8.2% yoy; 9.8% margin on VoP vs 11.8% in 1H25), pressured by higher input inflation and elevated logistics costs. Higher D&A (+12.8% yoy) brought EBIT to €0.2mln (-38.5% yoy) and Net Profit essentially to breakeven (€2k vs €37k in 1H25). ONWC temporarily rose to ~43% of sales on delayed shipments and safety buffers, but Net Cash expanded to €1.8mln (from €1.2mln at YE25), bolstered by €1.1mln from warrant exercises.

Strategy: operational groundwork ahead of launches

Markbass is treating 2026 as an operational transition year, deploying its resources to prepare for a volume step-up across 2027E–2028E. Capital allocation centers on portfolio diversification, advancing the modular rollout across entry-level Blackline gear, patented instrument platforms, and consumer-facing wireless/Bluetooth audio solutions, supported by investments in R&D, proprietary tooling, and Cobot-assisted manufacturing. Operationally, the Company has absorbed temporary working capital into a strategic inventory safety buffer to counter extended container lead times and secure order fulfillment ahead of scheduled rollouts. Concurrently, Markbass is overhauling its distribution footprint: expanding online penetration in North America via Sweetwater, shortening European retail channels to internalize margins, partnering directly with its local instrument manufacturer in China, and broadening entry-level reach across South America.

2026-28E: top line trimmed, margins reflect input friction, Net Cash improving

We revise our sales projections down to €12.0mln in 2026E (+6.8% yoy, vs €12.9mln previously; please refer to our Company Update dated April 28, 2026), trimming 2027E and 2028E forecasts by ~11% on average, which recalibrates the 2025–28E CAGR to 13.6% (from 18.6%). While core Amplifiers hold steady at €10.6mln in 2026E, volume ramp-ups for Instruments (€1.2mln vs €1.7mln) and modular Audio Systems are deferred to 2027E–2028E. Operating profitability absorbs persistent supply chain headwinds: service costs are raised to 14.4% of VoP and raw materials are held at 55.6% on elevated input inflation (neodymium +20% YTD). Consequently, 2026E EBITDA is revised down by 17.8% to €1.7mln (13.4% margin on VoP vs 15.0% previously; flat yoy), with 2027E-28E margins trimmed by ~0.8pp to 16.1%/17.5%. Strategic inventory stocking keeps ONWC heavy at ~40% of sales in 2026E (normalizing to 38% in 2027E). Lower annual CapEx (€0.7mln vs €0.8mln) and the €1.1mln 1H26 warrant injection lift 2026E Net Cash to €2.3mln.

Valuation: TP cut to €2.1/share (from €2.5), upgraded to BUY (from HOLD)

Our updated TP of €2.1/share (from €2.5) stems from the simple average of our DCF at €2.0/share (from €2.7) and relative valuation at €2.1/share (from €2.3). The DCF model reflects cumulative Unlevered FCF of €4.0mln over 2026–29E (-17% yoy vs our previous €4.8mln estimate due to lower expected top line and margins) and a Terminal Value of €17.8mln (from €23.8mln; g=2.0%), discounted at an 8.2% WACC (up from 7.2% on higher risk-free and equity risk premium), yielding an Equity Value of €19.3mln. The market multiples approach applies a blended 2027E–28E peer EV/EBITDA of 7.3x/6.7x to Markbass's EBITDA, deriving an Equity Value of €21.0mln. While aggregate combined Equity Value stands resilient at €20.1mln (vs €21.9mln), per-share metrics absorb dilution from 1H26 warrant exercises and bonus shares (share count up to 9.8mln from 8.7mln). Given the meaningful upside to current market prices, we upgrade our recommendation to BUY (from HOLD).

Francesca Sabatini
Head of Equity Research
francesca.sabatini@bancaprofilo.it
+39 02 58408 461

Marco Mazzi
Equity Research Analyst
marco.mazzi@bancaprofilo.it
+39 02 58408 830

Sales Desk
+39 02 58408 412

THIS DOCUMENT MAY NOT BE DISTRIBUTED IN ANY JURISDICTION WHERE IT WOULD VIOLATE APPLICABLE LAW

Contents

Contents 1
SWOT analysis 3
The reference industry 4
1H26 Results 12
Strategy and Estimates Update 16
Valuation 21
Appendix 24
History, structure and people 24
Markbass: iconic yellow brand 27
Disclaimer 36

SWOT analysis

STRENGTHS	WEAKNESSES
• Strong brand recognition • In-house R&D department • Geographical diversification • Comprehensive product range that caters to most price segments	• The largest client represents ~37% 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	**THREATS**
• Growth in musical instruments and strings • Launch of professional audio solutions lineup • Growth in new geographies • In early talks with the leading US online music instruments retailer	• Competition from legacy international brands • Tariffs • Mature sector • Neodymium price volatility

The reference industry

Music Products Industry

Mature yet resilient

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 2024, global music product sales fell by 1.7% to approximately $17.8bn, a third consecutive decline, though volumes remained above pre-pandemic levels ($17.3bn in 2019). 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 $17.8bn in 2024 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.

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)

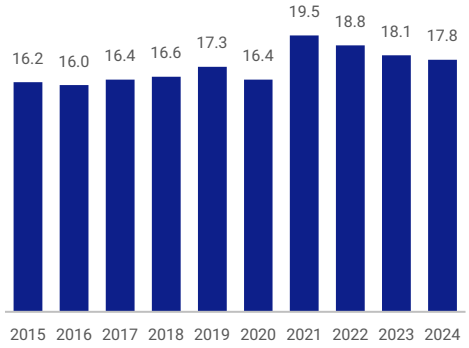


Figure 2: Global music products sales by region ($bn)



Source: Music Trades Magazine - The Global Music Industry 2024

China drags, emerging markets grow

The 2024 contraction was increasingly uneven across countries. China, formerly the world's second-largest music products market, saw sales fall to ~$990mln from $1.71bn in 2021 (-42%), with its global share dropping from 9.3% to 5.6%, the largest shift of any market. Besides weak domestic demand, hit by the real estate downturn and the "Double Reduction" policy that has severely impacted piano sales, the decline reflects global buyers reducing their reliance on Chinese sourcing amid rising trade tensions. Russia was another outlier, down 32% over 2021-24 to $88mln. Conversely, India (+21.3%), Belgium (+16.5%), Mexico (+6.6%) and the Netherlands (+5.7%) grew steadily over the period, supported by expanding middle-class spending and regional distribution activity.

Tariffs weigh on 2025

In 2025, the U.S. market (46.5% of global sales in 2024) recorded shipments of $8.2bn, a 1.0% yoy decline and the fourth consecutive drop from the $8.9bn peak of 2021. After the post-COVID inventory correction, trade policy became the main headwind: the average effective tariff on music products reached 14.9% (vs. a 3.9% prior-decade average), adding ~$627mln of costs to the industry, while Chinese import volumes fell 23.4%. Unlike 2009, the downturn reflects policy rather than weaker interest in music-making and, according to NAMM, the mid-2026 Supreme Court ruling curbing unilateral tariff authority points to a more stable trade environment ahead.

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.

Europe

Europe is the second-largest region, with ~$3.8bn of sales in 2024 (~21% of the global market), down 3.6% vs. 2021, a milder correction than North America. Germany remains the largest market ($1.0bn, -8.2% vs. 2021), followed by France ($610mln, +1.7%) and the U.K. ($600mln, -7.0%), while Italy stood at $385mln (-3.5%). Excluding Russia, European sales declined only 2.6%, with Belgium, the Netherlands, Spain and smaller markets such as the Czech Republic and Finland posting net growth, as pandemic-era swings were proportionally smaller where the 2021 spike had been less extreme.

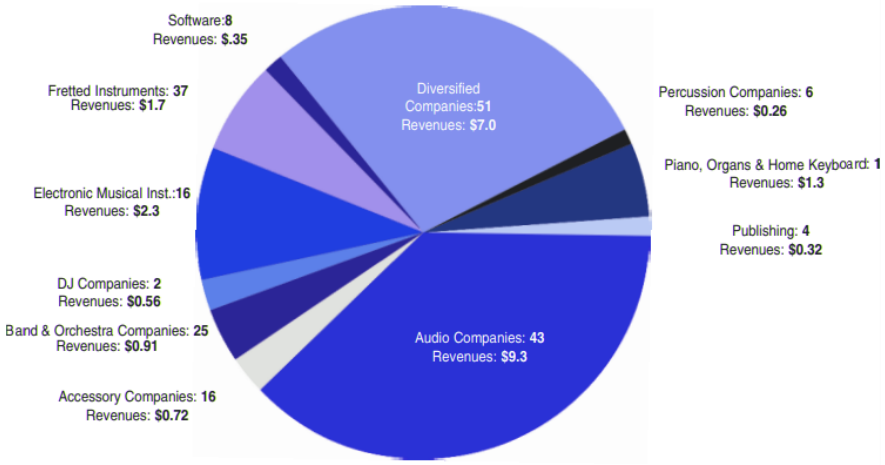
Americas

North America accounts for ~51% of global sales ($9.0bn in 2024): the U.S. alone generated $8.3bn (46.5% share, roughly ten times the next-largest market) and Canada $775mln (-3.1% vs. 2021). Despite a 7.3% decline in U.S. sales over 2021-24, the U.S. share reached its highest level of the period, as most major peers contracted as much or more. Latin America remains small ($415mln) but is one of the few growing regions (+5.6% vs. 2021), led by Mexico ($225mln, +6.6%) and Brazil ($132mln, +7.3%), while Argentina was the most volatile market amid triple-digit inflation and currency controls.

Largest 225 Music Products companies

Another way to analyze the industry is by examining the largest 225 suppliers (2023 data, latest available), 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 of 2023 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 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

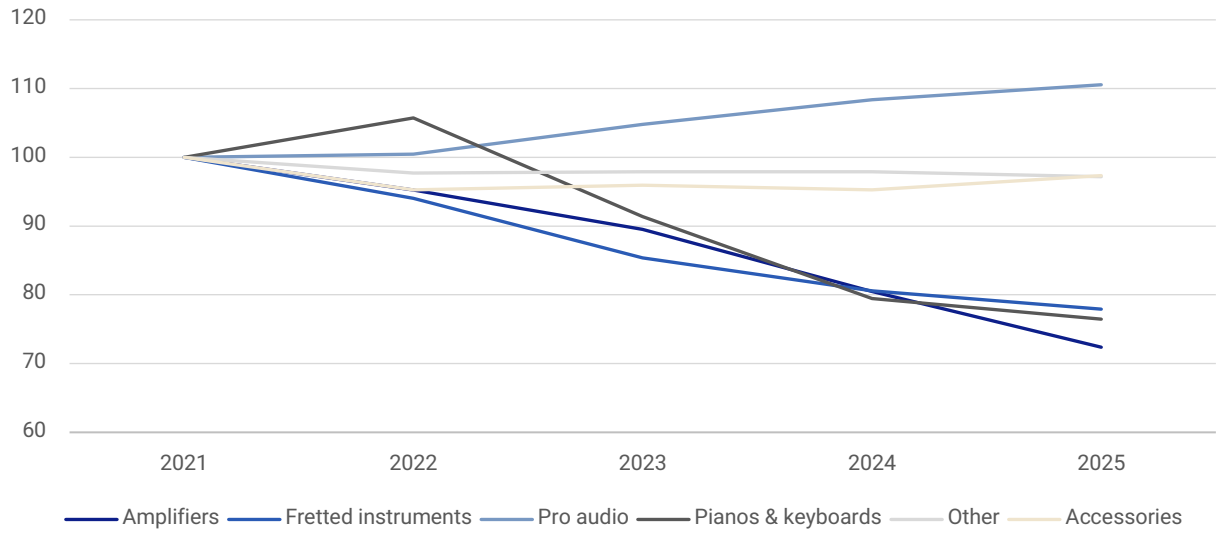
Yamaha and Steinway, with broad product lines, generated $7.1bn in combined 2023 revenue, 28.4% of the Global 225 total. Their performance underscores a growing trend toward consolidation, as firms seek scale through acquisition amid slowing innovation. Greater size helps spread risk and improves leverage 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.

U.S. Music Products by category

U.S. segments diverge

NAMM's U.S. Industry Summary provides the most recent and granular view by product category. As the U.S. accounts for ~46% of global sales, it is a good proxy for the industry, and its 16 tracked segments can be organized into six categories: amplifiers, fretted instruments, pro audio, pianos & keyboards, accessories and other. Over 2021-25, the U.S. retail value of shipments fell 8.0% to $8.2bn, but performances diverged widely, with pro audio the only category in clear growth and amplifiers the weakest.

Figure 4: U.S. Music Products sales by category (Rebased) 2021-25



Source: NAMM/Music Trades U.S. Industry Summary

Amplifiers in structural decline

Instrument amplifiers were the weakest category in 2025, with U.S. retail value down 10.1% yoy to $152mln, 27.6% below 2021 and less than half the $360mln recorded in 2006. The decline is fueled by shift toward digital modeling, amp simulators and software plug-ins, which compress demand for traditional heads and combos. Within the signal chain, effects moved the opposite way (+5.8% yoy to $309mln, +18.8% vs. 2021), confirming that spending is rotating toward compact, affordable and flexible solutions, a trend that favours lightweight products.

Fretted instruments normalize after the boom

Fretted instruments (acoustic and electric guitars, ukuleles) remain the largest category, at $1.69bn in 2025 (-3.3% yoy, -22.1% vs. the 2021 peak). Acoustic guitars drove the decline (-8.0% yoy to $768mln, -29.7% vs. 2021), as many pandemic-era first-time buyers, disproportionately acoustic, did not sustain the hobby, while ukuleles more than halved since 2021 to $62mln. Electric guitars proved more resilient, growing for a second consecutive year (+2.0% yoy to $857mln) after the 2022-23 destocking. Outside the U.S., the category is highly exposed to sourcing shifts: in 2022 China still supplied ~60% of the world's acoustic guitars, and the 2025 tariffs accelerated the move toward Vietnam, Mexico and India.

Pro audio is the growth engine

Pro audio (live sound and microphones) is the only category in clear growth, with U.S. retail value up 2.0% yoy to $1.46bn in 2025 (+10.6% vs. 2021). Live sound equipment led the way (+4.9% yoy to $756mln, +40.3% vs. 2021) on the resurgence of touring and live events, well above the 2020 trough ($463mln, -46%) when venues shut down, while microphones were broadly stable at $699mln (-0.9% yoy). Over 20 years, the segment has tracked the public-gathering economy more closely than any other. Globally, live and institutional categories lagged the 2021 boom but have since recovered; China supplied ~59% of the world's microphones and loudspeakers by units in 2022, making supply chains sensitive to the shift away from Chinese sourcing.

Pianos & keyboards: secular decline

Pianos and keyboards fell 3.8% yoy to $640mln in 2025 (-23.5% vs. 2021). Acoustic pianos hit their lowest level in the 20-year record ($297mln, -5.4% yoy) after a short-lived pandemic spike to $478mln in 2022, confirming a structural decline driven by digital alternatives, shifting tastes and fewer retail outlets. Portable keyboards dropped 10.3% yoy to $105mln, while digital pianos held up better ($238mln, +1.7% yoy), extending the shift toward digital instruments. Abroad, the downturn has been sharpest in China, historically the largest piano market, where

the "Double Reduction" policy and the property crisis contributed to a 42% contraction of total music products sales over 2021-24.

Other categories broadly stable

The remaining categories (wind instruments, percussion, DJ gear, effects, computer music products and printed music) were broadly stable at $3.56bn in 2025 (-0.8% yoy, -2.8% vs. 2021), masking divergent trends. DJ gear grew 7.5% yoy to $359mln, nearly tripling over 20 years, while wind instruments stand 17.0% above 2021 ($634mln) on the return of in-person school programs, despite a 4.5% yoy drop in 2025. Conversely, printed music (-6.2% yoy) and percussion (-4.5% yoy) kept declining, and computer music products remain 18.6% below 2021. Globally, China still supplied ~63% of wind instruments and ~95% of bowed strings in 2022.

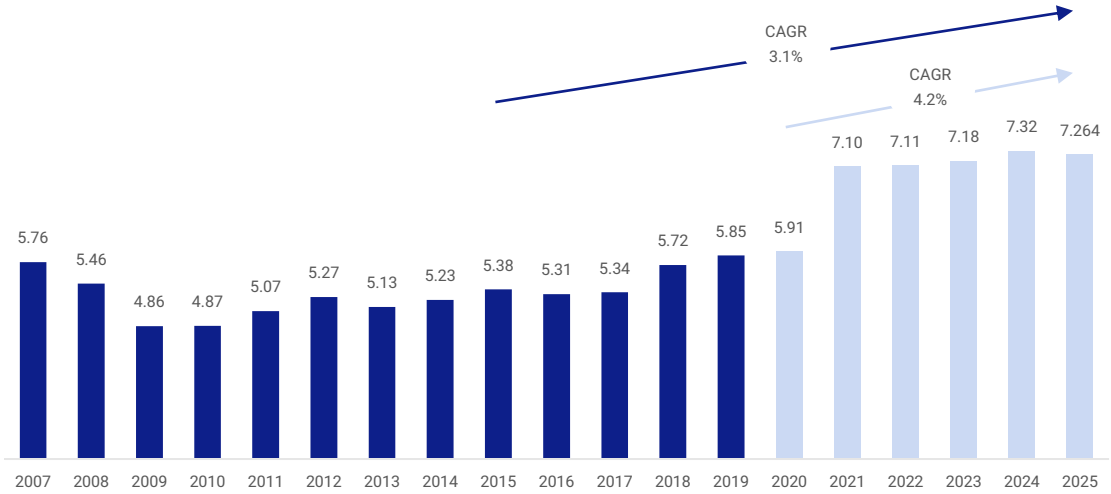
Accessories hold steady

General accessories (strings, cables, cases, straps, tuners and other small goods) confirmed their defensive profile, with U.S. retail value up 2.2% yoy to $700mln in 2025, only 2.6% below the 2021 peak, the most stable category of the period. Small goods are consumables tied to the installed base of instruments and to the number of active players rather than to new instrument purchases. Over 20 years the category grew from $428mln in 2006 to $700mln, with drawdowns limited to recessionary years and the post-COVID normalization. At global level, accessory makers in the Global 225 grew revenues 4.6% to $723mln in 2023, the latest available figure.

3.1% CAGR real personal consumption

The evolution of the US Music Industry can by analyzed also by looking at US Real personal consumption expenditures of Musical instruments, which have grown at a 3.1% CAGR during 2015-2025. Consumption saw a 20.1% growth in 2021, which led to a 4.2% CAGR in 2020-2025.

Figure 5: US real personal consumption expenditures Musical instruments 2007-25 ($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.

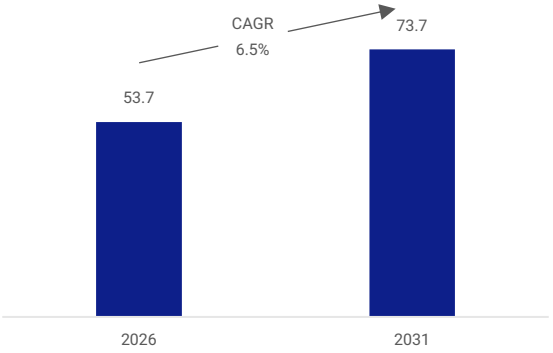
The Asia Pacific region leads the global market, fueled by growing music education, rising incomes and a strong cultural embrace of music. Key markets like China, India and Japan are driving demand for both traditional and modern instruments. Additionally, the region benefits

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

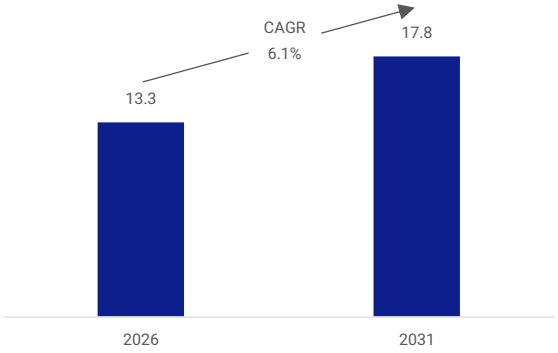
According to Mordor Intelligence, the Global Professional Audio Market is expected to grow from $13.3bn in 2026 to $17.8bn by 2031 (6.1% CAGR). This growth is driven by the increasing demand for high-end professional loudspeakers in the corporate sector, the expansion of nightclubs and bars, and the 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 6: Global Music Instruments Market ($bn)



Source: Mordor Intelligence - Musical Instruments Market Research, 2026

Figure 7: 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

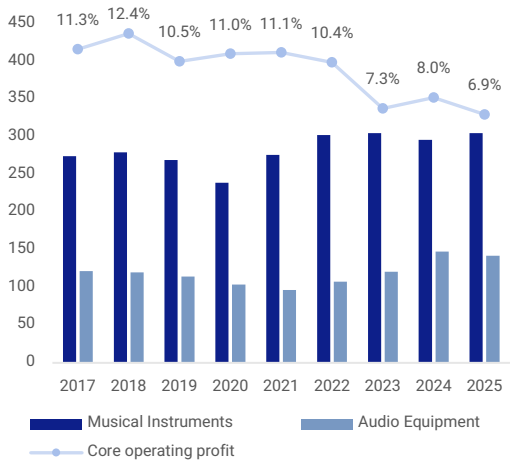
Yamaha Corp is a Japanese multinational company and the largest manufacturer of musical instruments. The Company was founded in 1887, while Yamaha Motor, a producer of motorcycles and marine products, was spun off in 1955. The Musical Instruments segment (66% 2025 revenues) includes piano, wind, string, percussion, digital musical instruments and other music-related activities. The Audio Equipment segment (31% 2025 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.

Revenue CAGR 2017-2025: Musical Instruments 1.3%, Audio Equipment 2%

In 2017-2025, Yamaha Corp reported a Revenue CAGR of 1.3% for Musical Instruments and 2% for Audio Equipment. Core Operating profit averaged 9.8% in the same period, with yoy declines between 2020 and 2025 down to 6.9%. In 2025, the Music Instruments segment registered growth in all categories except pianos (+3% total), while the Audio Equipment segment showed some struggles, levelling at a modest decline of -3%.

For 2026, the Company expects +3.2% yoy revenue growth excluding FX (+5.3% yoy incl. FX), driven by Musical Instruments (+3.3% yoy ex-FX, +5.6% yoy incl. FX) and Audio Equipment (+3.4% yoy ex-FX, +5.3% yoy incl. FX). Core Operating Profit is projected to reach 38.0 (+10.7% yoy ex-FX, +19.1% yoy incl. FX), with margin expanding to 7.8%.

Figure 8: Sales, EBITDA Margin Yamaha Corp (JPYbn)



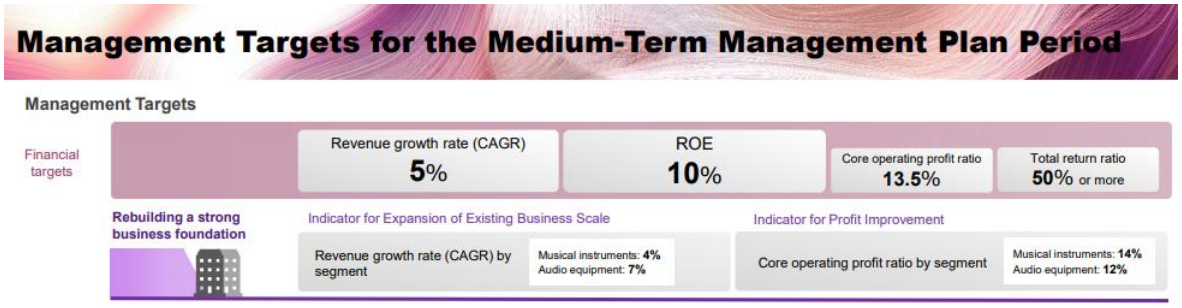
Source: Bloomberg

Figure 9: Yamaha Corp guidance (JPYbn)

		FY2026.3	FY2027.3 (projections)	Change	Exchange rate impact
Musical Instruments	Revenue	304.9	322.0	17.1	7.1
	Core Operating Profit	21.2	24.0	2.8	1.7
	Core Operating Profit Ratio	7.0%	7.5%	+0.5P	
Audio Equipment	Revenue	142.4	150.0	7.6	2.7
	Core Operating Profit	10.8	13.0	2.2	1.1
	Core Operating Profit Ratio	7.6%	8.7%	+1.1P	
Others	Revenue	18.0	18.0	0	0.2
	Core Operating Profit	-0.1	1.0	1.1	-0.1
	Core Operating Profit Ratio	-0.6%	5.6%	+6.2P	

Source: Yamaha Corp

Figure 10: Medium Term plan Yamaha Corp May 2025



Source: Yamaha Corp

5% revenue CAGR target in the Medium Term

Yamaha Corp aims to generate 5% revenue CAGR in the Medium Term, with Musical Instruments targeting 4% and Audio Solutions 7%; Core Operating profit target is 13.5% (vs 6.9% in 2025, 8.7% average in 2021-25). The strategy is based on i) developing closer ties with customers, ii) creating new value, launching Yamaha Music Connect portal site (Learning, expression, connection) and by establishing a business development base in Silicon Valley, iii) improving flexibility and resilience, the Company has reinforced its production framework at the lead factory and reorganized piano manufacturing base.

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

Roland

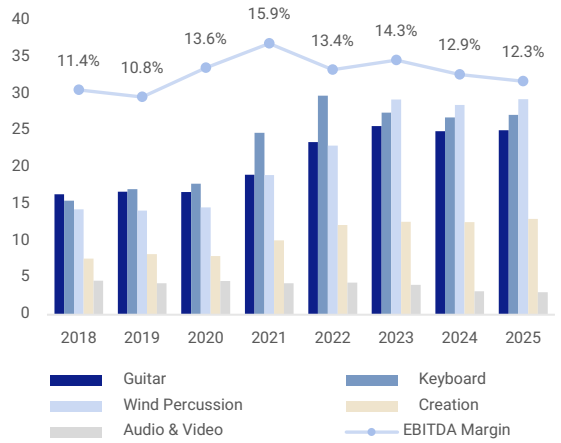
Acquisition of Drum Workshop at 10.8x EV/EBITDA

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% 2025 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 $65mln (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 2026 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 2028, expecting a 2025-2028 CAGR on sales of 5.9%.

Figure 11: Sales, EBITDA Margin Roland (JPYbn)



Source: Bloomberg

Figure 12: Roland 2026 guidance (JPYbn)

	2025	2026E	yoy
Sales[1]	100.9	106.4	+5,4%
Operating Profit[2]	9.4	10.0	+6,2%

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

Source: Roland

1H26 Results

1H26 revenues down 2.3% yoy (40.7% of our old €12.9mln estimate)

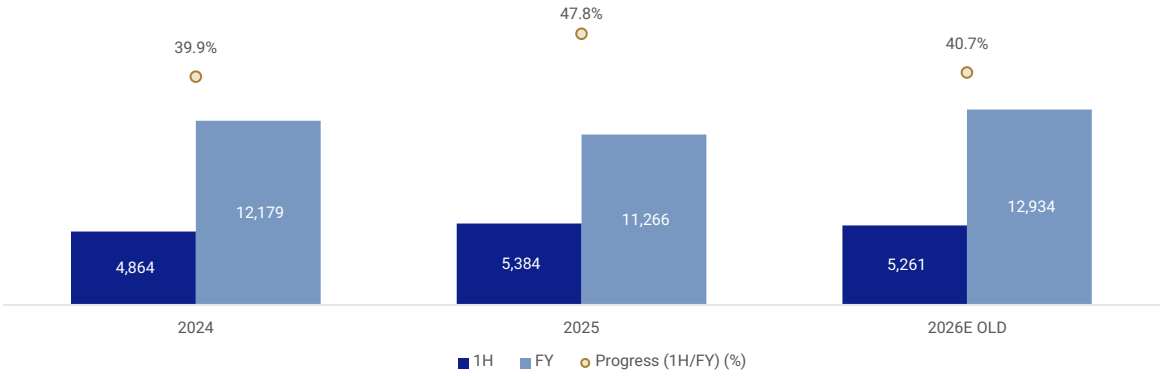
1H26 revenues were €5.3mln, down -2.3% yoy and c.40.7% of our old 2026E estimate of 12.9mln [*Please refer to out Company Update on April 28, 2026*].

Value of Production reached €6.3mln (+10.6% yoy vs €5.7mln in 1H25), driven by internal capitalized work of €0.2mln (+19.7% yoy) and other revenues of €0.8mln (vs €0.1mln in 1H25), of which €0.7mln was inventory buildup, reflecting raw material bottlenecks and delivery postponements shifted to July, alongside seasonal effects and product preparation for 2H shipments.

Amplifiers hold steady (€4.7mln, +2.2% yoy), Instruments (€0.5mln, -29.7% yoy), Strings (€56k, +24.5% yoy), Audio (€6k, -77.8% yoy)

By product line, Amplifiers remained the core top-line contributor, generating €4.7mln (+2.2% yoy and 89.8% of total sales). Within the division, the flagship Markbass brand posted €3.9mln (-1.5% yoy), displaying overall resilience and benefiting from the newly launched partnership with Sweetwater in the US, while Blackline accelerated to €0.6mln (+26.9% yoy) confirming traction in the entry-level segment, and DV Mark reached €0.2mln (+18.2% yoy). Conversely, Musical Instruments came in at €0.5mln, down 29.7% yoy against a tough 1H25 comparison base, yet showing a sharp rebound versus €394k recorded in 2H25, ahead of the planned catalog expansion slated between late 2026 and early 2027. Lastly, minor lines saw Strings grow to €56k (+24.5% yoy) on expanding Markstrings distribution, while Audio Systems (€6k, -77.8% yoy) and Others (€5k) remained marginal, with the professional audio division still completing industrialization prior to its planned 2H rollout.

Figure 13: 2024-2026E OLD 1H vs FY Revenues (€k) & 1H progress on FY (%)



Source: Banca Profilo elaborations on Company Data

Figure 14: Revenues by product line (€th) 1H24-26

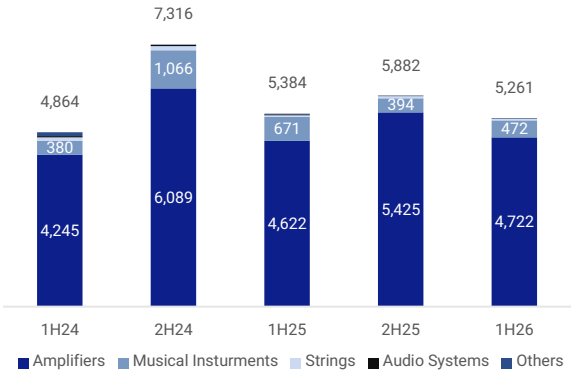
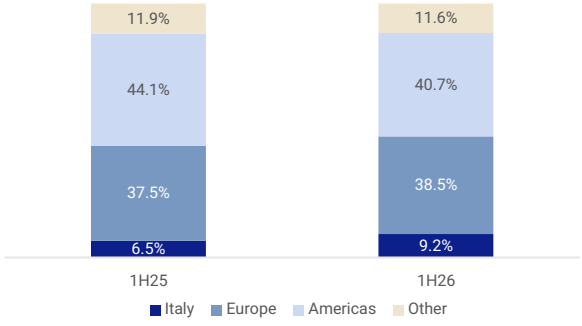


Figure 15: Revenues by region (%) 1H24-26



Source: Banca Profilo elaborations on Company Data

1H26 revenue breakdown by region

Revenues by geographic area remained broadly stable yoy, with Europe and the Americas accounting for a combined 79.2% of total sales (vs 81.6% in 1H25). The slight contraction, mainly attributable to North America, was largely driven by retail channel rationalization, as the new partnership with Sweetwater launched during the semester will require additional time.

EBITDA at €0.6mln (-8.2% yoy). Margin at 9.8% due to increased raw material and service costs.

EBITDA stood at €0.6mln (-8.2% yoy), with the margin contracting to 9.8% on VoP from 11.8% in 1H25. Operating profitability was squeezed primarily by raw material costs, whose weight on VoP increased to 57.0% from 55.8% in 1H25 due to input inflation (including critical components such as neodymium), alongside service costs rising to 16.3% on VoP from 14.1% previously, a trend likely driven by higher freight and logistics expenses amid shipment friction, as well as commercial efforts backing the US expansion. Personnel cost incidence improved to 12.6% on VoP (down from 13.1%), while use of third-party assets and other operating expenses remained well contained at 3.4% and 0.8%, respectively. Down the line, EBIT fell more sharply to €0.2mln (-38.5% yoy due to low base effect), with EBIT margin settling at 2.7% on VoP (vs 4.8% in 1H25), weighed down by both lower operational profitability and an increase in D&A (+12.8% yoy). Net Income was the sore point of the semester, landing at €2k (down from €37k in 1H25).

Figure 16: 1H24-26 Total Revenues (VoP), EBITDA (€k)

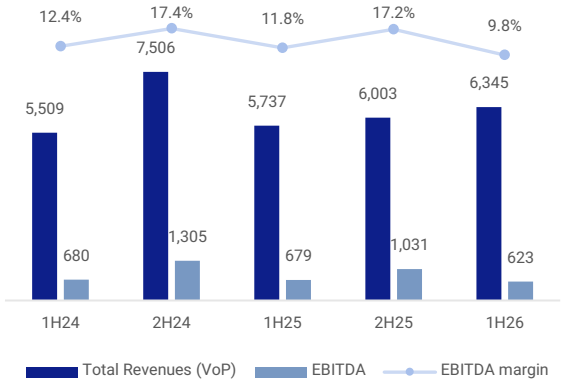
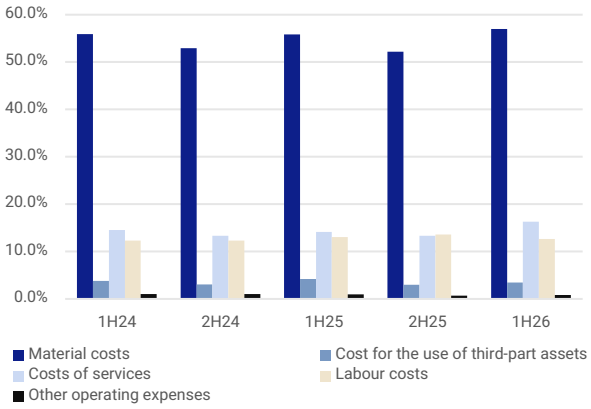


Figure 17 Costs % on VoP (€k) 1H24-26



Source: Banca Profilo elaborations on Company Data

Table 1: Revenues breakdown by product line 2023-1H26 (€k)

Revenues breakdown (€k)							
		2023	1H24	2024	1H25	2025	1H26
Amplifiers		11,024	4,245	10,334	4,622	10,047	4,722
	yoy	*n.d.*	*n.d.*	*-6.3%*	*8.9%*	*-2.8%*	*2.2%*
	on sales (%)	*90.3%*	*87.3%*	*84.9%*	*85.8%*	*89.2%*	*89.8%*
Musical Insturments		639	380	1,446	671	1,065	472
	yoy	*n.d.*	*n.d.*	*126.3%*	*76.6%*	*-26.3%*	*-29.7%*
	on sales (%)	*5.2%*	*7.8%*	*11.9%*	*12.5%*	*9.5%*	*9.0%*
Strings		343	102	215	45	102	56
	yoy	*n.d.*	*n.d.*	*-37.3%*	*-55.9%*	*-52.6%*	*n.a.*
	on sales (%)	*2.8%*	*2.1%*	*1.8%*	*0.8%*	*0.9%*	*1.1%*
Audio Systems		60	34	69	27	28	6
	yoy	*n.d.*	*n.d.*	*15.0%*	*-20.6%*	*-59.4%*	*-77.8%*
	on sales (%)	*0.5%*	*0.7%*	*0.6%*	*0.5%*	*0.2%*	*0.1%*
Others		141	103	116	19	24	5
	yoy	*n.d.*	*n.d.*	*-17.7%*	*-81.6%*	*-79.3%*	*-73.7%*
	on sales (%)	*1.2%*	*2.1%*	*1.0%*	*0.4%*	*0.2%*	*0.1%*
Revenues		12,207	4,864	12,179	5,384	11,266	5,261
	yoy	*39.3%*	*n.d.*	*-0.2%*	*10.7%*	*-7.5%*	*-2.3%*

Source: Banca Profilo elaborations on Company data

Table 2: Income Statement 2023-1H26 (€k)

Profit & Loss (€k)						
	2023	1H24	2024	1H25	2025	1H26
Revenues	12,207	4,863	12,179	5,384	11,265	5,262
Other	812	427	837	154	474	845
Total Revenues (VoP)	**13,019**	**5,509**	**13,016**	**5,737**	**11,740**	**6,345**
yoy	*27.5%*	*n.a.*	*0.0%*	*4.1%*	*-9.8%*	*10.6%*
Material costs	(7,119)	(3,081)	(7,052)	(3,202)	(6,335)	(3,615)
on VoP (%)	*54.7%*	*55.9%*	*54.2%*	*55.8%*	*54.0%*	*57.0%*
Costs of services	(1,662)	(801)	(1,799)	(809)	(1,609)	(1,034)
on VoP (%)	*12.8%*	*14.5%*	*13.8%*	*14.1%*	*13.7%*	*16.3%*
Cost for the use of third-part assets	(394)	(210)	(440)	(242)	(422)	(219)
on VoP (%)	*3.0%*	*3.8%*	*3.4%*	*4.2%*	*3.6%*	*3.5%*
Labour costs	(1,475)	(680)	(1,603)	(750)	(1,568)	(802)
on VoP (%)	*11.3%*	*12.3%*	*12.3%*	*13.1%*	*13.4%*	*12.6%*
Other operating expenses	(255)	(58)	(137)	(55)	(95)	(52)
on VoP (%)	*2.0%*	*1.0%*	*1.1%*	*1.0%*	*0.8%*	*0.8%*
EBITDA Adj.	**2,241**	**680**	**2,087**	**679**	**1,710**	**623**
EBITDA margin	*17.2%*	*12.4%*	*16.0%*	*11.8%*	*14.6%*	*9.8%*
yoy	*1294.4%*	*n.a.*	*-6.9%*	*-0.3%*	*-18.1%*	*-8.2%*
EBITDA	**2,113**	**680**	**1,985**	**679**	**1,710**	**623**
EBITDA margin	*16.2%*	*12.4%*	*15.3%*	*11.8%*	*14.6%*	*9.8%*
yoy	*1214.7%*	*n.a.*	*-6.1%*	*-0.3%*	*-13.9%*	*-8.2%*
D&A	(900)	(417)	(833)	(401)	(952)	(452)
EBIT	**1,213**	**264**	**1,152**	**278**	**758**	**171**
EBIT margin	*9.3%*	*4.8%*	*8.9%*	*4.8%*	*6.5%*	*2.7%*
yoy	*-254.5%*	*n.a.*	*-5.0%*	*5.4%*	*-34.2%*	*-38.5%*
Fin. Income (Expenses)	(386)	(247)	(534)	(148)	(338)	(119)
Taxes	(36)	(22)	(59)	(93)	(189)	(50)
Net Profit	**790**	**(5)**	**559**	**37**	**231**	**2**
Net Profit margin	*6.1%*	*-0.1%*	*4.3%*	*0.6%*	*2.0%*	*0.0%*

Source: Banca Profilo elaborations on Company data

Inventory build-up weighs on ONWC: ~43% on Revenues

Operating Net Working Capital exhibited stickiness in 1H26 rising to ~43% on Revenues (vs 38.2% in YE25), mainly due to the postponed shipments, causeing DIO to rise to annualized 259 days (from 251 days in YE25).

Warrant Exercise Injects €1.1mln; Net Cash Expands to €1.8mln (vs €1.2mln in YE25)

Markbass further reinforced its balance sheet in 1H26, with Net Cash improving to €1.8mln (up from €1.2mln at YE25). Liquidity benefited from the June warrant exercise, which brought in €1.1mln of fresh equity (€1.13mln from 562.8k new shares at €2.0 per share). During the semester, the Company also paid out €0.2mln (€210k) in dividends, alongside temporary working capital absorption.

Figure 18: ONWC 2024-1H26 (€k)

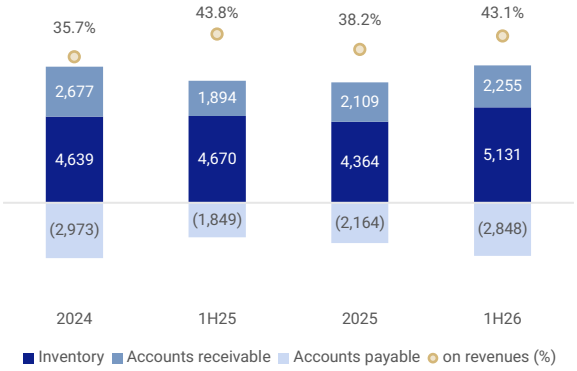
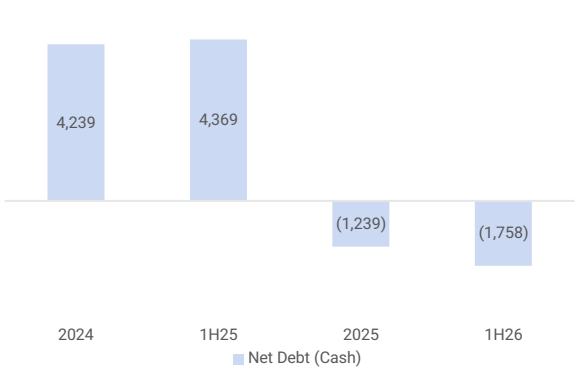


Figure 19: Net Debt (Cash) 2024-1H26 (€k)



Source: Banca Profilo elaborations on Company Data

Table 3: Balance Sheet 2023-1H26 (€k)

Balance Sheet (€k)	2023	2024	1H25	2025	1H26
Tangibles	1,003	1,010	997	1,012	1,022
Intangibles	2,696	2,411	2,503	3,033	2,878
Financials & Others	193	54	48	45	44
Fixed assets	**3,893**	**3,475**	**3,548**	**4,089**	**3,944**
Inventory	4,750	4,639	4,670	4,364	5,131
on materials(%)	*66.7%*	*65.8%*	*72.9%*	*68.9%*	*71.0%*
Inventory Days (Days)	*244*	*240*	*266*	*251*	*259*
Accounts receivable	2,487	2,677	1,894	2,109	2,255
on revenues (%)	*20.4%*	*22.0%*	*17.6%*	*18.7%*	*21.4%*
DSO (Days)	*74*	*80*	*64*	*68*	*156*
Accounts payable	(2,655)	(2,973)	(1,849)	(2,164)	(2,848)
on costs (%)	*28.2%*	*31.5%*	*21.5%*	*25.6%*	*28.9%*
DPO (Days)	*103*	*115*	*78*	*93*	*106*
Operating net working capital	**4,582**	**4,344**	**4,715**	**4,309**	**4,538**
on revenues (%)	*37.5%*	*35.7%*	*43.8%*	*38.2%*	*43.1%*
Other current assets (liabilities)	222	(68)	(316)	(374)	(197)
Net Working Capital	**4,804**	**4,275**	**4,399**	**3,935**	**4,341**
Other liabilities	(1,145)	(1,191)	(1,225)	(1,233)	(1,096)
Net Invested capital	**7,552**	**6,559**	**6,722**	**6,790**	**7,189**
Equity	**1,777**	**2,320**	**2,354**	**8,030**	**8,947**
Net Debt (Cash)	**5,774**	**4,239**	**4,369**	**(1,239)**	**(1,758)**

Source: Banca Profilo elaborations on Company Data

Table 4: Free Cash Flows 2024-1H26 (€k)

Free Cash Flow (€k)	2024	1H25	2025	1H26
EBIT	1,152	278	758	171
Taxes	(311)	(75)	(205)	(46)
NOPAT	841	203	553	125
D&A	833	401	952	452
Change in NWC	528	(124)	341	(406)
Change in other	47	34	42	(137)
Capex (ex-IPO costs)	(555)	(480)	(675)	(307)
Unlevered FCF	**1,694**	**34**	**1,213**	**(274)**

Source: Banca Profilo elaborations on Company Data

Strategy and Estimates Update

Operational groundwork ahead of launches

Markbass continues to leverage its strong brand equity within a mature market. While 2026 results reflect macro headwinds and logistics frictions, we view this period as an operational transition toward the medium-term targets outlined at IPO. As new modular lines across entry-level and adjacent segments prepare to scale by 2027E–2028E, the flagship brand remains the anchor for horizontal catalog expansion.

Work in progress on catalog expansion

Since its listing, Markbass has focused on deploying its IPO proceeds to accelerate the strategic plan. Capital deployment primarily supports portfolio diversification across entry-level amplifiers, basses, and professional audio, relying on modular platforms and proprietary technologies to drive scalable growth. Key investments also target R&D, including specialized personnel, proprietary molds, and Cobot production lines to enhance industrial efficiency, alongside channel optimization and digital platforms aimed at improving sales mix and unit margins through a more direct commercial reach.

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.

Building up inventory

Confronted with persistent global shipping friction, with extended container lead times, and differing order cycles from major retail partners, Markbass has strategically built up an inventory safety buffer. This deliberate build-up temporarily absorbs working capital in 2026E, but safeguards order fulfillment, hedges against critical raw material cost volatility, and ensures seamless execution ahead of scheduled catalog rollouts.

Distribution and supply chain optimization

At the same time, major efforts remain focused on upgrading the global commercial footprint through a more direct and diversified approach. In North America, the Company is consolidating online market penetration via Sweetwater alongside regularized order flows at Guitar Center, while in Europe it is actively shortening the distribution chain to capture intermediate margins through direct retail accounts. At the same time, in China, it established a distribution partnership directly tied to its local musical instrument manufacturing partner, while in South America it entered an agreement focused on commercializing the accessible Blackline range alongside the broader entry-level instrument lineup.

2026-2028 estimates revision

2026E revenues at €12.0mln (-6.9% vs. our previous estimates): a transitory year ahead of new product scaling

Following 1H26 results, we revise our 2026E–2028E financial projections [*please refer to our Company Update on April 28, 2026*]. For 2026E, we now project sales at €12.0mln (-6.9% vs our previous €12.9mln), implying a moderate top-line growth of 6.8% yoy. While the second half is expected to benefit from the progressive delivery of customer shipments postponed at the end of June (~€0.7mln), we adopt a more conservative stance to reflect this transition year, in which global supply chain frictions (extended container lead times) and macro volatility warrant a prudent delivery schedule. As a result, we trim our 2027E and 2028E top-line forecasts by ~11% on average, embedding a gradual ramp-up pace given ongoing consumption uncertainties and elongated logistics cycles. Updated 2025-28E CAGR is now 13.6%, vs. 18.6% old.

Product line breakdown: core amps resilient, volume ramp-up

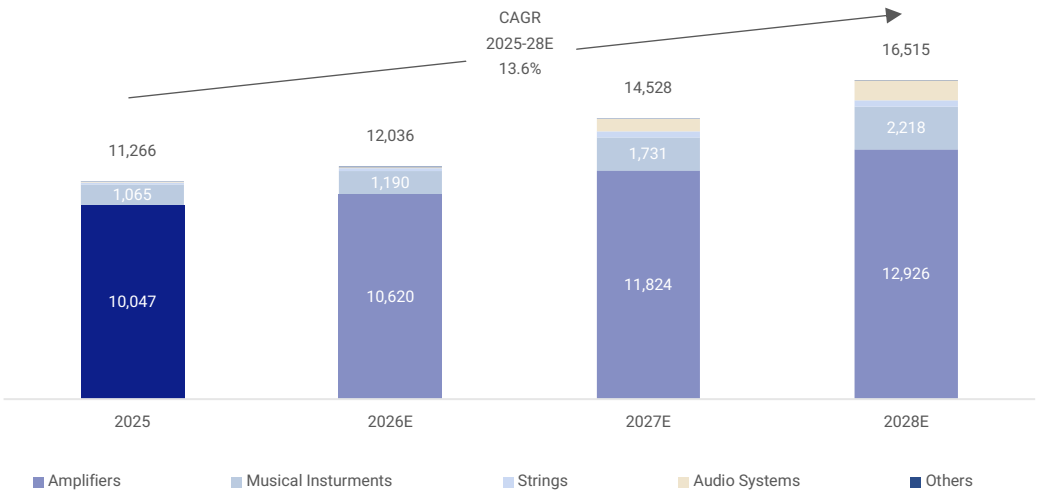
By product line, we align our estimates with the ongoing portfolio transition ahead of the next product cycle.

- **Amplifiers**: we maintain our baseline projection broadly unchanged at €10.6mln in 2026E, supported by steady demand across core bass rigs, solid momentum in the entry-level Blackline series, and expanding distribution via Sweetwater in the US.

deferred to 2027E–2028E

- **Instruments**: we adopt a more conservative trajectory and trim 2026E sales from €1.7mln to €1.2mln. The catalog expansion across price points appears still in an introductory phase, leading us to backload the bulk of volume growth to 2027E–2028E as new modular batches reach commercial maturity.
- **Audio Systems**: now undergoing a run-off phase of residual inventory ahead of the planned modular product rollout. We keep 2026E expectations minimal and cut our 2027E revenue projection from €1.0mln to €0.6mln, anticipating that meaningful commercial traction will materialize closer to late 2027E and into 2028E.
- **Other lines**: Forecasts for MarkStrings, DVMARK, and auxiliary revenues remain substantially unchanged.

Figure 20: 2025-28E Revenues Breakdown



Source: Banca Profilo estimates and elaborations on Company Data

2026 EBITDA at €1.7mln (in line with 2025, down -17.6% vs our previous estimate). Margin at 13.6% (vs. 14. 15% old)

Geopolitical headwinds and global trade friction left a tangible mark on 1H26 operating metrics, prompting us to adjust our cost assumptions downward across the forecast horizon.

We project service costs at 14.4% of VoP for 2026E (up from 14.0%), reflecting persistent pressure on international freight rates and extended container lead times. On raw materials, we maintain costs at 55.6% of VoP, driven by sustained input price inflation: in particular, neodymium remains elevated at +20% YTD without immediate signs of easing (source: Bloomberg), compounded by energy surcharges on polypropylene components, although Supply chain renegotiations may offer partial relief. As a result, we revise 2026E EBITDA down by 17.8% to €1.7mln (from €2.1mln old), bringing it in line with 2025, and set the margin on VoP at 13.4% (vs 14.6% in 2026E; 15.0% old estimate).

For 2027E–28E, while continuing to project a progressive recovery in operating profitability from 2026E levels, we adopt a slightly more conservative trajectory to account for persistent macro and cost uncertainties. Accordingly, we trim outer-year EBITDA margin projections by ~0.8pp on average, setting 2027E at 16.1% (vs 17.1% previously) and 2028E at 17.5% (vs 18.1% previously). Solid medium-term expansion remains supported by ongoing commercial channel optimizations and increasing operating leverage as volumes scale.

Finally, 2026E EBIT is lowered to €0.7mln (from €1.0mln) and Net Income to €0.4mln (from €0.6mln).

Figure 21: 2025-28E Total Revenues (VoP) & EBITDA (€k)

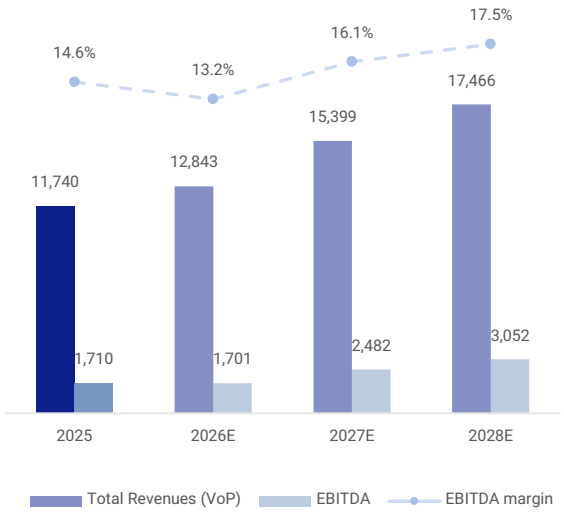


Figure 22: Neodymium Price Index 2024-26 (Rebased)



Source: Banca Profilo estimates and Company Data; Bloomberg

Table 5: Revenues breakdown by product line 2025-28E (€k)

Revenues Breakdown (€k)								
		2025	2026 OLD	2026	2027 OLD	2027	2028 OLD	2028
Amplifiers		**10,047**	**10,694**	**10,620**	**12,608**	**11,824**	**14,517**	**12,926**
	yoy (%)	*-2.8%*	*6.4%*	*5.7%*	*17.9%*	*11.3%*	*15.1%*	*9.3%*
	on sales (%)	*89.2%*	*82.7%*	*88.2%*	*77.4%*	*81.4%*	*77.3%*	*78.3%*
Musical Insturments		**1,065**	**1,677**	**1,190**	**2,299**	**1,731**	**2,705**	**2,218**
	yoy (%)	*-26.3%*	*57.5%*	*11.7%*	*37.1%*	*45.5%*	*17.6%*	*28.1%*
	on sales (%)	*9.5%*	*13.0%*	*9.9%*	*14.1%*	*11.9%*	*14.4%*	*13.4%*
Strings		**102**	**385**	**150**	**400**	**300**	**425**	**325**
	yoy (%)	*-52.6%*	*277.6%*	*47.1%*	*3.8%*	*100.0%*	*6.3%*	*8.3%*
	on sales (%)	*0.9%*	*3.0%*	*1.2%*	*2.5%*	*2.1%*	*2.3%*	*2.0%*
Audio Systems		**28**	**154**	**51**	**961**	**649**	**1,101**	**1,023**
	yoy (%)	*-59.4%*	*450.9%*	*83.6%*	*522.8%*	*1162.5%*	*14.6%*	*57.6%*
	on sales (%)	*0.2%*	*1.2%*	*0.4%*	*5.9%*	*4.5%*	*5.9%*	*6.2%*
Others		24	24	24	24	24	24	24
	yoy (%)	*-79.3%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
	on sales (%)	*0.2%*	*0.2%*	*0.2%*	*0.1%*	*0.2%*	*0.1%*	*0.1%*
Revenues		**11,266**	**12,934**	**12,036**	**16,291**	**14,528**	**18,772**	**16,515**
yoy (%)		*-7.5%*	*14.8%*	*6.8%*	*26.0%*	*20.7%*	*15.2%*	*13.7%*

Source: Banca Profilo elaborations on Company data

Table 6: Income Statement 2025-28E(€k)

Profit & Loss (€k)	2025	2026 OLD	2026	2027 OLD	2027	2028 OLD	2028
Revenues	11,265	12,934	12,036	16,291	14,528	18,772	16,515
Other	474	807	808	942	871	1,041	951
Total Revenues (VoP)	**11,740**	**13,741**	**12,843**	**17,233**	**15,399**	**19,813**	**17,466**
yoy	*-9.8%*	*17.0%*	*9.4%*	*25.4%*	*19.9%*	*15.0%*	*13.4%*
Material costs	(6,335)	(7,626)	(7,141)	(9,392)	(8,393)	(10,699)	(9,449)
on VoP (%)	*54.0%*	*55.5%*	*55.6%*	*54.5%*	*54.5%*	*54.0%*	*54.1%*
Costs of services	(1,609)	(1,811)	(1,849)	(2,248)	(2,125)	(2,591)	(2,375)
on VoP (%)	*13.7%*	*14.0%*	*14.4%*	*13.8%*	*13.8%*	*13.8%*	*13.6%*
Third-part assets	(422)	(500)	(400)	(564)	(440)	(580)	(452)
on VoP (%)	*3.6%*	*3.6%*	*3.1%*	*3.3%*	*2.9%*	*2.9%*	*2.6%*
Labour costs	(1,568)	(1,555)	(1,632)	(1,855)	(1,814)	(2,089)	(1,973)
on VoP (%)	*13.4%*	*11.3%*	*12.7%*	*10.8%*	*11.8%*	*10.5%*	*11.3%*
Other operating expenses	(95)	(181)	(120)	(228)	(145)	(263)	(165)
on VoP (%)	*0.8%*	*1.4%*	*1.0%*	*1.4%*	*1.0%*	*1.4%*	*1.0%*
EBITDA Adj.	**1,710**	**2,068**	**1,701**	**2,946**	**2,482**	**3,591**	**3,052**
EBITDA margin	*14.6%*	*15.0%*	*13.2%*	*17.1%*	*16.1%*	*18.1%*	*17.5%*
yoy	*-18.1%*	*20.9%*	*-0.5%*	*42.5%*	*45.9%*	*21.9%*	*23.0%*
EBITDA	**1,710**	**2,068**	**1,701**	**2,946**	**2,482**	**3,591**	**3,052**
EBITDA margin	*14.6%*	*15.0%*	*13.2%*	*17.1%*	*16.1%*	*18.1%*	*17.5%*
yoy	*-13.9%*	*20.9%*	*-0.5%*	*42.5%*	*45.9%*	*21.9%*	*23.0%*
D&A	(952)	(1,031)	(959)	(1,069)	(1,003)	(1,144)	(1,076)
EBIT	**758**	**1,037**	**742**	**1,877**	**1,479**	**2,447**	**1,976**
EBIT margin	*6.5%*	*7.5%*	*5.8%*	*10.9%*	*9.6%*	*12.3%*	*11.3%*
yoy	*-34.2%*	*36.9%*	*-2.1%*	*81.0%*	*99.4%*	*30.4%*	*33.6%*
Fin. Income (Expenses)	(338)	(168)	(224)	(168)	(186)	(168)	(186)
Taxes	(189)	(235)	(124)	(462)	(349)	(615)	(483)
Net Profit	**231**	**635**	**394**	**1,248**	**944**	**1,664**	**1,306**
Net Profit margin	*2.0%*	*4.6%*	*3.1%*	*7.2%*	*6.1%*	*8.4%*	*7.5%*
yoy	*-58.7%*	*4.6%*	*70.5%*	*7.2%*	*139.7%*	*8.4%*	*38.4%*

Source: Banca Profilo elaborations on Company data

Heavy ONWC in 2026E; expected to normalize by 2028E.

Net Cash at €2.3mln

Operating Net Working Capital (ONWC) is now projected to remain structurally high at ~40% of Revenues in 2026E (up from 39% previously and 38.2% in YE25), driven by higher cash absorption from strategic inventory stocking. This build-up accommodates the company's upcoming expansion phases, new product rollout, and adaptation to evolving global supply chain dynamics. A progressive normalization towards 38% of Revenues is anticipated in 2027E (tracking roughly 2.0pp higher than earlier estimates), supported by accelerated inventory turnover and operating leverage as the new product lines gain full commercial traction.

Net Cash is forecast to improve to from €1.8mln in 1H26 to €2.3mln (vs our previous estimate of €1.2mln), mainly thanks to revenues ramping up in 2H26, lower expected CapEx for the full year and the €1.13mln fresh equity injection resulting from warrant exercises completed in the first half of the year.

CapEx lowered to €0.7mln per year

We expect new product development to require lower cash outlays, prompting us to revise our average annual CapEx down to €0.7mln (from €0.8mln), mainly intangibles. Specifically, for 2026E, we project 2H investments to track 1H levels (€0.3mln), leading us to cut our full-year CapEx estimate to €0.7mln from the previously assumed front-loaded profile of €1.0mln.

Table 7: Balance Sheet 2025-28E(€k)

Balance Sheet (€k)	2025	2026 OLD	2026	2027 OLD	2027	2028 OLD	2028
Tangible	1,012	1,099	1,027	1,107	1,038	1,109	1,045
Intangibles	3,033	2,915	2,758	2,575	2,444	2,166	2,060
Financials & Others	45	45	45	45	45	45	45
Fixed Assets	**4,089**	**4,058**	**3,830**	**3,727**	**3,527**	**3,320**	**3,150**
Inventory	4,364	5,262	5,070	6,293	5,875	7,115	6,331
on materials(%)	*69%*	*69%*	*71%*	*67%*	*70%*	*67%*	*67%*
Inventory Days (Days)	*251*	*252*	*259*	*245*	*256*	*243*	*245*
Accounts receivable	2,109	2,910	2,744	3,584	3,283	4,130	3,732
on revenues (%)	*19%*	*23%*	*23%*	*22%*	*23%*	*22%*	*23%*
DSO (Days)	*68*	*82*	*83*	*80*	*82*	*80*	*82*
Accounts payable	(2,164)	(3,137)	(2,948)	(3,916)	(3,442)	(4,452)	(3,857)
on costs (%)	*26%*	*31%*	*31%*	*32%*	*31%*	*32%*	*31%*
DPO (Days)	*93*	*113*	*113*	*115*	*113*	*115*	*113*
Operating net working capital	**4,309**	**5,036**	**4,866**	**5,961**	**5,716**	**6,793**	**6,207**
on revenues (%)	*38%*	*39%*	*40%*	*37%*	*39%*	*36%*	*38%*
Other current assets (liabilities)	(374)	(374)	(374)	(374)	(374)	(374)	(374)
Net Working Capital	**3,935**	**4,662**	**4,492**	**5,587**	**5,342**	**6,419**	**5,832**
Other Assets (Liabilities)	(1,233)	(1,301)	(1,297)	(1,372)	(1,365)	(1,447)	(1,436)
Net Invested Capital	**6,790**	**7,419**	**7,024**	**7,941**	**7,504**	**8,291**	**7,546**
Equity	**8,030**	**8,454**	**9,338**	**9,702**	**10,282**	**11,366**	**11,588**
Net Debt (Cash)	**(1,239)**	**(1,035)**	**(2,314)**	**(1,761)**	**(2,778)**	**(3,074)**	**(4,041)**

Source: Banca Profilo elaborations on Company data

Table 8: Free Cash Flow 2025-2028E (€k)

Free Cash Flow (€k)	2025	2026 OLD	2026	2027 OLD	2027	2028 OLD	2028
EBIT	758	1,037	742	1,877	1,479	2,447	1,976
Taxes	(205)	(280)	(200)	(507)	(399)	(661)	(533)
NOPAT	**553**	**757**	**541**	**1,370**	**1,080**	**1,786**	**1,442**
D&A	952	1,031	959	1,069	1,003	1,144	1,076
Change in NWC	341	(727)	(557)	(925)	(850)	(832)	(490)
Change in other	42	68	64	71	68	75	71
CapEx	(675)	(1,000)	(700)	(738)	(700)	(738)	(700)
Unlevered FCF	**1,213**	**129**	**307**	**848**	**600**	**1,436**	**1,400**

Source: Banca Profilo elaborations on 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 2029E: €4mln of Unlevered FCF (-17% vs. previous)

Our valuation is based on a €4mln projected cumulative Unlevered FCF for the 2026-29E period, down -17% vs our €4.8mln previous estimate, due to reduced topline performance and lowered expected margins for 2026E and the following years.

Terminal Value at €17.8 (from €23.8mln)

Consequently, the resulting annual average FCF of €1.1mln serves as the basis for our Terminal Value calculation, down from previous €1.2mln, which we assume to grow at a 2% perpetual growth rate. The resulting Terminal Value is €17.8mln (from €23.8mln)

WACC at 8.2% (from 7.2)

To discount the estimated Unlevered FCF we would use a 8.2% WACC (from 7.2%), derived from:

- a risk-free rate at 4.8% (from 4.4%), as implicitly expected by consensus on the 30Y Italian BTP yield curve (100 days MA);
- a market risk premium of 6.6% as per Damodaran risk premium for Italy, July 1st 2026 (from 5.5%);
- a target Debt-to-Equity (D/E) ratio of 100%;
- a tax rate of 27%;
- a beta of 1.2 coming from the average of chosen listed peers (from 1.1);
- a cost of debt of 5%.

DCF Equity Value at €2.0/sh (from €2.7/sh)

As a result of reduced FCFs for the explicit period and the effect of a non-negligible 1 percentage point increase in our WACC, we estimate an Enterprise Value of €17.5mln. After adding Net Cash of €1.8mln, we reach an Equity Value of €19.3mln (from 23.6mln) with a per share value of €2.0/sh (vs. previous €2.7/sh).

Table 9: WACC assumptions

WACC Calculation	
Perpetual growth rate	2.0%
Risk free rate (30Y)	4.8%
Equity risk premium	6.6%
Unlevered Beta	0.7
Levered Beta	1.2
KE	12.7%
Cost of debt	5.0%
Tax rate	27.0%
KD	3.7%
Target D/E	100.0%
D/D+E	50.0%
E/D+E	50.0%
WACC	**8.2%**

Table 10: DCF valuation

DCF Valuation (€mln)	2H26E	2027E	2028E	2029E	Over
Free Cash Flows	**0.6**	**0.6**	**1.4**	**1.7**	**1.1**
Years	0.2	1.2	2.2	3.2	
Discount factor	1.0	0.9	0.8	0.8	
NPV Free Cash Flows	0.6	0.5	1.2	1.3	
Sum of NPVs (€ mln)					3.6
Terminal Value					17.8
NPV Terminal Value					13.9
Enterprise Value					**17.5**
Net Debt (Cash) 1H26					(1.8)
Equity Value					19.3
Number of shares (mln)					9.8
Price per share €					**2.0**

Source: Banca Profilo estimates and elaborations on Bloomberg Data (as of 26/10/2026)

Market multiples

2027E and 2028E 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 €2.1/sh (from €2.3/sh)

We adopt a blended average of 2027E and 2028E multiples (7.3x and 6.7x, respectively; vs 7.9x and 7.2x previously) to Markbass's corresponding EBITDA estimates. This yields an estimated Enterprise Value of €19.2mln (vs €18.8mln old) and, after adjusting for 1H26 €1.8mln Net Cash, we end up with an Equity Value of €21mln (vs. previous 20.1mln), with a per share value of €2.1/sh (vs. €2.3/sh old). Although Equity value is higher than the last Company Update, the number of outstanding shares has increased following 1H warrant exercise and bonus shares and now stands at 9.8mln (vs 8.7).

Table 11: Listed peers' revenue growth & EBITDA, EBIT and Net Income margin

Company	Sales growth (yoy)				EBITDA margin				EBIT margin				Net Income margin			
	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E
Roland	1.5%	8.9%	4.5%	3.1%	12.3%	14.7%	12.9%	13.9%	9.3%	11.6%	10.1%	11.0%	2.1%	8.3%	7.2%	7.9%
Yamaha	0.7%	6.1%	3.9%	3.6%	11.3%	13.1%	12.4%	13.0%	6.3%	8.8%	8.6%	9.5%	5.1%	6.5%	6.5%	7.3%
B&C Speakers	-1.3%	-4.6%	11.1%	N.A.	19.3%	18.5%	19.1%	N.A.	16.4%	15.2%	16.2%	N.A.	10.2%	11.2%	11.7%	N.A.
Powersoft	29.3%	4.7%	14.3%	7.7%	25.8%	27.4%	27.8%	28.2%	20.0%	22.0%	22.9%	22.2%	10.7%	14.5%	15.4%	14.2%
Average	**7.6%**	**3.8%**	**8.4%**	**4.8%**	**17.2%**	**18.4%**	**18.1%**	**18.4%**	**13.0%**	**14.4%**	**14.4%**	**14.2%**	**7.1%**	**10.1%**	**10.2%**	**9.8%**
Median	**1.1%**	**5.4%**	**7.8%**	**3.6%**	**15.8%**	**16.6%**	**16.0%**	**13.9%**	**12.9%**	**13.4%**	**13.1%**	**11.0%**	**7.7%**	**9.7%**	**9.4%**	**7.9%**
Markbass	**-9.8%**	**9.4%**	**19.9%**	**13.4%**	**15.3%**	**14.6%**	**13.2%**	**16.1%**	**6.5%**	**5.8%**	**9.6%**	**11.3%**	**4.3%**	**2.0%**	**3.1%**	**6.1%**

Source: Banca Profilo estimates and elaborations on Bloomberg data (as of 26/10/2026)

Table 12: Listed peers' multiples

Company	EV/Sales				EV/EBITDA				EV/EBIT				P/E			
	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E
Roland	1.1x	1.0x	0.9x	0.9x	8.8x	6.7x	7.3x	6.6x	11.5x	8.5x	9.4x	8.3x	46.3x	11.1x	12.2x	10.8x
Yamaha	1.0x	1.0x	0.9x	0.9x	9.1x	7.3x	7.4x	6.8x	16.4x	10.8x	10.7x	9.3x	24.3x	17.9x	17.1x	14.9x
B&C Speakers	1.2x	1.3x	1.2x	N.A.	6.4x	7.2x	6.3x	5.7x	7.5x	8.8x	7.4x	6.6x	12.0x	11.5x	9.9x	8.9x
Powersoft	2.4x	2.3x	2.0x	1.9x	9.5x	8.5x	7.3x	6.7x	12.2x	10.6x	8.9x	8.5x	18.8x	13.3x	11.0x	11.0x
Average	**1.4x**	**1.4x**	**1.3x**	**1.2x**	**8.4x**	**7.4x**	**7.1x**	**6.5x**	**11.9x**	**9.7x**	**9.1x**	**8.2x**	**25.3x**	**13.4x**	**12.6x**	**11.4x**
Median	**1.2x**	**1.2x**	**1.1x**	**0.9x**	**8.9x**	**7.3x**	**7.3x**	**6.7x**	**11.9x**	**9.7x**	**9.1x**	**8.4x**	**21.5x**	**12.4x**	**11.6x**	**10.9x**
Markbass	**1.2x**	**1.1x**	**0.9x**	**0.8x**	**8.3x**	**8.1x**	**5.6x**	**4.5x**	**18.7x**	**18.7x**	**9.4x**	**7.0x**	**67.6x**	**39.6x**	**16.5x**	**11.9x**

Source: Banca Profilo estimates and elaborations on Bloomberg data (as of 26/10/2026)

Table 13: Relative Valuation

Valuation on EV/EBITDA market multiples (€mln)		
	2027E	2028E
EV/EBITDA	7.3x	6.7x
EBITDA	2.5	3.1
Enterprise Value	18.2	20.3
Average EV	**19.2**	
Net Debt 1H26	(1.8)	
Equity Value	**21.0**	
Number of shares (mln)	9.8	
Price per share €	**2.1**	

Source: Banca Profilo estimates and elaborations on Bloomberg data

B&C Speakers (IT)

2025 sales €99.1mln; EBITDA margin 19.3%

B&C Speakers is an Italian company specialized in the design, production and marketing of electro-acoustic transducers for the professional audio sector. In 2025, it generated revenues of €99mln.

Powersoft (IT)

2025 sales €92.3mln; EBITDA margin 25.8%

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 2025 it generated €92.3mln revenues.

Roland Corporation (JP)

2025 sales JPY101bn; EBITDA margin 12.3%

Roland Corporation is a Japanese multinational company specializing in the design and manufacture of electronic musical instruments. The Electronic Musical Instruments segment (approximately 94% 2025 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 2025 it generated JPY101bn revenues.

Yamaha Corp (JP)

2025 sales JPY465.3bn; EBITDA margin 11.3%

Yamaha Corp is a Japanese multinational company and the largest manufacturer of musical instruments. The Musical Instruments segment (66% 2025 revenues) includes piano, wind, string, percussion, digital musical instruments and other music-related activities. The Audio Equipment segment (31% 2025 revenues) sells consumer audio products, professional audio equipment, IT equipment and other sound-related activities. In 2025 it generated JPY465.3bn revenues.

TP & Rating

TP cut to €2.1/sh (from €2.5/sh); upgraded to BUY (from HOLD)

We consider the simple average between DCF and Multiples, obtaining an Equity Value of €20.1mln and a per share value of €2.1 (from 21.9mln old; €2.5/sh). Given upside vs our TP, we upgrade our recommendation to BUY (from HOLD).

Table 14: Valuation

	Equity Value	Weight
DCF (€mln)	19.3	50%
Multiples (€mln)	21.0	50%
Total (€mln)	**20.1**	
Shares (mln)	9.8	
TP (€)	**2.1**	

Source: Banca Profilo estimates

Key risks

Downside: revenue concentration, global tensions and neodymium price surge

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.

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.

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.

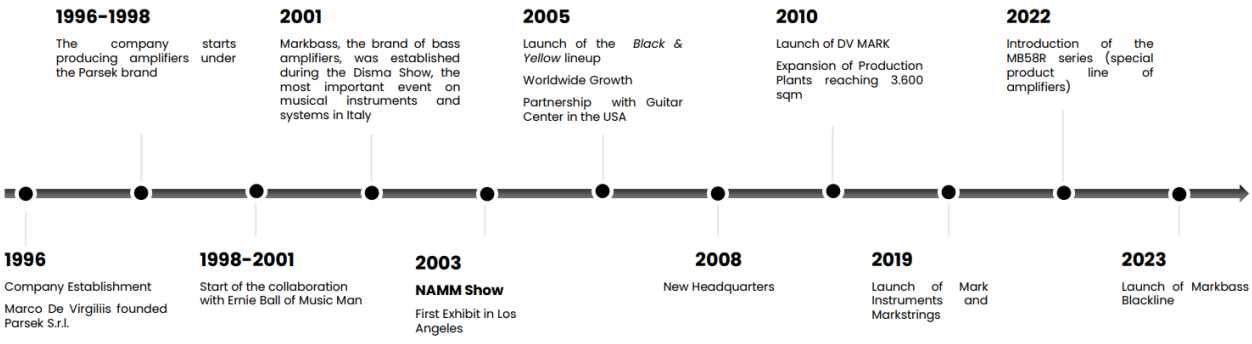
Appendix

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 €6mln thourgh 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 23: Company history



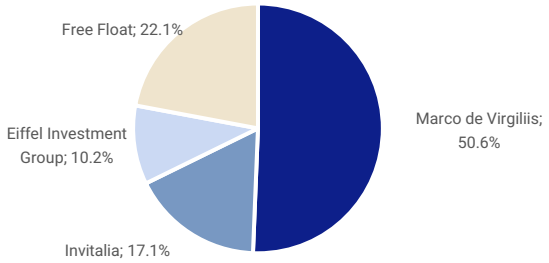
Source: Banca Profilo elaborations on Company Data

Key people & Group structure

Marco De Virgiliis, CEO

Marco De Virgiliis is the founder and CEO, currently holding 50.6% 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 24: Main shareholders

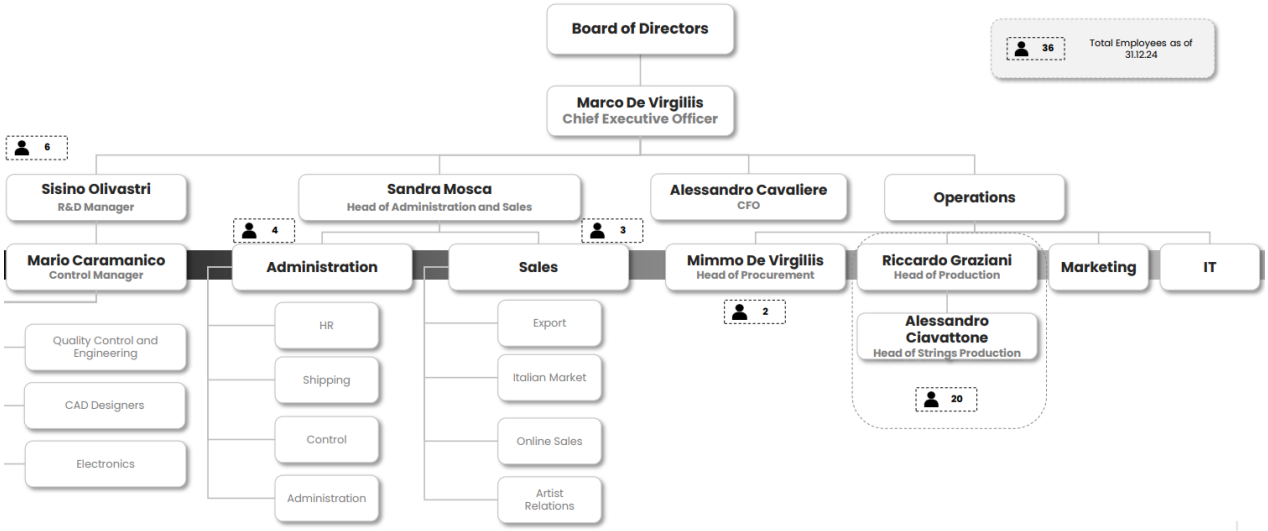


Source: Company Data

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 25: Key figures and organizational structure



Source: Company Data

Table 15: Board of Directors

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

Source: Company Data

Table 16: 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.

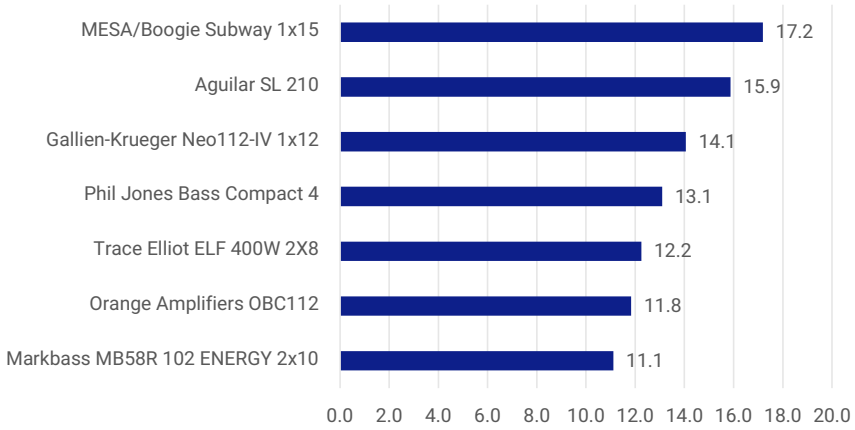
International Acclaim

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 26: 400w bass cabinets weight (kg)



Source: Company websites of respective products

Figure 27: 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	✓	
GK	• Amplifiers • Speaker cabinets	United States	Extensive	B2C; B2B	Medium–Premium–Pro		✓	✓
aguilar	• Amplifiers • Speaker cabinets • Pickups	United States	Extensive	B2C; B2B	Premium-Pro	✓ Musical/Studio		✓
Darkglass Electronics Your vision, our gear.	• Amplifiers • Speaker cabinets	Finland	Available	B2C; B2B	Premium-Pro	✓ Metal		✓
Ashdown Engineering	• Amplifiers • Speaker cabinets	United Kingdom	Available	B2C; B2B	Entry-Medium-Pro			
Hartke	• Amplifiers • Speaker cabinets • Bass Guitars	United States	Available	B2C; B2B	Entry-Medium			
EBS	• Amplifiers • Speaker cabinets • Cables & accessories	Sweden	Extensive	B2C; B2B	Premium-Pro	✓ Hi-fi		
Markbass	• Amplifiers • Speaker cabinets • Instruments • Accessories	**Italy**	**Extensive**	**B2B2C; B2B; B2C Retail**	**Medium-Premium- Pro**	✓ **Clean, fast, modern**	✓	✓ **Lightweight innovation**

Source: Company Data

Figure 28: Well reviewed products



Source: Company Data

Table 17: 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

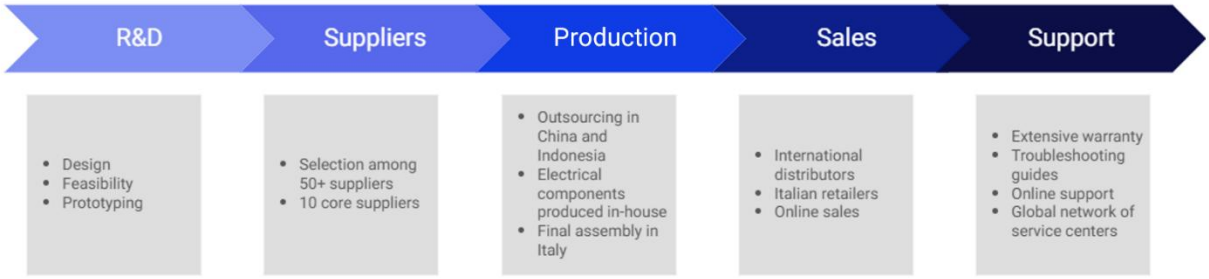
Supply chain

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 29: 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 30: 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 31: Amplifier



Figure 32: Cabinet



Figure 33: Pedal



Figure 34: 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 35: AC AMP



Figure 36: AC Module



Figure 37: Ergo



Figure 38: 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 39: F1



Figure 40: Gloxy



Figure 41: Yellow



Figure 42: Limited



Source: Company data

Strings

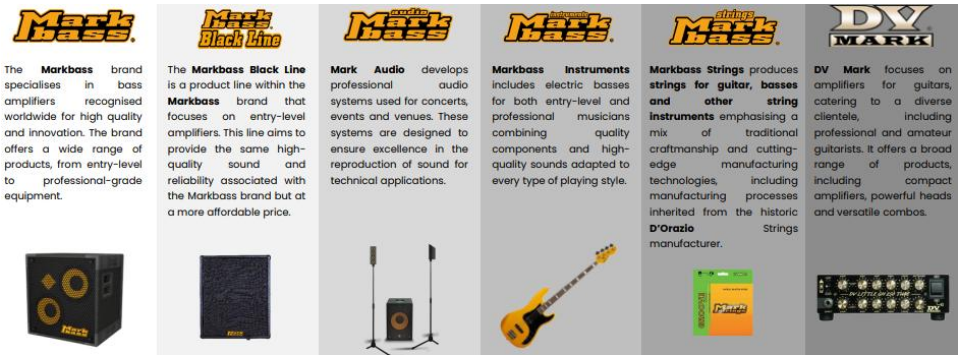
The Company produces and sells strings for bass, electric guitars, acoustic guitars and double bass combining traditional craftsmanship with advanced manufacturing technologies. The division was established following the 2019 acquisition of the machinery and expertise of D'Orazio Strings, a historic 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 43: Overview of products

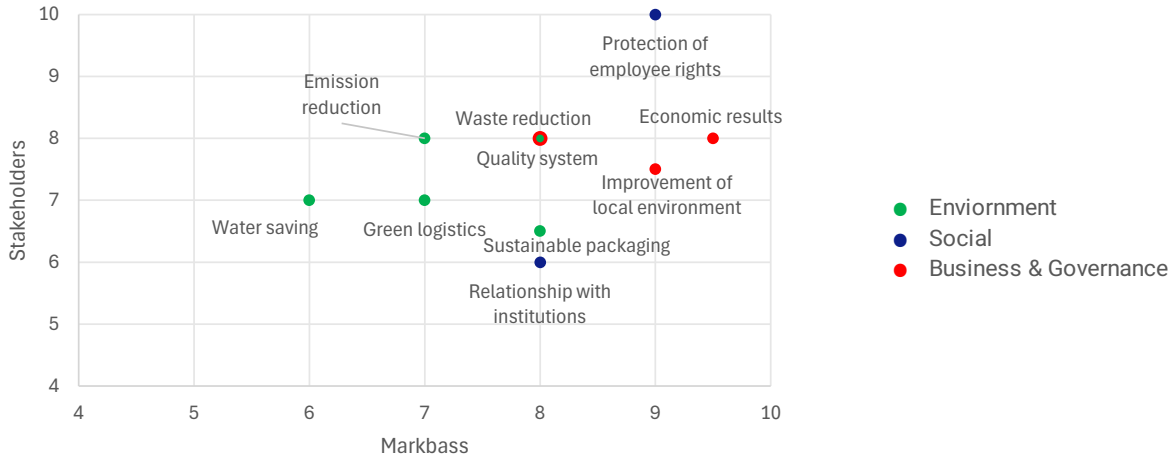


Source: Company Data

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 44: 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	Target Price	Upside
BUY	**2.1 €**	**32%**

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	12,036	14,528	16,515
Other	837	474	808	871	951
Total Revenues (VoP)	**13,016**	**11,740**	**12,843**	**15,399**	**17,466**
yoy	*0%*	*-10%*	*9%*	*20%*	*13%*
EBITDA Adj.	**2,087**	**1,710**	**1,701**	**2,482**	**3,052**
EBITDA margin	*16.0%*	*14.6%*	*13.2%*	*16.1%*	*17.5%*
EBITDA	**1,985**	**1,710**	**1,701**	**2,482**	**3,052**
EBITDA margin	*15.3%*	*14.6%*	*13.2%*	*16.1%*	*17.5%*
EBIT	**1,152**	**758**	**742**	**1,479**	**1,976**
EBIT margin	*8.9%*	*6.5%*	*5.8%*	*9.6%*	*11.3%*
Net Profit	**559**	**231**	**394**	**944**	**1,306**
Net Profit margin	*4.3%*	*2.0%*	*3.1%*	*6.1%*	*7.5%*

Revenues (€,k)	2024	2025	2026E	2027E	2028E
Amplifiers	10,334	10,047	10,620	11,824	12,926
Musical Insturments	1,446	1,065	1,190	1,731	2,218
Strings	215	102	150	300	325
Audio Systems	69	28	51	649	1023

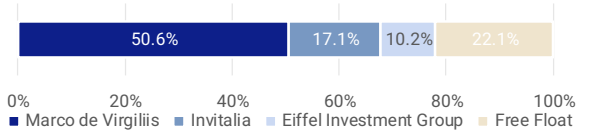
Balance Sheet (€,k)	2024	2025	2026E	2027E	2028E
Fixed Assets	3,475	4,089	3,830	3,527	3,150
Net Working Capital	4,275	3,935	4,492	5,342	5,832
Other Assets (Liabilitie	(1,191)	(1,233)	(1,297)	(1,365)	(1,436)
Net Invested Capital	**6,559**	**6,790**	**7,024**	**7,504**	**7,546**
Equity	2,320	8,030	9,338	10,282	11,588
Net Debt (Cash)	**4,239**	**(1,239)**	**(2,314)**	**(2,778)**	**(4,041)**

Cash Flow (€,k)	2024	2025	2026E	2027E	2028E
EBITDA	2,087	1,710	1,701	2,482	3,052
Fin. Income (Expenses)	(534)	(338)	(224)	(186)	(186)
Taxes	(59)	(189)	(124)	(349)	(483)
Change in NWC & Othe	575	383	(493)	(783)	(419)
Capex	(555)	(675)	(700)	(700)	(700)
FCF	**1,514**	**890**	**160**	**464**	**1,264**
Other investments	139	(891)	-	-	-
Equity Financing	(16)	5,979	1,125	-	-
Dividends	-	(500)	(210)	-	-
Other Changes	(102)	0	-	-	-
Change in Net Debt	**1,535**	**5,478**	**1,075**	**464**	**1,264**
Unlevered FCF	**1,694**	**1,213**	**307**	**600**	**1,400**

Company Description

Company Sector	Music Instruments
Reference Index	FTSE ITALIA Growth
Main Shareholder	Marco de Virgiliis
Price	€ 1.58
Daily Average Turnover (30D)	1,694

Shareholders



Share Data	2025	2026E	2027E	2028E
Market Cap (mln)	14.5	14.5	14.5	14.5
Number of Shares (mln)	9.78	9.78	9.78	9.78
EPS	0.02	0.04	0.10	0.13
DPS	0.05	0.02	-	-
BVPS	0.82	0.95	1.05	1.18

Key Ratios	2025	2026E	2027E	2028E
ROE	4.5%	4.5%	9.6%	11.9%
ROCE	11.2%	10.6%	19.7%	26.2%
Net Debt (Cash)/EBITDA	(0.7)	(1.4)	(1.1)	(1.3)
Working Capital/Sales	35%	37%	37%	35%
Capex/Sales	6.0%	5.8%	4.8%	4.2%
Capex/D&A	0.7	0.7	0.7	0.7

Multiples	2025	2026E	2027E	2028E
P/BV	3.1x	1.7x	1.5x	1.3x
EV/Sales	1.2x	1.1x	0.9x	0.8x
EV/EBITDA	8.3x	8.1x	5.6x	4.5x
EV/EBIT	18.7x	18.7x	9.4x	7.0x
P/E	67.6x	39.6x	16.5x	11.9x
FCF yield	6.1%	1.1%	3.2%	8.7%

Peers	2025	2026	2027	2028
EV/Sales	1.2x	1.2x	1.1x	0.9x
EV/EBITDA	8.9x	7.3x	7.3x	6.7x
EV/EBIT	11.9x	9.7x	9.1x	8.4x
P/E	21.5x	12.4x	11.6x	10.9x

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% Revenue
Guitar Center (a key distributor) is rated CCC+ by S&P
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

Disclaimer

ANALYST'S AND BANK'S INFORMATION

THIS DOCUMENT CONCERNING MARKBASS, (THE "ISSUER" OR THE "COMPANY") HAS BEEN DRAFTED BY FRANCESCA SABATINI WHO IS EMPLOYED BY BANCA PROFILO SPA ("THE BANK") AS FINANCIAL ANALYST; FRANCESCA SABATINI IS RESPONSIBLE FOR THE DRAFTING OF THE DOCUMENT.

BANCA PROFILO SPA IS A BANK AUTHORISED TO PERFORM BANKING AND INVESTMENT SERVICES; IT IS PART OF BANCA PROFILO BANKING GROUP (THE "GROUP") AND IT IS SUBJECT TO THE MANAGEMENT AND CO-ORDINATION OF AREPO BP SPA (THE "PARENT COMPANY"). SATOR PRIVATE EQUITY FUND "A" LP (THE "PARENT ENTITY") HOLDS INDIRECT CONTROL PARTICIPATION INTERESTS IN BANCA PROFILO.

THE BANK IS REGISTERED WITH THE ITALIAN BANKING ASSOCIATION CODE NO. 3025 AND IS SUBJECT TO THE REGULATION AND SURVEILLANCE OF THE BANK OF ITALY AND OF CONSOB (COMMISSIONE NAZIONALE PER LE SOCIETÀ E LE BORSA). THE BANK HAS PREPARED THIS DOCUMENT FOR ITS PROFESSIONAL CLIENTS ONLY, PURSUANT TO DIRECTIVE 2004/39/EC AND ANNEX 3 OF THE CONSOB REGULATION ON INTERMEDIARIES (RESOLUTION N. 16190). THIS DOCUMENT IS BEING DISTRIBUTED AS OF [October 27th, 9:00].

THE ANALYST FRANCESCA SABATINI WHO HAS DRAFTED THIS DOCUMENT HAS SIGNIFICANT EXPERIENCE IN BANCA PROFILO SPA AND OTHER INVESTMENT COMPANIES. THE ANALYST AND ITS RELATIVES DO NOT OWN FINANCIAL INSTRUMENTS ISSUED BY THE ISSUER AND SHE DOES NOT ACT AS SENIOR MANAGER, DIRECTOR OR ADVISOR FOR THE ISSUER. THE ANALYST DOES NOT RECEIVE BONUSES, INCOME OR ANY OTHER REMUNERATION CORRELATING, DIRECTLY OR INDIRECTLY, TO THE SUCCESS OF THE INVESTMENT BANKING OPERATIONS OF BANCA PROFILO SPA

A REDACTED VERSION OF THIS REPORT HAS BEEN DISCLOSED TO THE ISSUER TO PERMIT TO IT TO REVIEW AND COMMENT ON FACTUAL INFORMATION RELATING TO THE ISSUER AND THIS REPORT HAS BEEN AMENDED FOLLOWING SUCH DISCLOSURE PRIOR TO ITS FINAL DISSEMINATION.

THIS DOCUMENT IS BASED UPON INFORMATION THAT WE CONSIDER RELIABLE, BUT THE BANK HAS NOT INDEPENDENTLY VERIFIED THE CONTENTS HEREOF. THE OPINIONS, ESTIMATES AND PROJECTIONS EXPRESSED IN IT ARE AS OF THE DATE HEREOF AND ARE SUBJECT TO CHANGE WITHOUT NOTICE TO THE RECIPIENT. PAST PERFOMANCE IS NOT GUARANTEE OF FUTURE RESULTS.

THIS REPORT HAS BEEN PREPARED BY ITS AUTHORS INDEPENDENTLY OF THE COMPANY AND ITS SHAREHOLDERS, SUBSIDIARIES AND AFFILIATES. THE BANK HAS NO AUTHORITY WHATSOEVER TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION OR WARRANTY ON BEHALF OF THE COMPANY, ANY OTHER PERSON IN CONNECTION THEREWITH. IN PARTICULAR, THE OPINIONS, ESTIMATES AND PROJECTIONS EXPRESSED IN IT ARE ENTIRELY THOSE OF THE AUTHOR HEREOF.

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE AS TO AND NO RELIANCE SHOULD BE PLACED ON THE FAIRNESS, ACCURACY, COMPLETENESS OR REASONABLENESS OF THE INFORMATION, OPINIONS AND PROJECTIONS CONTAINED IN THIS DOCUMENT, AND NONE OF THE BANK, THE COMPANY, NOR ANY OTHER PERSON ACCEPTS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM ANY USE OF THIS DOCUMENT OR ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH.

NO DUPLICATION

NO PART OF THE CONTENT OF THE DOCUMENT MAY BE COPIED, FORWARDED OR DUPLICATED IN ANY FORM OR BY ANY MEANS WITHOUT THE PRIOR CONSENT OF THE BANK. BY ACCEPTING THIS REPORT, YOU AGREE TO BE BOUND BY THE FOREGOING LIMITATIONS.

NO OFFER OR SOLICITAION

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION OR FORM PART OF AN OFFER, SOLICITATION OR INVITATION TO PURCHASE ANY SECURITIES, AND NEITHER THIS DOCUMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT WHATSOEVER.

RECIPIENTS

THIS DOCUMENT IS GIVEN TO YOU SOLELY FOR YOUR INFORMATION ON A CONFIDENTIAL BASIS AND MAY NOT BE REPRODUCED OR REDISTRIBUTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON. IN PARTICULAR, NEITHER THIS DOCUMENT NOR ANY COPY HEREOF MAY BE TAKEN OR TRANSMITTED IN OR INTO THE UNITED STATES (THE "U.S."), AUSTRALIA, CANADA OR JAPAN OR REDISTRIBUTED, DIRECTLY OR INDIRECTLY, IN THE U.S., AUSTRALIA, CANADA OR JAPAN. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF U.S., AUSTRALIAN, CANADIAN OR JAPANESE SECURITIES LAWS.

THIS DOCUMENT IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED ONLY AT, PERSONS WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1) (E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC) (ALL SUCH PERSONS BEING REFERRED TO AS "RELEVANT PERSONS"). THIS DOCUMENT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

IN CASE THAT THIS DOCUMENT IS DISTRIBUTED IN ITALY IT SHALL BE DIRECTED ONLY AT QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 100(1) (A) OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998, AS AMENDED, AND ARTICLE 34-TER, PARA. 1, LETT B), OF CONSOB REGULATION NO. 11971 OF 1999, AS AMENDED. THIS DOCUMENT IS NOT ADDRESSED TO ANY MEMBER OF THE GENERAL PUBLIC IN ITALY. IN NO CIRCUMSTANCES SHOULD THIS DOCUMENT CIRCULATE AMONG OR BE DISTRIBUTED TO (I) A MEMBER OF THE GENERAL PUBLIC, (II) INDIVIDUALS OR ENTITIES FALLING OUTSIDE THE DEFINITION OF "QUALIFIED INVESTORS" AS SPECIFIED ABOVE OR (III) TO DISTRIBUTION CHANNELS THROUGH WHICH INFORMATION IS OR IS LIKELY TO BECOME AVAILABLE TO A LARGE NUMBER OF PERSONS.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE LAWS OF ANY SUCH OTHER JURISDICTION.

CONFLICTS OF INTEREST

THE BANK MAY, FROM TIME TO TIME, DEAL IN, HOLD OR ACT AS MARKET MAKER OR ADVISER, BROKER OR BANKER IN RELATION TO THE FINANCIAL INSTRUMENTS, OR DERIVATIVES THEREOF, OF PERSONS, FIRMS OR ENTITIES MENTIONED IN THIS DOCUMENT, OR BE REPRESENTED IN THE GOVERNING BODIES OF THE COMPANY. IN FACT, THE BANK IS GLOBAL COORDINATOR IN THE IPO PROCESS, IT IS PRESENTLY EGA, CORPORATE BROKER AND SPECIALIST OF THE ISSUER.

BANCA PROFILO SPA HAS ADOPTED INTERNAL PROCEDURES FOR THE PREVENTION AND AVOIDANCE OF CONFLICTS OF INTEREST WITH RESPECT TO THE RECOMMENDATIONS, WHICH CAN BE CONSULTED ON THE RELEVANT SECTION OF ITS WEBSITE (WWW.BANCAPROFILO.IT, IN THE SECTION "CLIENTI AZIENDALI E ISTITUZIONALI/ANALISI E RICERCA).

EQUITY RESEARCH PUBLICATIONS IN LAST 12M

THE BANK PUBLISHES ON ITS WEBSITE WWW.BANCAPROFILO.IT, ON A QUARTERLY BASIS, THE PROPORTION OF ALL RECOMMENDATIONS THAT ARE 'BUY', 'HOLD', 'SELL' OR EQUIVALENT TERMS OVER THE PREVIOUS 12 MONTHS, AND THE PROPORTION OF ISSUERS CORRESPONDING TO EACH OF THOSE CATEGORIES TO WHICH SUCH PERSON HAS SUPPLIED MATERIAL SERVICES OF INVESTMENT FIRMS SET OUT IN SECTIONS A AND B OF ANNEX I TO DIRECTIVE 2014/65/EU OVER THE PREVIOUS 12 MONTHS.

ADDITIONAL INFORMATION

THE BANK PROVIDES ALL OTHER ADDITIONAL INFORMATION, ACCORDING TO ARTICLE 114, PARAGRAPH 8 OF LEGISLATIVE DECREE 58/98 ("FINANCIAL DECREE") AND COMMISSION DELEGATED REGULATION (EU) 2016/958 AS OF 9 MARCH 2016 (THE "COMMISSION REGULATION") ON THE RELEVANT SECTION OF ITS WEBSITE (WWW.BANCAPROFILO.IT, IN THE SECTION "CLIENTI AZIENDALI E ISTITUZIONALI/ANALISI E RICERCA").