On track for higher margins

IVU's software runs the daily operations of around 510 bus and rail operators across Europe and beyond. High switching costs and a rising share of recurring revenue make the business resilient and increasingly predictable. Structural drivers such as electrification and the driver shortage support steady growth in a market expected to expand by around 5% a year. The July 2026 guidance upgrade shows that IVU is on track for higher margins, which we expect to rise further as personnel costs grow more slowly than revenue. We initiate coverage with a Buy rating and a price target of EUR 36, implying 27% upside.

Business-critical software with a rising recurring base

IVU's software runs the core workflow of bus and rail operators, from timetable and duty planning to dispatch, ticketing, and contract settlement. Few competitors cover this workflow in one integrated system or match IVU's regional reach across Europe and beyond. Its around 510 customers range from Deutsche Bahn, Europe's largest railway company, to small regional bus operators. Maintenance and hosting reached 48% of revenue in 2025, and with only about one in five customers in the cloud, the shift toward recurring revenue has a long runway. A net cash balance sheet completes the profile.

Structural growth in a stable niche market

IVU addresses a niche market that is expected to grow by around 5% a year. Growth rests on structural drivers rather than on passenger numbers or the economic cycle. Fleet electrification, the driver shortage, account-based ticketing, and rail liberalization all raise the need for sophisticated operational software. Operators replace core systems only every seven to ten years and tend to add modules rather than switch. Together with decades of domain know-how and tender reference requirements, this protects the installed base, while a shift in public-budget priorities remains the main external risk.

Margin path drives the upside

IVU's financial profile is attractive, combining steady growth, stable margins, and high capital returns. Revenue has grown by around 10% a year, and the business needs little capital to grow. We assume that this profile continues and that margins and capital returns rise further, as personnel costs grow more slowly than revenue and the mix shifts toward recurring revenue. The July 2026 upgrade of EBIT guidance to around EUR 22m shows first results. Based on our DCF, with a WACC of 7.5% and terminal growth of 3.0%, we initiate coverage with a Buy rating and a price target of EUR 36, implying an upside of 27% to the current share price of around EUR 28.

EURm	2024	2025	2026e	2027e	2028e
Revenues	134	150	164	179	195
EBITDA	22	23	26	31	35
EBIT	17	19	22	26	30
EPS	0.69	0.77	0.92	1.07	1.25
EPS adj	0.69	0.77	0.92	1.07	1.25
DPS	0.28	0.55	0.38	0.44	0.51
EV/EBITDA	10.0	12.8	16.4	14.1	12.2
EV/EBIT	13.0	16.1	19.6	16.5	14.2
P/E adj	21.6	27.2	31.0	26.4	22.7
P/B	3.04	3.82	5.02	4.57	4.13
ROE (%)	14.6	14.8	16.5	18.1	19.1
Div yield (%)	1.9	2.6	1.3	1.6	1.8
Net debt	(43)	(66)	(63)	(66)	(71)

Source: Pareto Securities

Target price (EUR)	**36**	▲ **BUY**
Share price (EUR)	28	– HOLD
		▼ SELL

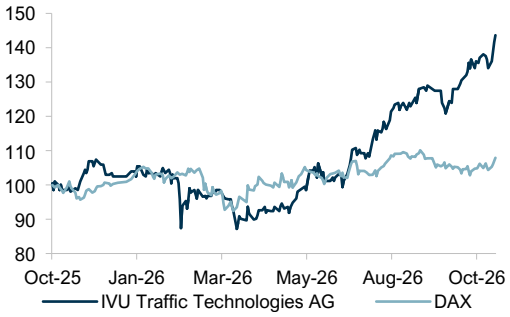
Forecast changes

%	2026e	2027e	2028e
Revenues	NM	NM	NM
EBITDA	NM	NM	NM
EBIT adj	NM	NM	NM
EPS reported	NM	NM	NM
EPS adj	NM	NM	NM

Source: Pareto Securities

Ticker	IVUG.DE, IVU GR
Sector	Software & Services
Shares fully diluted (m)	17.4
Market cap (EURm)	493
Net debt (EURm)	-60
Minority interests (EURm)	0
Enterprise value 26e (EURm)	433
Free float (%)	86

Total Return Index



Source: FactSet

Pareto Securities AS has been paid by the issuer to produce this research report. This material is considered by Pareto Securities to qualify as an acceptable minor non-monetary benefit according to the EU MIFID 2 directive.

Analysts

Knud Hinkel

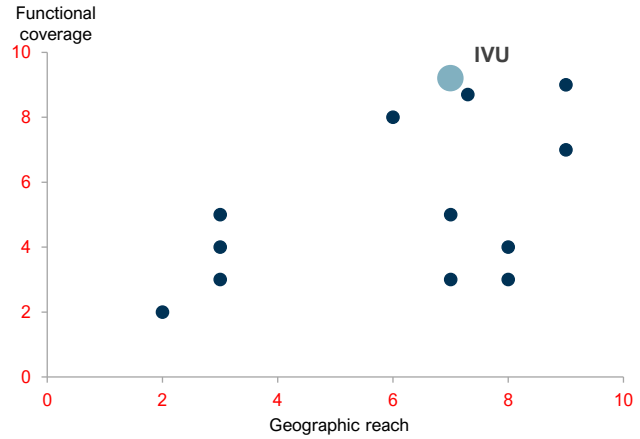
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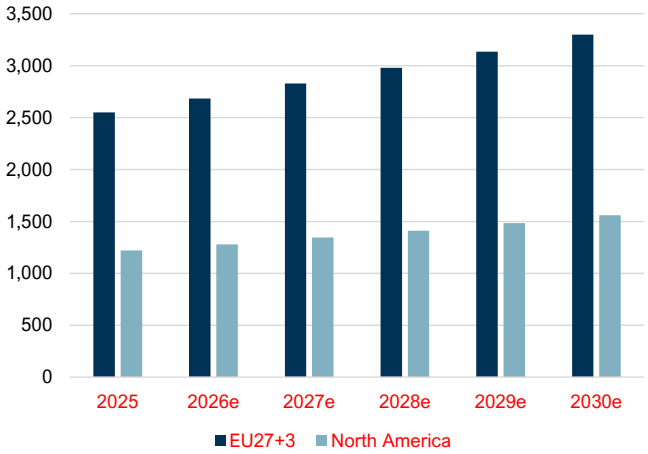
Investment case in six charts

IVU is market leader with an integrated suite…



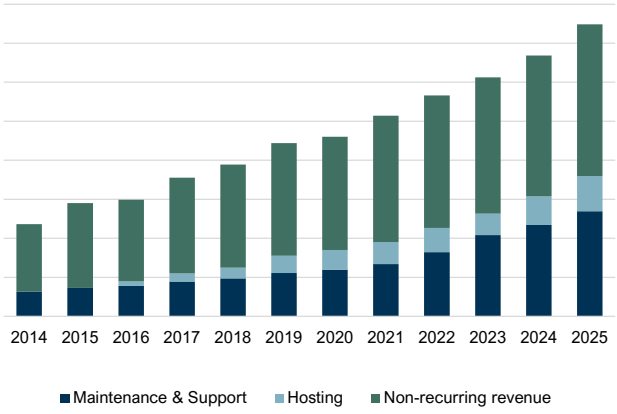
Source: Companies, Pareto Securities

…in a structurally growing niche (annual revenues in EURm)



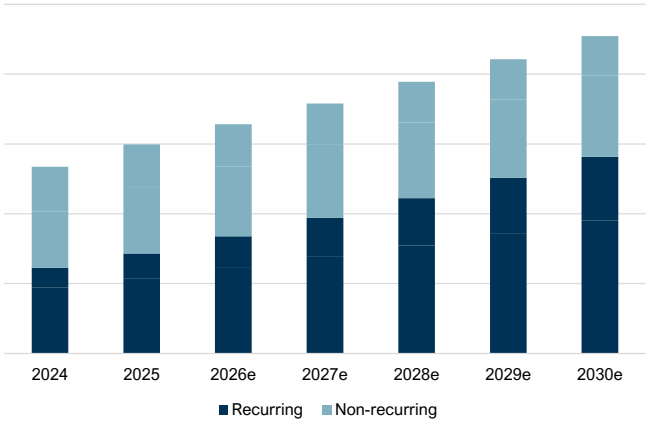
Source: Berg Insight, Pareto Securities

Recurring revenue has risen steadily…



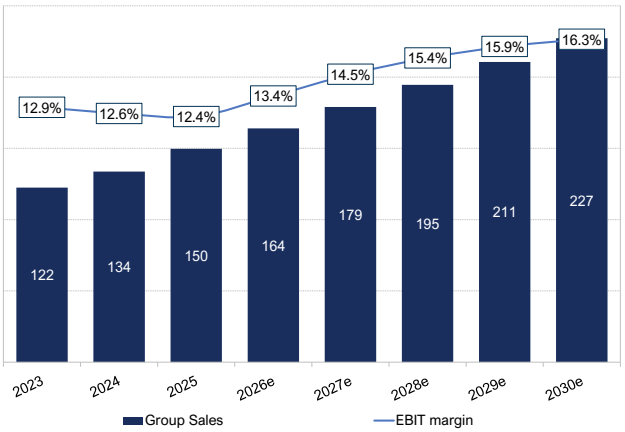
Source: Company, Pareto Securities

… and we expect it to reach around 60% by 2030e



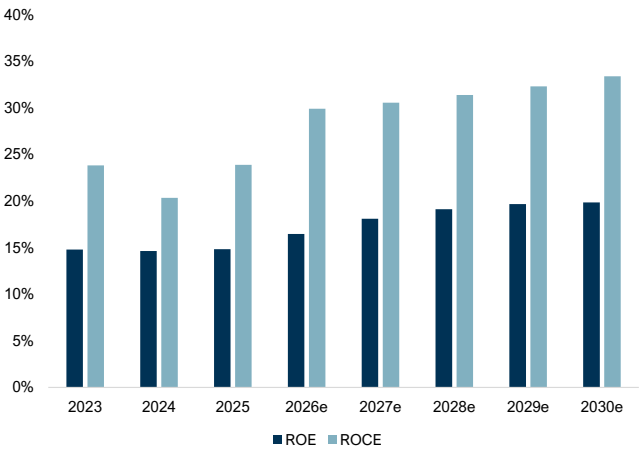
Source: Company, Pareto Securities

Efficiency gains are expected to lift margins…



Source: Company, Pareto Securities

… and further support already high capital returns



Source: Company, Pareto Securities

Executive summary

IVU is an embedded market leader in operational software for public transport, with a rising share of recurring revenue and a net cash balance sheet. Structural drivers such as electrification, the driver shortage, and digitalization, backed by public investment in transport, support steady growth, while efficiency gains offer scope for higher margins. We initiate coverage with a Buy rating and a price target of EUR 36, based on our DCF, implying an upside of around 27%.

Embedded market leader with a rising recurring base. *The IVU.suite runs the core workflow of bus and rail operators, from timetable and duty planning through dispatch, operations control, and ticketing to contract settlement. Few competitors cover this workflow in one integrated system. IVU is a market leader in the German-speaking region and serves around 510 customers, among them Deutsche Bahn, Trenitalia, and Swiss Federal Railways. Operators run the software as business-critical infrastructure, replace core systems only every seven to ten years, and tend to add modules rather than switch. According to management, IVU has lost only one customer.*

The defining feature of the earnings profile is the shift toward recurring revenue. Maintenance and hosting reached 48% of revenue in 2025, up from roughly a quarter in the late 2000s. Every license sale brings maintenance revenue from the start of the contract, and existing contracts already secure most of the coming year's recurring revenue. With only a minority of customers in the cloud so far, the shift has a long runway. Revenue is therefore considerably more visible than IVU's project-driven revenue recognition suggests.

Growth remains primarily organic. Management now also considers acquisitions, notably to enter new regions, and the net cash position and the renewed authorized capital leave room for them. The Executive Board combines two long-tenured insiders, CEO Martin Müller-Elschner and COO Leon Struijk, with Petra Meiser, who joined as CFO in April 2026 and brings software-sector, M&A, and capital-markets experience. The shareholder structure is broadly dispersed, with two institutional holders of 8% and 5%.

Structural growth in a niche market. *IVU addresses the operational software layer of the market for public-transport intelligent transport systems (ITS). Berg Insight values this market in Europe and North America at around EUR 3.8bn in 2025 and expects around 5% annual growth to 2030. The market is not large, but it is stable, and demand depends little on the economic cycle. It is driven by rising operational complexity rather than passenger growth. Fleet electrification adds range, charging, and depot constraints: 60% of new city buses registered in the EU in 2025 were zero-emission, while fleets lag far behind. The driver shortage raises the value of optimized crew planning. Account-based ticketing requires sophisticated back-office software, rail liberalization brings new operators, and the EU's second Network and Information Security Directive (NIS2), which classifies transport operators as critical infrastructure, favors professionally maintained standard systems.*

Demand comes overwhelmingly from publicly funded operators. At present, public investment is a tailwind, not least through Germany's infrastructure program. A shift in political priorities or renewed austerity would slow the market for every vendor and is the clearest external risk.

High entry barriers protect IVU's installed base: switching costs, decades of encoded domain know-how, and the reference and certification requirements of public tenders. In newly liberalized rail markets, however, IVU has to win business against entrenched local players. We see AI as more an enabler than a disruptor for IVU's core business. It lowers the cost of writing code but leaves switching costs, references, and operator trust largely intact, and it should support margins through internal efficiency gains.

Rising margins from efficiency gains. *Revenue has grown by around 10% a year, and we expect high-single-digit growth to continue through 2030. Hosting is the fastest-growing line, and we expect the recurring share to reach around 60% by 2030. Gross margin is software-like at above 80%. Because the software is configured and integrated for each customer, personnel is the largest cost item, and IVU's EBIT margin sits between that of packaged software and IT services. We expect it to rise every year, as personnel costs grow more slowly than revenue, supported by AI, and as the mix shifts toward recurring revenue. By 2030, this implies EBIT of around 20% of gross profit. The July 2026 upgrade of EBIT*

guidance to around EUR 22m, backed by a strong first half, already shows first results. Our 2026 estimates are in line with guidance.

As a result, expected EBIT roughly doubles between 2025 and 2030, and earnings per share more than double, also helped by the cut in German corporate income tax. IVU needs little capital to grow. Free cash flow comfortably funds the progressive dividend and regular buybacks for employee share programs, and net cash keeps rising. Return on capital employed rises to above 30%.

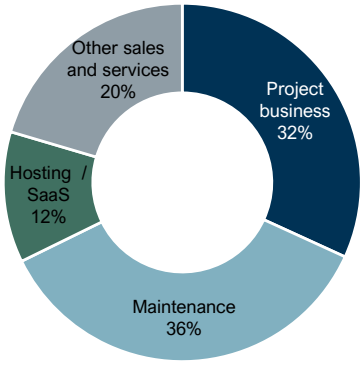
Valuation upside from delivering the margin path. *Our DCF, based on a WACC of 7.5% and terminal growth of 3.0%, yields a value of EUR 36 per share, which we set as our price target. Even the least favorable combination in our sensitivity analysis yields a value slightly above the current share price. IVU trades at a premium to its only listed direct peer, a hardware-inclusive vendor, which we consider justified given IVU's pure-software model and higher recurring share. Compared with best-of-breed German software companies, its valuation is broadly in line. This is not a deep-value case: the market already values IVU as a quality software business. Further upside depends on IVU delivering the growth and margin path we forecast.*

Risks*. The main risks are a shift in public-budget priorities, competition for new business in liberalized rail markets, and, over the longer term, AI-native competitors at the low end of the market. IVU's small absolute scale limits the pace of growth, and the three largest customers account for close to a quarter of revenue.*

The company

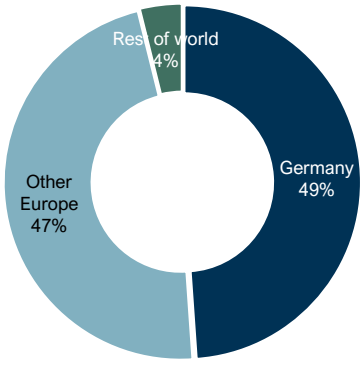
IVU at a glance

Breakdown revenue 2025 by type



Source: Company, Pareto Securities

Breakdown revenue 2025 by geography



Source: Company, Pareto Securities

IVU Traffic Technologies AG ("IVU") is a Berlin-based software company. It develops, installs, maintains, and operates IT systems that plan, run, and settle bus and rail services. IVU is a market leader in this niche, and its software is deeply embedded in its customers' daily operations. Founded in 1976 as an operations-research spin-off and listed in Frankfurt since 2000, it has grown into what it calls an industry standard for buses and trains. At year-end 2025, IVU had 1,070 employees at 18 locations and served around 510 customers.

The core offering is the IVU.suite, a modular but integrated product family. It covers the full operational value chain of a transport operator: timetabling, vehicle and crew scheduling, and dispatching, then real-time operations control, passenger information, and ticketing, and finally revenue settlement and statistics. A shared database and standardized interfaces let the modules work together in a single system. IVU sees this as its main advantage over point solutions. Adjacent services complete the portfolio: IVU.cloud (hosting and technical operation), IVU.service (support), IVU.consult (advisory), IVU.academy (training), and the recently established IVU.solutions (customized software).

In 2025 IVU generated revenue of EUR 150m, gross profit of EUR 122m, and EBIT of EUR 19m, each a new record and a continuation of an uninterrupted multi-year growth trend. The business is concentrated in Europe: Germany accounted for EUR 73m of revenue, the rest of Europe for EUR 71m, and the rest of the world for EUR 6m. Its stated core markets are Germany, Italy, Switzerland, and the Netherlands, plus rail operators worldwide. A structurally rising share of recurring revenue - from maintenance, support, and cloud hosting, at 48% of revenue in 2025 - underpins earnings quality. IVU is debt-free with an equity ratio above 50%, and its shares trade on the Frankfurt exchange.

IVU's profitability sits between that of a packaged software vendor and an IT-services provider. The gross margin is software-like, at around 80%. But the suite is configured and integrated for each customer, so much of the revenue comes from project work. Personnel is therefore the largest cost item, and the EBIT margin was around 12% in 2025. Management sees room for improvement. It expects personnel costs to grow more slowly than revenue, so that margins rise.

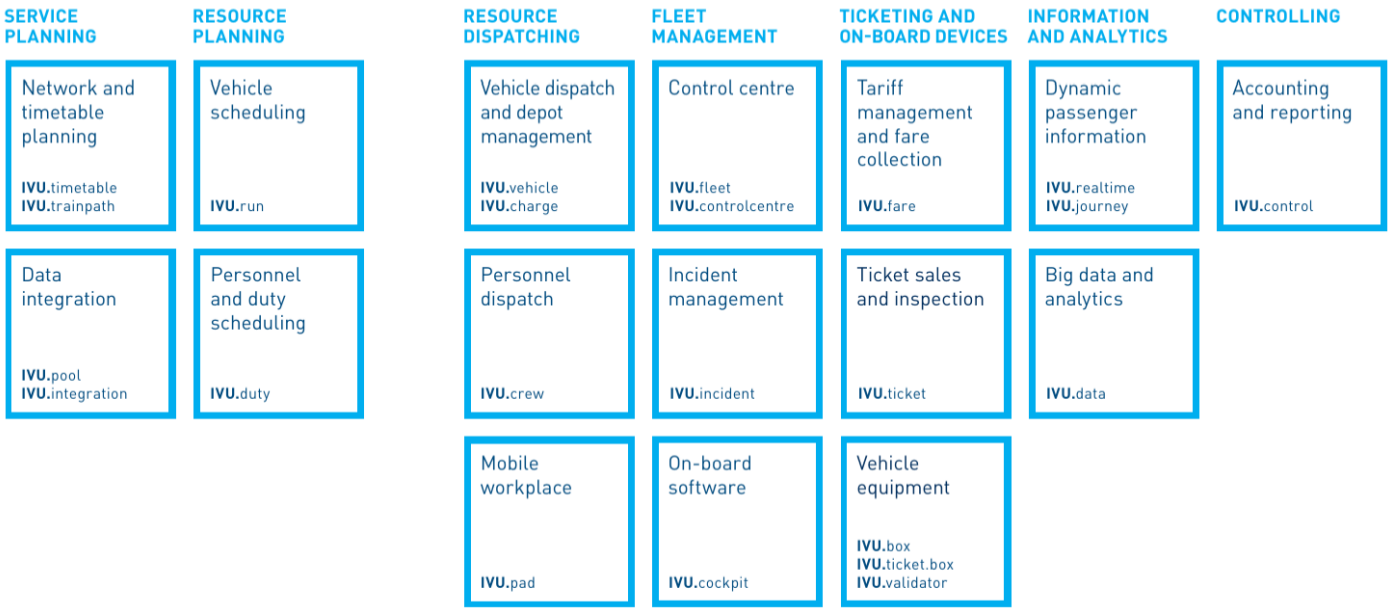
Business model and positioning in the value chain

IVU develops and sells standardized operational IT software for public-transport operators. Its central product is the IVU.suite, a modular software system that maps the full operational workflow of a bus or rail operator, from network and timetable planning through resource scheduling, operations control, ticketing, and passenger information to the settlement of transport contracts. Customers can deploy the complete suite or individual modules; either way, all data remains within a single system. Many customers start with a few modules and add more over time. IVU can also consolidate the patchwork of vendors that operators often run in parallel. IVU describes the suite as a configurable standard system rather than bespoke software, which allows comparatively fast implementation while still accommodating operator-specific requirements.

The customer base consists of public and private transport operators, primarily bus and rail companies. IVU serves around 510 customers, about 450 in public transport (in IVU's terminology, buses, trams, and metros) and 60 in rail. End users are twofold: the operators' own staff (planners, dispatchers, drivers) who work directly in the software, and passengers who benefit indirectly through more reliable schedules and real-time information. Because the suite runs an operator's core planning and dispatch processes, IVU classifies its products as business-critical for the customer, a characterization that underpins both the high switching costs and the long-term nature of customer relationships. The Transdev relationship, spanning more than 20 years and recently extended under a new bus-and-rail framework contract, illustrates the typical duration of these engagements. According to management, IVU has lost only one customer. The three largest customers are the Deutsche Bahn group including all subsidiaries (11% of 2025 revenue), Trenitalia (7%), and Swiss Federal Railways (5%).

Within the value chain, IVU sits upstream of the operator as a software and systems supplier, not as an operator or a hardware OEM. Its position is best understood along the operational process it digitizes. On the planning side, the suite handles network and timetable planning (IVU.timetable), vehicle scheduling (IVU.run), and personnel and duty scheduling (IVU.duty). On the operational side, it covers resource dispatch (IVU.crew, IVU.pad), operations control and incident management (IVU.fleet, IVU.controlcentre, IVU.incident), ticketing and onboard devices (IVU.fare, IVU.ticket, plus the IVU.box hardware family), passenger information (IVU.realtime, IVU.journey), and data analytics and contract settlement (IVU.data, IVU.control). This end-to-end coverage is IVU's core differentiator: rather than a point solution, it offers an integrated system in which data flows consistently from the planning desk to the vehicle and back.

The IVU.suite across the operator value chain

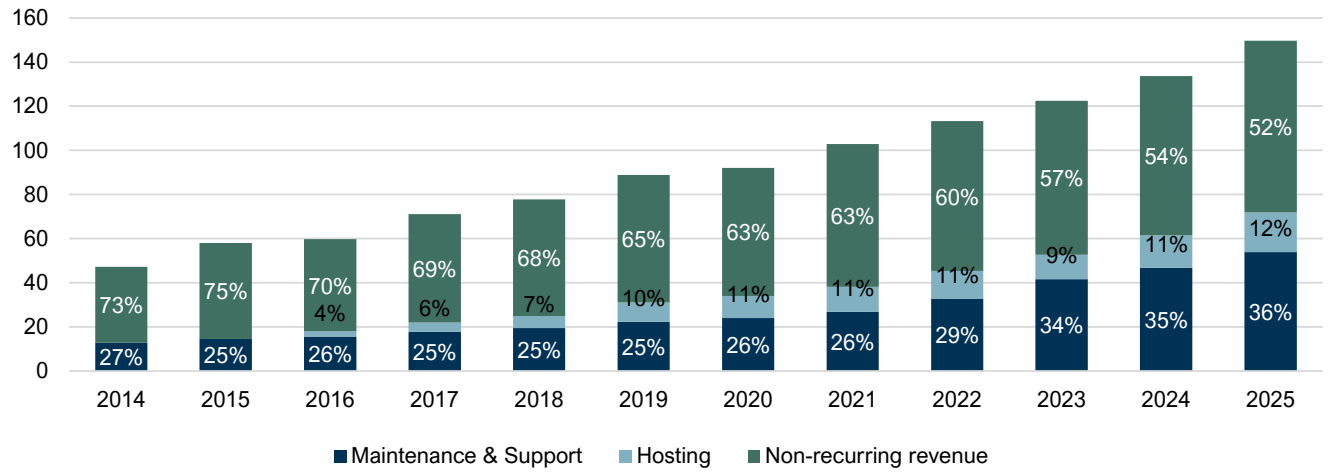


Source: IVU

Around the software product, IVU has built a service layer that both deepens customer lock-in and lifts the recurring-revenue share. Implementation is delivered through a standardized process (IVU.xpress); ongoing operation can be outsourced to IVU via the IVU.cloud (hosting and technical operation of the systems); and maintenance, support, consulting (IVU.consult), integration (IVU.integration), and individual development (through the IVU.solutions subsidiary, founded to serve requirements where standard software reaches its limits) complete the offering. This structure is central to the economics of the business: every license sale brings maintenance revenue from the start of the contract, and the cloud model, still at an early stage of adoption, converts one-off project revenue into contracted, recurring streams.

The revenue mix, set out in the preceding chapter, is the financial expression of this model. The economically decisive feature is the split between one-off and recurring income. According to management, annual maintenance fees amount to 15-20% of the license value. Contracts typically run five to ten years, are usually renewed, and generally include inflation adjustments. The share of recurring revenue from maintenance and hosting rose to 48% in 2025 (2024: 44%), continuing a structural climb from roughly a quarter of revenue in the late 2000s. This shift toward contracted, plannable income is the single most important feature of IVU's business model from an investment perspective, as it increases revenue visibility and reduces dependence on the timing of new project wins.

Recurring revenue share, 2014–2025



Source: IVU, Pareto Securities

Two structural characteristics distinguish IVU's model from packaged-software peers: First, revenue recognition is heavily project-driven: 80% of 2025 revenue was recognized over time (2024: 77%), reflecting the input-based (cost-to-cost) accounting for long-term implementation contracts. Implementations typically take about six months; personnel-scheduling projects often take longer because collective agreements regulate this area. Second, the software is embedded in implementation projects that carry a meaningful service and, to a lesser degree, hardware component (IVU sells and installs onboard computers and ticketing devices as part of projects). Licenses and maintenance carry the highest margins, while hardware earns a margin only where IVU's own know-how is part of the delivery. These features place IVU's margin profile between a pure packaged-software vendor and an IT-services firm, and they explain why revenue does not scale as frictionlessly as a license-only model would. As the share of licenses and maintenance rises, the mix itself supports higher margins. Order backlog provides forward support: at year-end 2025, EUR 54m of revenue from existing implementation contracts was expected in future years (2024: EUR 33m), and existing maintenance and hosting contracts alone were expected to generate at least EUR 70m in 2026. This roughly equals the full 2025 recurring revenue, so the recurring base is largely secured by contract.

Corporate strategy

IVU's stated strategy is continuous, financially sustainable growth built primarily on its own products, with selective acquisitions now an additional option. Management frames the objective around two pillars: expanding its market position in the core markets and adjacent European regions and increasing the share of recurring revenue to further strengthen the company's economic stability. This is a primarily organic, product-led model - growth is generated by developing the IVU.suite in close coordination with customers, maintaining product standards so that customers can be served with largely identical solutions, and integrating the portfolio so that operators can run end-to-end workflows in a single system.

IVU's product strategy is one of deliberate focus rather than breadth. It targets the operational IT of scheduled public transport - the systems that plan and run the core bus and rail operation, spanning network and timetable planning, vehicle and duty scheduling, dispatch, operations control, ticketing, passenger information, and contract settlement. It does not seek to cover every software need of a transport operator: adjacent categories such as financial and ERP systems, human-resources software, or infrastructure and asset management lie outside its scope. Within its chosen domain, the strategy is to go deep and integrated - a single end-to-end standard system - rather than to assemble a broad portfolio of loosely related tools. This focus is the counterpart to the standardized-product logic that runs through IVU's whole model: a narrow domain served by a deep, reusable product is what makes the software scalable. Within this domain, management sees the main product growth areas in account-based ticketing, control-center systems for bus operators, personnel control centers, optimization, and train-path planning, for example for open-access rail operators such as the BeNEX GmbH that book their own train paths. New functionality is often developed at customer request.

Geographic expansion follows a deliberate, capital-light pattern. In the home markets (Germany, Italy, Switzerland, the Netherlands), IVU relies on active account management as the basis for up- and cross-selling into an installed base of around 510 customers. New-customer acquisition is targeted primarily at neighboring European countries, and in rail IVU regards every railway operator worldwide as a potential customer. Management describes entering new regions from established locations rather than building local presence everywhere: Spanish customers were initially served from Rome, a model it now sees as transferable to other markets. IVU also grows internationally together with existing customers. To win first projects with new customers, it is prepared to offer competitive prices and then grows through up- and cross-selling. Price levels in Eastern Europe are generally lower. This lets IVU scale internationally without the fixed cost of a physical footprint in each country, and management explicitly links this to the scalability that defines software margins - a product developed once and sold many times. The flip side is a more cautious posture on new regions given geopolitical uncertainty, with management stating it now examines new markets more closely before committing.

IVU's expansion vectors are adjacencies to public transport rather than moves into other industries. From its historical base in bus operations it has extended into rail, where it regards every railway operator worldwide as a potential customer, a market management considers less competitive than public transport, and, through <neo> [essentials], down-market into smaller and mid-sized operators; geographic entry into new countries is the third vector. The company has in the past touched genuinely adjacent fields - earlier product descriptions noted that the suite could also route parcel-delivery services or support retail location planning - but these have receded from its positioning, and the current strategy is squarely centered on scheduled passenger transport. There is no indication in the company's materials of a push into logistics, freight, or other verticals; if anything, IVU has narrowed rather than broadened its focus, exemplified by the 2020 divestment of its election-software unit to concentrate on the public-transport core.

Lifting recurring revenue is the second strategic axis and the one management emphasizes most. The goal is for recurring revenue to grow at least in line with, and preferably faster than, group revenue. Management regards a recurring share of around 60% of revenue as ambitious but not unrealistic over time, with hosting accounting for about 30% of recurring revenue. The primary growth drivers are the maintenance and support business, additional product-related services such as training and consulting, and above all the expansion of the cloud business: marketing the IVU.cloud to win more customers for the technical operation of IVU's own systems. Cloud penetration differs by segment: about 60 of the 450 public-transport customers use the IVU.cloud, against roughly two thirds of the rail customers. IVU sees further potential in both segments. Interest is particularly high among rail operators in Western Europe. New customers do not automatically choose the cloud, as many operators

prefer a one-off investment to ongoing costs. For IVU, the cloud is the more attractive model: operations are easier to handle and scale faster, and hosted customers are very unlikely to switch. This directly converts one-off project and license work into contracted, plannable income and is the mechanism behind the rising recurring share documented in the business-model chapter. With most customers still on premise, the runway is long.

Underpinning both axes is continuous product modernization, now organized around the <neo> product world introduced in 2025. Rather than incremental updates to existing modules, <neo> comprises new modules built from the ground up on a web-based, cloud-first architecture with a strong emphasis on user experience, automation, and self-explanatory workflows. Management intends to develop the established IVU.suite in the same direction. The modules run on Kubernetes, the open-source industry standard for deploying and scaling containerized cloud applications; in plain terms, <neo> is built on modern, widely adopted cloud infrastructure rather than proprietary technology, which lowers operating cost and eases hosted deployment. Two elements are strategically significant. First, <neo> addresses the low end of the market through [essentials] variants - streamlined versions of established products such as IVU.fleet, aimed at small and mid-sized operators and combined with IVU.cloud hosting to reduce the customer's own technical burden. This widens IVU's addressable base beyond the large operators that have historically anchored its business. Second, the cloud-first design reinforces the recurring-revenue strategy, since new modules are built for hosted deployment by default. Management also positions the intuitive interfaces as a response to the industry's skilled labor shortage, since simpler systems shorten onboarding for new staff at the operators.

Artificial intelligence is treated as a pragmatic enabler rather than a strategic end in itself. IVU uses AI tools internally in administration and software development and is increasingly embedding AI into the products - for example an assistant that bridges the IVU.suite to external AI models via the Model Context Protocol without customer data leaving the system, automatic translation between control center, staff, and passengers, and automated passenger-information messaging. Management is explicit that AI complements rather than replaces IVU's established optimization algorithms, which it regards as a core, decades-built asset. It does not regard AI-based optimization as good enough to compete with these algorithms. Internally, management expects AI to make processes more efficient and thereby limit the growth of personnel expenses. In 2025 the company stepped up internal R&D with a focus on the reliability and applicability of AI within the IVU.suite, while most R&D continues to run inside regular product and release cycles rather than as separate projects.

On capital allocation, the strategy is primarily organic: investment flows primarily into personnel and product, and management signals a shift in emphasis from the recent heavy investment phase toward profitability, with costs expected to grow more slowly than revenue going forward. Shareholder returns are served through a progressive dividend, raised each year from EUR 0.22 per share in 2021 to a paid EUR 0.30 for 2025, supplemented by a EUR 0.25 special dividend marking the company's 25th stock-market anniversary (EUR 0.55 total). Acquisitions are now on management's agenda. IVU holds around EUR 50m of free liquidity, plus a reserve of about EUR 20m. Management sees potential in America and elsewhere. A target must fit in terms of market, management, and product. Acquisitions could also ease entry into new regions, because local presence helps in tenders that require local references. IVU has made occasional small, market-access-driven acquisitions rather than transformational ones. The most recent was the purchase of LBW Optimization in 2022, which added optimization software. Earlier, the 2017 purchase of the Zurich consulting firm Soft Tech Informatik became IVU Traffic Technologies Schweiz and gave the company a direct local presence in Switzerland, one of its core markets. Consistent with its focus strategy, IVU has also divested non-core activities, selling its election-software subsidiary IVU.elect in 2020. The pattern is one of a company that grows primarily organically and uses M&A selectively, chiefly to gain local market access, a role management expects acquisitions to play more often in future, while pruning anything outside the public-transport core.

Management

IVU's Executive Board (from left to right): Martin Müller-Elschner (CEO), Petra Meiser (CFO), and Leon Struijk (COO)





Source: Company, Pareto Securities

IVU is led by a two-tier board structure typical of a German AG, comprising an Executive Board (Vorstand) that runs the company and a Supervisory Board (Aufsichtsrat) that oversees it. At the time of the 2025 annual report the Executive Board had two members, but a materially relevant change took effect on April 1, 2026, expanding it to three with the addition of a dedicated CFO.

The Executive Board is chaired by Martin Müller-Elschner, chairman (CEO) since January 2010. He is a long-standing IVU figure: a graduate engineer, he first led projects in the passenger-information area as early as 1994, later became a division manager and authorized officer, and has served on the Executive Board since 2008. Until recently he also held the CFO function personally. The second member is Leon Struijk, who joined the Executive Board in February 2018 and was appointed vice chairman in February 2022. Mr. Struijk's remit covers the commercial as well as the technical and operational side of the business; he has been referred to as both CCO and, from November 1, 2024, COO responsible for the technical and operational department. That 2024 change followed the departure of Matthias Rust, a member of the Executive Board since 2016 and with IVU since 1993, which reduced the board to two.

The most significant recent governance development is the appointment of a dedicated CFO. On November 21, 2025, IVU announced the appointment of Petra Meiser as Chief Financial Officer, effective April 1, 2026. Mrs. Meiser studied commercial law and began her career in finance and strategy at the former DaimlerChrysler, subsequently holding management positions including Global Head of Corporate M&A at Daimler and later CFO at the Dutch software company HERE Technologies, before working as an equity partner at strategy consultancy EY Parthenon. At IVU she is responsible for finance, legal affairs, compliance, and M&A, as well as relations with national and international investors. Her arrival separates the CFO role from the CEO for the first time in several years and adds dedicated capital-markets and software-sector financial experience to the board; management framed the addition as support for further expansion. Her M&A experience fits management's growing openness to acquisitions, particularly for entering new regions.

Oversight rests with a six-member Supervisory Board chaired by Bert Meerstadt, former CEO of Dutch national railway NS, whose sector background is directly relevant to IVU's rail focus. The company states that roughly two-thirds of the board is independent, and it reports high attendance across the year.

Management and supervisory board members hold meaningful equity, aligning them with shareholders. At year-end 2025, Mr. Müller-Elschner (CEO) held 284,340 shares and Mr. Struijk (COO) 80,000 shares; supervisory-board holdings are comparatively small. This insider ownership, particularly the CEO's stake, reinforces the long-term orientation management explicitly espouses, and is consistent with the company's stated preference for durable value creation over short-term share-price movements. Executive compensation combines fixed and variable elements, including a long-term incentive plan running to end-

2026 with ESG-linked targets (employee satisfaction and the share of women in leadership) and a cap of 400% of annual fixed pay on the share-based component.

Shareholder structure

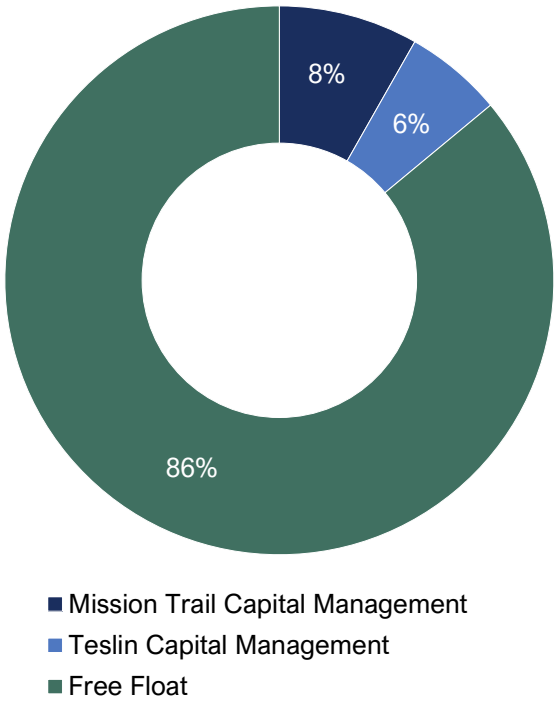
The share capital is EUR 17,719,160, divided into 17,719,160 no-par bearer shares, each carrying one vote. IVU held 360,211 treasury shares at year-end 2025 (2024: 428,096), leaving 17,358,949 shares outstanding. Treasury stock is used primarily to service employee share programs and the share-based component of Executive Board compensation rather than for capital reduction; in 2025 the company issued 81,238 shares to staff in Germany and 14,608 to board members, sourced from a buyback of 27,961 shares completed in January 2025.

Employee ownership is a distinctive feature of the register. IVU operates broad-based employee share programs and states that by now virtually all employees are also shareholders. While each individual holding is small, this wide participation reinforces alignment and retention in a business whose principal asset is its skilled workforce.

The company carries standard, unused capital authorizations: an authorized capital permitting an increase of up to 30% of share capital (valid to May 2031) and a share-buyback authorization of up to 10% of share capital (valid to May 2029). The authorized capital was renewed at the 2026 AGM and can also be used to pay for acquisitions with new shares. Management did not use the previous authorized capital, drawing only on small buybacks to service employees and board share programs. In 2026, IVU launched two further buyback programs, the second for up to 150,000 shares (0.85% of share capital) between June and September. This points to a conservative approach to issuance and no evident dilution pressure.

The largest shareholder is the US-based investment manager Mission Trail Capital Management with 8%. It acquired its stake from Daimler Buses. Teslin Capital Management of the Netherlands holds another 5%. About 19% of the shares are still held by the families of IVU's founders. These holdings are scattered, and none exceeds 5%.

Shareholder structure



Source: Pareto Securities

Synopsis company analysis

IVU is a focused software company and an embedded market leader that supplies the operational IT backbone of scheduled public transport. Its single product suite, the IVU.suite, runs the core planning-to-settlement workflow of bus and rail operators, and the company sells deep integration within one clearly bounded domain rather than breadth across adjacent software categories. The defining feature of the earnings profile is the steady shift toward recurring revenue: maintenance and hosting reached 48% of sales in 2025, up from roughly a quarter in the late 2000s, driven structurally by the cloud (IVU.cloud) business. This makes revenue materially more visible and less dependent on the timing of new project wins than the company's project-led revenue recognition might suggest, and it is the single most important characteristic of the model from an investment perspective. Existing contracts already secure most of the coming year's recurring revenue, and with only a minority of customers in the cloud so far, the shift has a long runway.

The central strength is a deeply embedded, standardized product that operators run as business-critical infrastructure, producing high switching costs, long customer relationships, with only one customer lost so far, and a widening recurring-revenue base - reinforced by continuous modernization through the cloud-first <neo> product generation and a capital-light international expansion model. The main structural constraint is scale: IVU is a small company competing in a niche market, and its primarily organic strategy - while low-risk and balance-sheet-friendly - caps the achievable pace of growth. Management now also considers acquisitions, notably to enter new regions, and the net cash position leaves room for them. The <neo> push down-market into smaller operators remains early and unproven at scale. On profitability, the shift away from the recent investment phase is starting to show: IVU raised its 2026 EBIT guidance in July, and management expects personnel costs, helped by AI, to grow more slowly than revenue.

The management team is small, highly experienced, and continuity-led, with two long-tenured insiders now complemented by an external CFO (from April 2026) bringing software-sector, M&A, and capital-markets experience - a change that also removed the prior concentration of the CEO and CFO functions in one person. Insider and near-universal employee ownership aligns the register with the company's explicitly long-term orientation. The register is otherwise broadly dispersed: the founder families still hold about 19%, but in scattered stakes, and two institutional investors hold 8% and 5%. We regard the free float as roughly 86%. Overall, IVU contributes a high-quality, resilient, and increasingly predictable earnings base to the investment case, with efficiency gains offering scope for higher margins.

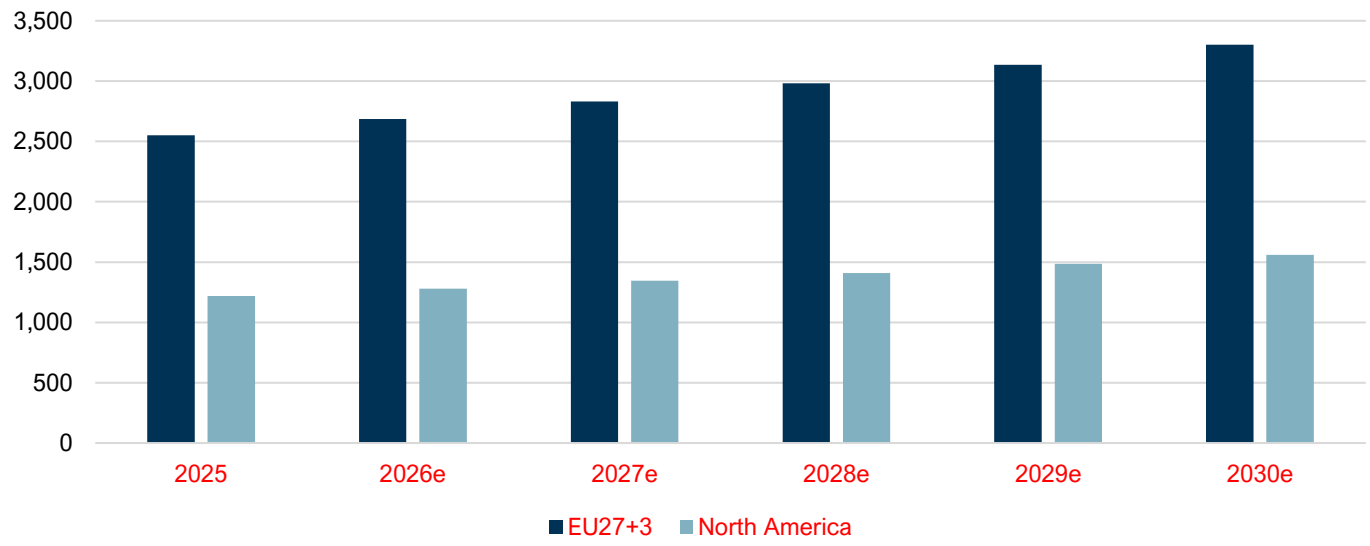
Market section

The software market for public-transport operators

IVU operates in the market for operational IT software used by public-transport operators: the systems that plan, schedule, dispatch, and control bus and rail operations, together with the adjacent ticketing, passenger-information, and settlement functions. This is a specialized layer within the broader market for public-transport intelligent transport systems (ITS), which also spans the on-board hardware, roadside equipment, and fare-collection devices that IVU supplies only as an adjunct to its software. IVU's business is overwhelmingly European: in 2025, Germany accounted for 48.9% of revenue and the rest of Europe for a further 47.2%, with markets outside Europe contributing under 4% (IVU annual report 2025). Its rail ambitions extend this reach in principle to railway operators worldwide, but in practice the addressable market that matters for IVU is concentrated in Europe.

Regarding market size, the clearest anchor for the market is Berg Insight, whose 2026 study values the public-transport ITS market for buses and trams in Europe and North America at roughly EUR 3.8bn in 2025, growing to around EUR 4.9bn by 2030, a compound annual growth rate of about 5%. Europe accounts for the larger share at roughly EUR 2.55bn in 2025, rising to EUR 3.30bn by 2030; North America contributes around EUR 1.22bn, rising to EUR 1.56bn. This figure spans hardware, fare-collection equipment, and traveller-information systems alongside software, so the operational-software layer that IVU addresses is a fraction of it - extended, in IVU's case, by rail operators that fall outside Berg's buses-and-trams scope.

Public-transport ITS market value (buses and trams), 2025–2030e



Source: Berg Insight, Pareto Securities

The software layer alone is estimated at roughly USD 1.4bn globally in 2024, with the European sub-segment at around USD 0.4bn (Dataintelo, 2025). Peer revenues corroborate this order of magnitude: IVU's nearest listed comparable, Init SE, generated revenue of EUR 330m in 2025, and IVU itself EUR 150m; together with the Trapeze/Modaxo group, GMV, Optibus, and a long tail of regional specialists, a handful of vendors already account for well over EUR 1bn of annual revenue in bus and rail operations IT. On balance, the global operational-software market sits in the low single-digit billions of euros, with Europe - IVU's core - a segment of a few hundred million to around half a billion euros.

The market's defining feature is a large but finite base of operators that purchase infrequently. The global industry association International Association of Public Transport (UITP) works with more than 500 urban, suburban, and regional operators and authorities in the EU, within a global membership of around 2,000; in Germany alone, roughly 700 companies in public passenger and rail transport are organized in the industry association “Verband Deutscher Verkehrsunternehmen” (VDV). IVU’s Spanish competitor GMV reports

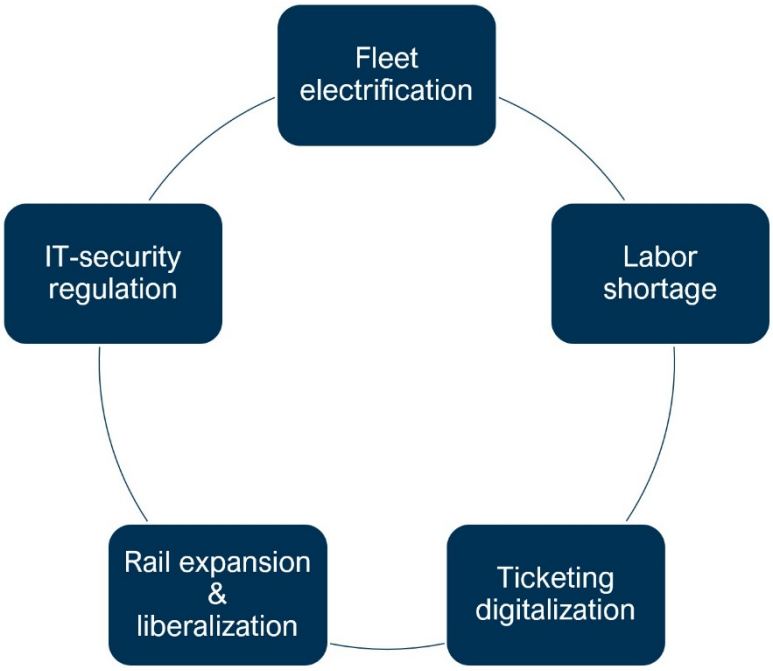
serving around 950 operators and authorities across more than 30 countries, an independent indication that the worldwide pool of relevant agencies numbers in the low thousands. IVU alone counts around 510 of these operators among its customers, which underlines its strong position. Against this base, spending is lumpy and long-cycle: core operational systems are typically replaced only every seven to ten years, procurement runs through formal public tenders, and switching is rare - characteristics that give the market unusual stability and revenue visibility while capping the pace at which any vendor can grow.

Growth is structural rather than cyclical. Berg Insight's roughly 5% forecast CAGR reflects steady digitalization, and the pure-software and cloud-delivered layers plausibly grow somewhat faster as standardization and hosted deployment displace bespoke and on-premise systems. The underlying demand drivers - fleet electrification, the public-transport labor shortage, ticketing digitalization, rail-market liberalization, and tightening cybersecurity requirements - are examined in the following section. The main qualification to this otherwise stable picture is the market's dependence on public funding: demand originates overwhelmingly from public or publicly contracted operators, which lends visibility but also exposes it to public-budget priorities and austerity risk. At present, however, public investment is a tailwind. The German government's infrastructure program will bring more trains and more staff into operation, which raises demand for IVU's software, albeit indirectly.

Demand drivers

Demand for public-transport operational software is driven less by passenger-volume growth than by rising operational complexity: several structural forces are making transport operations harder to plan and run manually, and each pushes operators toward more capable, integrated software. IVU identifies five in its 2025 annual report - fleet electrification, the skilled-labor shortage, ticketing digitalization, rail-sector expansion and liberalization, and IT-security regulation - and independent data supports each.

Demand drivers for public-transport software



Source: Pareto Securities

Fleet electrification. The shift from diesel to electric buses is a central element of Europe's transport transition, and it materially complicates operations: electric buses have limited range, require charging windows, and impose depot and scheduling constraints that diesel fleets do not. This directly increases demand for advanced vehicle-scheduling, duty-planning, and depot-management software. The transition is well advanced and accelerating: 60% of new city buses registered in the EU in 2025 were zero-emission, up from 12% in 2019 (Transport & Environment, 2026). The EU targets 90% zero-emission city-bus sales by 2030. Fleets lag far behind new registrations, however. In Germany, zero-emission buses made up half of new city buses in 2025 but only 14% of the fleet (PwC E-Bus Radar 2026), so the operational complexity will keep rising for years. IVU notes that reduced public subsidy in Germany has slowed the changeover relative to original plans - a reminder that the driver is real but publicly funded, and therefore not linear.

Skilled-labor shortage. Operators increasingly struggle to recruit drivers and workshop staff, which raises the value of software that squeezes more service from constrained personnel through optimized duty scheduling and disruption management. The shortage is severe and worsening: the International Road Transport Union (IRU) reported around 105,000 unfilled bus and coach driver positions in Europe in 2023 - about 10% of all such roles - and projected the gap to more than double, to over 275,000, by 2028. In Germany, the Association of German Transport Companies (Verband Deutscher Verkehrsunternehmen, VDV) expects a shortfall of several thousand skilled staff in public transport in the coming years (VDV, cited in IVU annual report 2025). For IVU, this translates into demand for crew-rostering and optimization tools such as its automated personnel dispatch.

Ticketing digitalization. Account-based ticketing (ABT), which identifies the traveller and calculates the correct fare after the journey rather than requiring ticket purchase in advance, is displacing traditional fare systems. It simplifies travel for passengers and reduces administrative burden for operators, but it requires sophisticated back-office software integrated with operations - an area IVU addresses directly. Adoption is early but building,

with the first productive systems live and the number of implementation projects rising steadily (IVU annual report 2025); IVU's own recent deployments, such as account-based ticketing for Klagenfurt Mobil in Austria, illustrate the trend.

Rail-sector expansion and liberalization. The European rail sector is undergoing both infrastructure expansion and market liberalization, supported by EU investment programs such as the Connecting Europe Facility (CEF), which co-funds rail digitalization. Liberalization is the more important driver for IVU: as previously state-monopoly markets such as France and Spain open to competition, new operators enter and require operational software, and the harmonization of the European rail sector raises demand for standardized, interoperable systems that ease cross-border operation. Open-access operators such as the BeNEX GmbH, for example, book their own train paths and need planning software to do so. IVU, which already serves a large share of Germany's passenger rail operators, sees particular potential here (IVU annual report 2025). This driver is also the one most specific to IVU's rail ambitions, since it expands the addressable base of operators beyond the bus market that Berg Insight's sizing captures.

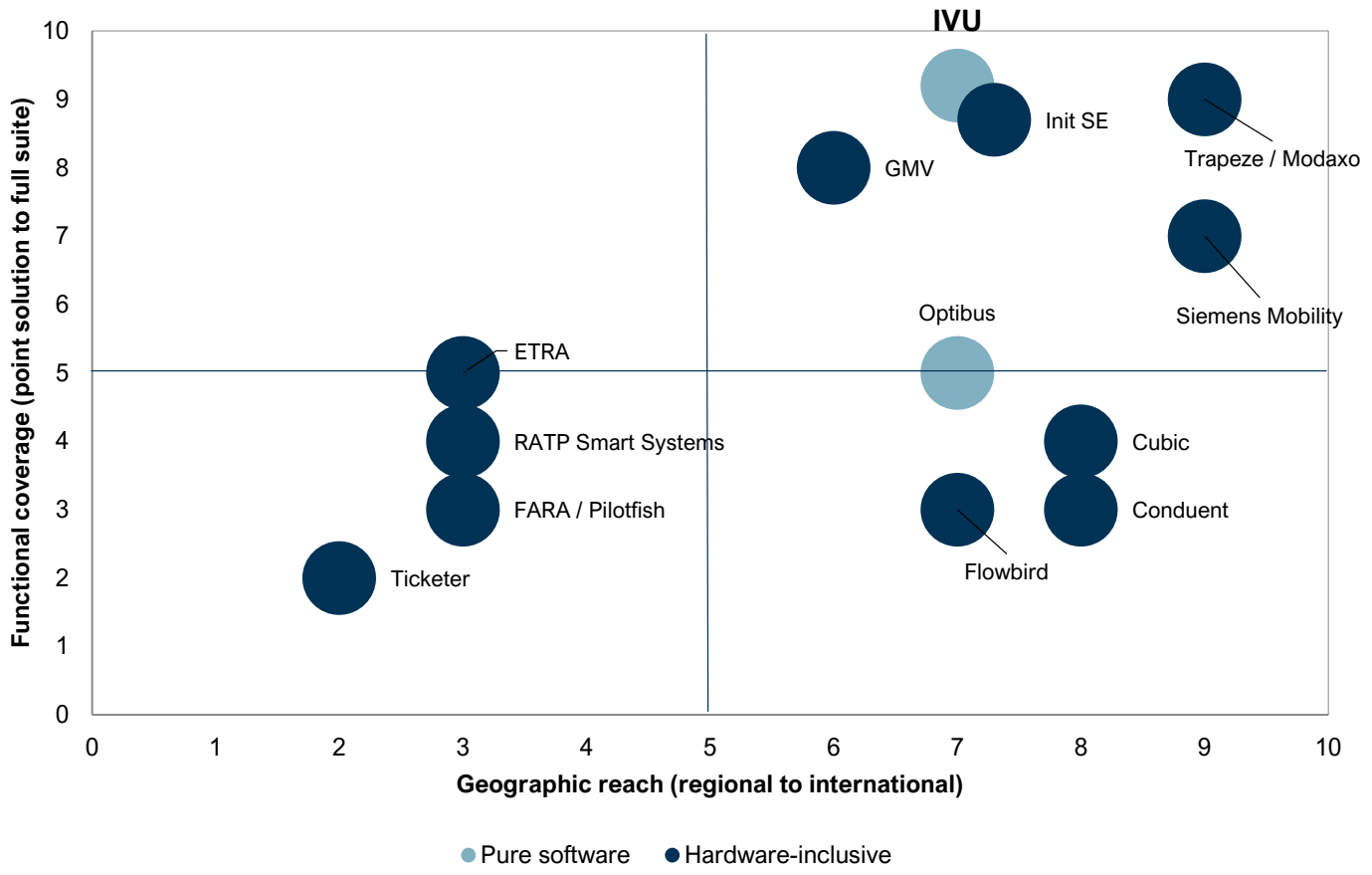
IT-security regulation. Tightening cybersecurity requirements - notably the EU's second Network and Information Security Directive (NIS2), which classifies transport operators as critical infrastructure - raise the compliance burden on operators and favor established, standardized, professionally maintained software over fragmented legacy systems. NIS2 brings medium and large operators into a regime with mandatory security, logging, and resilience obligations, backed by fines of up to EUR 10m or 2% of turnover for essential entities. IVU frames this as a demand tailwind on two counts: it strengthens preference for its established, security-competent products, and it prompts customers to migrate to the hosted IVU.cloud, converting the regulatory pressure into recurring revenue (IVU annual report 2025).

Underlying these five is the broader, slower pull of urbanization and digitalization: as cities grow and mobility becomes more complex, operators invest in the quality and integration of their systems, not only their capacity. Each driver makes operations harder for transport operators while increasing demand for the software IVU sells. Backed by public investment in transport, the drivers support steady growth that depends little on the economic cycle.

Competition

The market for public-transport operational software is served by a modest number of specialized vendors rather than by large generalist software companies, and no single player dominates globally. Competitive structure varies by geography and by how much of the operational workflow a vendor covers, and IVU occupies a distinctive position: it is one of only a few suppliers offering an integrated system spanning the entire operator workflow from planning through operations to settlement (see below).

Competitive positioning by coverage and geographic reach (indicative and subjective assessment)



Source: Companies, Pareto Securities

According to Berg Insight, a group of international aftermarket solution providers leads the market. The most prominent with installed bases across both Europe and North America are Canada-based Trapeze Group (part of the Modaxo group within Constellation Software) and Germany-based Init SE. Siemens Mobility is a significant software vendor in both regions. Competition is otherwise strongly regional: Berg identifies IVU as a dominant player in the German-speaking part of Europe; Equans and RATP Smart Systems lead in France; Vix Technology, Flowbird, and Ticketer are major providers in the United Kingdom; and the Spanish groups GMV, Indra, and Grupo ETRA, France's Thales, and Scandinavian players such as FARA, Pilotfish, and Consat Telematics hold positions in their home markets (Berg Insight, 2026). Vehicle manufacturers including Volvo Group and Daimler offer some telematics functionality for their own buses, but this is a limited adjunct rather than a competing operational suite.

Init SE is the most directly comparable listed competitor. Like IVU, it is a German company offering an integrated planning, dispatching, telematics, and ticketing system for buses and trains, and it describes itself as holding a leading position in that worldwide market. Management sees IVU's edge in offering the full product range for both rail and public transport. Init is materially larger than IVU, with revenue of EUR 330m in 2025 against IVU's EUR 150m, but the two differ in business model in a way that matters for comparison: Init is a hardware-plus-software vendor - a significant share of its revenue comes from on-board computers and fare-collection devices it manufactures - whereas IVU is a predominantly

software company for which hardware is an adjunct to the software sale. This makes Init the natural benchmark for market position and, later, for valuation, but also means the two are not pure like-for-like: Init's larger revenue base partly reflects hardware content that IVU does not carry, while IVU's higher recurring-software share gives it a different margin and revenue-quality profile.

Competition in this market turns less on price than on functional depth, integration, reliability, and track record. Price matters mainly when entering a new customer: IVU is prepared to offer competitive prices to win first projects and then expands through up- and cross-selling. Because the software runs business-critical operations, operators weight proven reliability and reference installations heavily, and procurement runs through formal tenders in which demonstrated domain expertise and existing installed base are decisive. IVU's principal competitive differentiation is the breadth and integration of its suite - few competitors cover the full workflow in a single system, and many are point-solution specialists in ticketing, telematics, or passenger information rather than end-to-end providers. This integration is also IVU's central marketing claim, that it is one of only a few vendors worldwide offering holistic, integrated solutions for all of an operator's processes; the claim is consistent with Berg's independent characterization of the market as populated largely by regional and functional specialists.

The competitive dynamic in newly liberalized markets is worth noting as both opportunity and threat. As France and Spain open their rail markets, new operators enter and create demand for software - an opportunity IVU is actively pursuing - but these markets also have established local competitors (GMV, Indra, ETRA in Spain; Thales and RATP Smart Systems in France), so IVU competes for this new business rather than inheriting it. Its record of winning named customers in Spain, initially served from its Rome office, suggests it can compete effectively outside its home markets, but liberalization intensifies competition as well as demand.

Entry barriers

The market for public-transport operational software is protected by high barriers to entry, which explains why it is served by a stable group of specialized vendors rather than continually disrupted by new entrants. These barriers also underpin the durability of IVU's position and the visibility of its revenue. Four are material.

Switching costs and installed base

Once an operator runs its planning, dispatch, and operations control on a given system, replacing it is costly, disruptive, and risky: the software is embedded in daily operations, integrated with other systems, and relied on by trained staff. Operators therefore change core systems infrequently - typically only every seven to ten years - and tend to expand within an existing vendor's suite rather than switch. This makes the installed base a durable asset and a formidable obstacle for any new entrant, which must displace an incumbent rather than fill a vacancy. For IVU, this dynamic is visible in customer relationships spanning decades, with only one customer lost so far, and in the rising share of recurring revenue.

Domain expertise and product depth

The software encodes deep, sector-specific knowledge accumulated over many years: timetable and duty-scheduling optimization, collective-labor and regulatory constraints, electric-vehicle range and charging logic, and the interfaces between planning, operations, and settlement. IVU emphasizes that its products embody nearly 50 years of transport-sector experience, and that its optimization algorithms in particular are a core asset built over decades. Replicating this depth is a matter of years of specialized development, not something a generalist software vendor can quickly assemble, which both deters entry and limits the field to established specialists.

Reliability requirements and reference track record

Because the software runs business-critical operations - and, for many operators, critical infrastructure - buyers weight proven reliability and reference installations heavily, and procurement runs through formal public tenders that often require demonstrated experience and certification. Operators often also ask for references in their own country. IVU maintains ISO 9001 quality-management and ISO/IEC 27001 information-security certifications, and its growing standardization reduces quality risk by limiting the need for bespoke development. A new entrant without a comparable reference base and certifications is structurally disadvantaged in tenders, regardless of the technical merits of its product - a self-reinforcing barrier, since winning references requires already having references.

Integration and standardization

The value of an integrated end-to-end suite is difficult for a point-solution entrant to match, because the benefit comes precisely from the consistent data flow across the whole operational workflow. A new competitor offering only one module competes on a narrow front, while displacing a full suite requires building and proving the entire chain. IVU's standardized-product model reinforces this: because customers are served with largely the same core software, IVU can invest continuously in one deepening product rather than maintaining many bespoke systems, a scale advantage in R&D that widens over time.

These barriers are strong but not absolute. They protect incumbents in their installed base far more than they protect market share in genuinely new business, such as newly liberalized rail markets or greenfield operators, where no incumbent exists to displace and competition is open. This is why liberalization is simultaneously an opportunity and a competitive battleground, as noted in the competition section: the barriers that protect IVU at home must be built anew with each new customer in each new market. This is one reason why management now also considers acquisitions to gain local presence. The barriers also do little to insulate the market from its one systemic exposure - dependence on public budgets - which affects all vendors equally.

Artificial intelligence: disruptor or enabler?

No assessment of a software company is complete today without addressing whether artificial intelligence threatens its business, because the market has repeatedly re-rated software names on the perceived AI threat to their competitive moats. For IVU, the question is sharpened by the entry-barriers argument above: if AI lowers the cost of building software, does it weaken the barriers that protect IVU's position? The balanced answer is that AI is, on present evidence, more an enabler than a disruptor for IVU's core business, though the threat is real at the margins and warrants monitoring.

The case for AI as a threat rests on three scenarios. First, AI-assisted code generation lowers the cost and time to build software, which could in principle make it easier for new entrants to assemble a competing product and thereby erode the build-cost component of IVU's barriers. Second, if AI-based optimization became a commodity capability, IVU's optimization algorithms - which the company treats as a core, decades-built asset - could lose some of their differentiating value. Third, and most consequentially over the long run, if AI tools eventually enabled large operators to build and maintain adequate planning software in-house, the make-versus-buy calculus could shift against all specialized vendors, IVU included.

The case for AI as an enabler, which we find more persuasive for IVU specifically, rests on where IVU's moat actually resides. The barrier to entry was never primarily the difficulty of writing code; it was switching costs, domain-encoded operational logic, integration across a live workflow, certifications, and reference track record in a critical-infrastructure procurement process. AI code generation attacks the least protective of these - build cost - while leaving switching costs, installed base, certifications, references, and operator trust largely untouched. A new entrant can now generate a scheduling module more cheaply than before, but it cannot generate an installed base, decades of accumulated edge cases, or the confidence of a public operator running critical infrastructure.

More positively, AI may widen the incumbent's lead rather than narrow it. The input AI most needs is proprietary operational data, and the vendor with the deepest installed base has the most of it. As optimization increasingly draws on machine learning over real dispatch and delay data, IVU's large base of live operational data becomes a competitive asset a new entrant cannot easily replicate - a data advantage that compounds over time. IVU has positioned its data-warehouse product (IVU.data) explicitly as "AI-ready" for exactly this purpose, feeding machine-learning and AI applications such as a dispatch assistant and electric-bus range calculation from curated operational data.

Management describes AI and its established optimization algorithms as complementary rather than competing: AI is used extensively in internal software development and in new product features such as automatic translation between control center, staff, and passengers, but for IVU's core optimization problems it is currently a complement, not a replacement. For IVU itself, AI is also an enabler on the cost side: management expects the efficiency gains to limit the growth of personnel expense, its largest cost item. Management makes a specific technical argument that bears on the commoditization risk: for the constrained optimization problems at the heart of scheduling, AI-based optimizers require substantially more computing time and hardware to reach results comparable to IVU's established mathematical methods, which is neither economical nor sustainable at present. If that assessment holds, the optimization layer is more defensible against commoditization than a casual reading of the AI threat would suggest - though it is management's own view, and the honest caveat is that the state of the art is moving quickly.

On balance, for IVU's core market - large and mid-sized operators running integrated, business-critical, long-cycle systems - AI looks more likely to reinforce the incumbent's position, particularly its data advantage, than to dismantle it, and it should also support margins through internal efficiency gains. The genuine risks are longer-dated and concentrated in two areas: the low end of the market, where AI-native, cloud-first competitors could attack smaller operators with simpler needs and lower switching costs (the same segment IVU is targeting with its <neo> [essentials] products, which is both the right defensive move and the most exposed flank), and the eventual make-versus-buy shift, should in-house AI-assisted development ever mature enough to tempt large operators away from specialized vendors. Neither is a present threat, but both are worth watching, and they are the developments that would most alter the investment case.

Synopsis market section

The demand outlook is favorable and, importantly, driven by rising operational complexity rather than by passenger growth. Fleet electrification, a worsening driver shortage (around 105,000 unfilled bus and coach positions in Europe in 2023, projected to more than double by 2028 per the International Road Transport Union), the digitalization of ticketing, the expansion and liberalization of European rail, and tightening cybersecurity regulation each make operations harder to run manually and push operators toward more capable, integrated software. These are structural, multi-year forces, and they favor a standardized, full-suite vendor. The one systemic qualification runs through all of them: this is a publicly funded market, and its demand ultimately depends on public budgets. At present, public investment is a tailwind, not least through Germany's infrastructure program, but a shift in political priorities or renewed austerity would slow the market for every vendor - the clearest single risk in the investment case, and one that sits outside IVU's control.

Competitively, IVU is a market leader in the German-speaking region, while no player dominates globally. The market is served by a modest number of specialized vendors rather than by large generalists, and IVU is one of only a few offering an integrated system spanning the entire operator workflow. Its nearest listed peer, Init SE, is materially larger (EUR 330m of revenue in 2025 against IVU's EUR 150m) but carries substantial hardware content, making IVU the more focused, higher-recurring-revenue software play of the two. IVU's position is protected by genuine entry barriers - switching costs, decades of encoded domain expertise, certification and reference requirements in critical-infrastructure procurement, and the integration advantage of a full suite - which together explain the market's stability and IVU's durable installed base. These barriers protect the installed base more than they protect new business, however: in newly liberalized rail markets such as France and Spain, IVU competes for open business against entrenched local players rather than inheriting it, so liberalization is both its clearest growth opportunity and a genuine competitive contest. This is one reason management now also considers acquisitions to gain local presence.

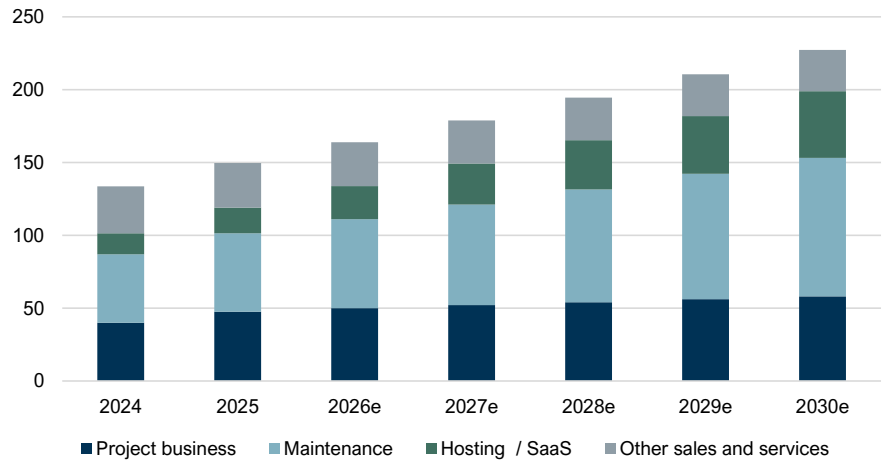
On the question that increasingly shapes how investors value software companies - the threat from artificial intelligence - our assessment is that AI is, for IVU's core business, more enabler than disruptor. AI lowers the cost of writing code, but code was never the barrier; switching costs, installed base, references, and operator trust are, and AI leaves these largely intact. If anything, AI's dependence on proprietary operational data favors the incumbent with the deepest installed base. AI should also support IVU's margins through internal efficiency gains. The genuine risks are longer-dated and lie at the low end of the market, where AI-native competitors could attack smaller operators, and in an eventual make-versus-buy shift should in-house development mature - neither a present threat, but both worth watching.

Overall, IVU's market is a good one to occupy: not large or fast-growing, but structurally expanding, unusually stable, and protected by real barriers that AI does not obviously erode. The demand drivers are durable and genuine, and IVU's integrated, software-focused, high-recurring-revenue model is well suited to capture them. The investment case from the market side rests less on the size of the opportunity than on its quality - visibility, stickiness, and defensibility.

Financials

P&L

Revenue by type, 2024–2030e



Source: Pareto Securities

Our revenue estimates are built from the bottom up, projecting each of IVU's four reporting lines separately rather than applying a single group growth rate. This follows directly from the business analysis: the four lines have distinct economic drivers and are moving at very different speeds, and it is the shift in their mix - not the headline growth rate - that defines IVU's financial trajectory. We forecast group revenue to grow by high single digits per year through 2030, slightly below the company's historical pace of around 10% but above the underlying market growth we estimate in the market section, reflecting continued share gains and the migration of the installed base to higher-value recurring services.

The single most important driver is the cloud transition, and it is where we assume the fastest growth. Hosting and SaaS is the smallest line today but grows by around 20% a year in our model and more than doubles by 2030. This reflects the structural forces identified earlier - the still modest cloud penetration of the installed base (low in public transport, already high in rail), and the cybersecurity and standardization pressures (NIS2 among them) that push operators toward hosted deployment - and it is the primary engine of the rising recurring revenue share. Maintenance revenue, the annuity that each project leaves behind, grows more steadily at low double digits as the installed base widens. In our model, slightly more than a quarter of the previous year's project revenue turns into new recurring revenue each year, while churn stays very low. Together, these two recurring lines are the core of the investment case: we expect them to rise from just under half of revenue today to around 60% by 2030, materially increasing the visibility and quality of the earnings base. Management regards around 60% as ambitious but not unrealistic over time and sees hosting at about 30% of recurring revenue.

Project business, by contrast, we grow more cautiously. After a strong 2025, we assume only low- to mid-single-digit growth through 2030. This is deliberate: project revenue is the lumpy, tender-driven line, dependent on the timing of new wins, and while it remains the entry point through which new customers and future maintenance streams are acquired, we do not extrapolate its recent pace. The fourth line, other sales and services - largely hardware and one-off items - we assume declines slightly each year, consistent with IVU's own de-emphasis of lower-value, non-core revenue in favor of its software and cloud focus. The net effect is a revenue base that not only grows but improves in composition: faster-growing, higher-quality recurring income steadily displaces slower, lumpier one-off revenue.

Below revenue, we expect margins to improve steadily. Gross margin remains software-like at slightly above 80% throughout the forecast, consistent with recent years. The operating margin is the more revealing line: we assume the EBIT margin rises every year, as personnel expense - IVU's dominant cost, running above half of revenue - grows more slowly than revenue, supported by AI-driven efficiency gains, and as the mix shifts toward higher-margin licenses, maintenance, and hosting. By 2030, this development implies EBIT of around 20% of gross profit. IVU's profitability will still sit between packaged software and IT services

because of the project and implementation labor its model requires, but management's shift in emphasis from the recent investment phase toward profitability is already visible in the 2026 guidance upgrade.

As a result, EBIT roughly doubles between 2025 and 2030. Net profit and earnings per share grow even faster and more than double - helped by the announced reduction in German corporate income tax, which lowers our assumed tax rate from 2028 onward. The dividend, which we assume continues at a payout ratio of around 41% (excluding the one-off special dividend for 2025 marking the company's stock-market anniversary), rises steadily in line with earnings.

Resulting P&L

Profit & Loss	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Revenue	103	113	122	134	150	164	179	195	211	227
% yoy	*11.8%*	*10.1%*	*8.2%*	*9.1%*	*12.0%*	*9.6%*	*9.1%*	*8.7%*	*8.3%*	*7.9%*
Gross Profit	76	91	101	113	122	133	146	159	172	186
% of sales	*73.7%*	*80.0%*	*82.6%*	*84.8%*	*81.2%*	*81.3%*	*81.5%*	*81.7%*	*81.8%*	*82.0%*
EBITDA	16	19	20	22	23	26	31	35	39	42
% of sales	*16.0%*	*16.5%*	*16.6%*	*16.2%*	*15.6%*	*16.1%*	*17.1%*	*17.8%*	*18.3%*	*18.7%*
EBIT	14	15	16	17	19	22	26	30	34	37
% of sales	*13.5%*	*13.1%*	*12.9%*	*12.6%*	*12.4%*	*13.4%*	*14.5%*	*15.4%*	*15.9%*	*16.3%*
% of gross profit	*18.4%*	*16.4%*	*15.6%*	*14.8%*	*15.3%*	*16.5%*	*17.8%*	*18.8%*	*19.5%*	*19.9%*
Pretax Profit	14	15	16	17	19	22	26	30	34	37
% of sales	*13.1%*	*13.0%*	*13.4%*	*12.9%*	*12.4%*	*13.6%*	*14.6%*	*15.4%*	*16.0%*	*16.5%*
Net Profit	9	10	11	12	13	16	19	22	25	28
% of sales	*9.1%*	*8.9%*	*9.3%*	*9.0%*	*8.9%*	*9.7%*	*10.4%*	*11.2%*	*11.8%*	*12.3%*
EPS (EUR)	0.53	0.58	0.65	0.69	0.77	0.92	1.08	1.25	1.43	1.61
% yoy	*-7.0%*	*9.4%*	*12.1%*	*6.2%*	*11.6%*	*19.0%*	*17.3%*	*16.7%*	*14.2%*	*12.4%*
DPS (EUR)	0.22	0.24	0.26	0.28	0.55	0.38	0.44	0.51	0.59	0.66
Payout ratio	*42%*	*41%*	*40%*	*41%*	*71%*	*41%*	*41%*	*41%*	*41%*	*41%*

Source: Company, Pareto Securities

Our estimates are consistent with IVU's guidance. For 2026, the company guides revenue above EUR 160m, gross profit around EUR 130m, and - following an upgrade in July 2026 - EBIT of around EUR 22m. Our figures (revenue of EUR 164m, gross profit of EUR 133m, EBIT of EUR 22m) are in line with, to marginally above, these targets, and are underpinned by first-half 2026 results, with revenue up 13% and EBIT more than tripling year on year to EUR 3.3m against the company's typically H2-weighted earnings profile. Over the medium term, management targets annual revenue growth of 5 to 10% alongside a gradual rise in profitability; our forecasts, with growth easing from around 10% to 8% and EBIT rising to around 20% of gross profit by 2030, sit in the upper half of that range on revenue.

Cash flow analysis

Expected cash flow development (EURm)

Cash Flow	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Operating Cash Flow	19	4	12	7	31	14	18	21	27	30
% of sales	*19%*	*4%*	*10%*	*5%*	*21%*	*9%*	*10%*	*11%*	*13%*	*13%*
Capex	-1	-2	-2	-2	-1	-2	-2	-3	-3	-3
% of sales	*1%*	*2%*	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*
Operating FCF	18	3	10	5	30	12	16	19	24	27
% of sales	*17%*	*2%*	*8%*	*4%*	*20%*	*7%*	*9%*	*10%*	*12%*	*12%*
Acquisitions and others	0	-11	0	0	0	0	0	0	0	0
% of sales	*0%*	*-10%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
FCF	18	-8	11	6	31	12	16	19	24	27
% of sales	*17%*	*-7%*	*9%*	*5%*	*20%*	*7%*	*9%*	*10%*	*12%*	*12%*

Source: Company, Pareto Securities

IVU is strongly cash-generative, and its cash flow is best understood by looking through the year-to-year volatility to the underlying conversion. The business is asset-light: capital expenditure runs at only around 1% of sales, reflecting a model whose principal investment is in people and software rather than physical assets, and there has been no meaningful acquisition spend since 2022. As a result, operating free cash flow closely tracks operating cash flow, and over time both convert the bulk of EBITDA into cash.

The volatility that is visible in the historical figures is almost entirely a working-capital effect, driven by the timing of project receivables and unbilled work rather than by any change in underlying profitability. The clearest illustration is the swing between 2024 and 2025. In 2024, operating cash flow was unusually low at EUR 7m, well below EBITDA of EUR 22m, because an exceptionally large customer receivable at year-end tied up cash; trade receivables reached 32% of sales, above the company's normal level. In 2025, that position unwound, releasing roughly EUR 15m of working capital and lifting operating cash flow to an exceptional EUR 31m - above both EBITDA and net profit. Neither year is representative on its own: the two-year average of around EUR 19m is a fairer read of the underlying run-rate, and the earlier negative free cash flow in 2022 reflects the acquisition of LBW Optimization, not operating weakness.

Across the forecast, we assume working capital resumes a normal build as receivables and contract assets grow broadly in line with revenue, so operating cash flow stays clearly below EBITDA, also because of tax payments, and does not repeat the 2025 release. We regard a working-capital intensity of around 23% of sales as a reasonable assumption. On this basis, operating cash flow roughly doubles between 2026 and 2030, and free cash flow, held back only marginally by minimal capital expenditure, follows closely. Free cash flow is shown before lease payments, which are part of financing cash flow. Free cash flow conversion improves through the forecast as the cash-generative recurring-revenue base grows and project-driven working-capital intensity stabilizes. Our forecasts do not include acquisitions. This cash generation comfortably funds the progressive dividend and the regular buybacks for employee share programs and leaves the balance sheet accumulating cash, a point developed in the following section.

Balance sheet

Balance sheet, 2021–2030e

Balance Sheet	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Total assets / liabilities	130	140	153	164	179	169	185	202	221	242
% of sales	*127%*	*124%*	*125%*	*123%*	*120%*	*103%*	*103%*	*104%*	*105%*	*106%*
Capital employed	15	40	52	63	48	57	65	73	80	86
% of sales	*15%*	*35%*	*42%*	*47%*	*32%*	*35%*	*36%*	*38%*	*38%*	*38%*
Net Working Capital	14	30	35	41	26	33	38	45	48	52
% of sales	*14%*	*27%*	*28%*	*31%*	*17%*	*20%*	*22%*	*23%*	*23%*	*23%*
Net Debt + Pension Prov.	-62	-45	-45	-43	-66	-63	-69	-50	-61	-73
Gearing	*-4694%*	*-181%*	*-156%*	*-118%*	*-262%*	*-200%*	*-184%*	*-73%*	*-84%*	*-95%*
Equity	68	75	79	85	95	99	110	124	139	156
Equity ratio	*52%*	*53%*	*52%*	*52%*	*53%*	*58%*	*60%*	*61%*	*63%*	*64%*
No. Shares	18	17	18	17	17	17	17	17	17	17
% yoy	*0%*	*0%*	*0%*	*-1%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Book Value per Share	3.9	4.3	4.5	4.9	5.5	5.7	6.3	7.1	8.0	9.0
% yoy	*8%*	*10%*	*5%*	*8%*	*12%*	*4%*	*12%*	*12%*	*12%*	*12%*

Source: Company, Pareto Securities

IVU's balance sheet is debt-free and carries a substantial net cash position, which grows across the forecast as the business converts profit into cash. Net cash (net of pension provisions) stood at around EUR 66m at the end of 2025, up sharply from EUR 43m a year earlier on the strong 2025 cash generation. About EUR 50m of this is freely available liquidity; the rest is held as a reserve. We expect net cash to keep rising through 2030, even after dividends, lease payments, and share buybacks. Pension provisions are negligible at under EUR 3m, so net debt and net-cash-including-pensions are effectively the same figure.

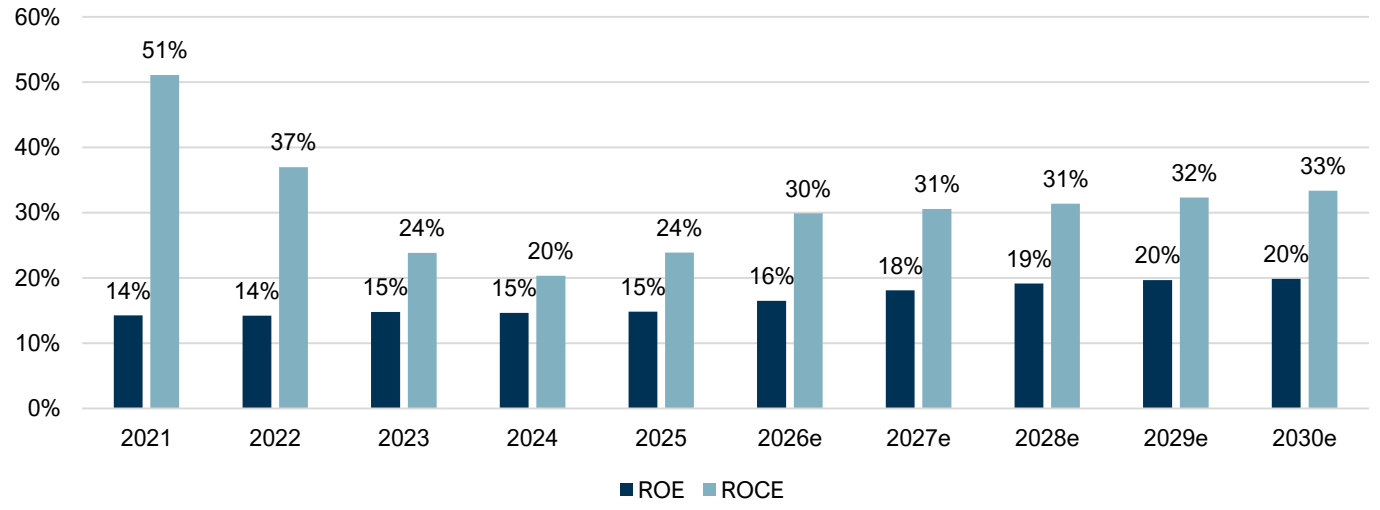
The equity base is correspondingly solid. The equity ratio is high and rising, from 53% of total assets in 2025 to above 60% by the end of the forecast, reflecting retained earnings accumulating faster than the balance sheet grows. Book value per share rises steadily. Goodwill is modest at around EUR 19m - attributable to past acquisitions - and other intangibles are small, so the balance sheet carries little acquisition-related risk and reported equity is of high quality, backed by cash and operating assets rather than by capitalized intangibles.

The principal balance-sheet dynamic to understand is working capital, which is structural to IVU's project model rather than a sign of stress. Because a meaningful share of revenue is recognized over time on long-term implementation contracts, the balance sheet carries sizeable trade receivables and contract assets (unbilled work), and these fluctuate with project timing - the source of the cash-flow volatility already described. Net working capital runs at roughly 20 to 23% of sales across the forecast, and we assume it grows broadly in line with revenue. This is a normal feature of the business model, not a risk, but it is the reason cash generation is lumpy year to year even as the underlying position remains robust.

Taken together, there is no leverage risk, no refinancing risk, and ample liquidity to fund the dividend and any opportunistic investment. The growing cash position also gives IVU room for acquisitions, which management now considers, particularly for entering new regions.

Profitability and returns

RoE and RoCE, 2021–2030e



Source: Company, Pareto Securities

IVU earns high returns on capital: Return on equity has been stable at around 15% and rises steadily over the forecast - a consistent, high-quality level for a debt-free company. Return on capital employed is higher still and, after a volatile history, rises to above 30% in our estimates as margins improve. Both measures comfortably exceed IVU's cost of capital throughout, confirming that the business creates economic value; the more informative question is why the two differ so much in level.

Return on capital employed (NOPAT/average capital employed) is high because IVU needs very little capital to operate: with negligible fixed assets and only working capital tied up in the business, even modest profits translate into strong returns on the small capital base. The volatility and the decline in ROCE between 2021 and 2024 were driven by capital employed itself, which fluctuates with working capital and grows over time as receivables and contract assets expand with revenue. The very high early readings - above 50% in 2021 - reflect an unusually low capital base in those years rather than a deterioration since. Going forward, working capital stays at a steady 20-23% of sales, so rising margins translate directly into a higher ROCE. On a goodwill-adjusted basis the returns are higher again, since the modest goodwill from past acquisitions sits in the capital base without generating separately identifiable earnings.

Return on equity, by contrast, is more stable but visibly lower than ROCE, and the gap between them is informative. It reflects IVU's growing cash position: because the company retains more cash than the business requires and carries no debt, equity grows faster than earnings, which keeps ROE well below ROCE even as operating profitability improves. This is a matter of capital structure rather than operating performance: the underlying operating returns are strong, and the lower ROE reflects a deliberately conservative, cash-rich balance sheet rather than any weakness in the business. Holding surplus cash is a reasonable posture for a company whose growth opportunities and occasional acquisitions arrive unevenly, and it preserves the flexibility to act when they do.

Synopsis financials

IVU's financial profile is high quality and low risk, and it reinforces the investment case built in the business and market sections. Three features stand out.

First, the growth is steady, predictable, and improving in composition. Revenue has compounded at around 10% a year with remarkable consistency, and we expect high-single-digit growth to continue through 2030. More important than the rate is the mix: fast-growing recurring revenue from maintenance and, especially, cloud hosting steadily displaces lumpier one-off project and hardware income, lifting the recurring share from just under half of revenue today to around 60% by 2030. This is the single most valuable feature of the financials, because it makes an already-predictable business progressively more visible.

Second, profitability is solid and set to improve steadily. Gross margin is software-like at slightly above 80%, and the EBIT margin, at around 12% in 2025, sits between packaged software and IT services because of the implementation labor IVU's model requires. We expect the EBIT margin to rise every year as personnel costs grow more slowly than revenue, supported by AI-driven efficiency gains, and as the mix shifts toward higher-margin recurring revenue. By 2030, this implies EBIT of around 20% of gross profit, and the 2026 guidance upgrade already shows the first results. Returns on capital comfortably exceed the cost of capital throughout and rise with margins, confirming genuine value creation.

Third, the balance sheet and cash generation are a source of strength rather than risk. IVU is debt-free with a substantial and growing net cash position, converts the bulk of its earnings into cash, and needs almost no capital to grow. Year-to-year cash flow is lumpy because project working capital swings with contract timing, but this is a feature of the model, not a weakness, and the underlying conversion is strong. The cash-rich balance sheet holds down reported return on equity somewhat, but this reflects deliberate conservatism and preserves flexibility to fund the progressive dividend and act on opportunities as they arise, including acquisitions.

IVU's financials are among the clearest strengths of the investment case: consistent high-single-digit growth, an improving recurring-revenue mix that raises earnings visibility, healthy and steadily rising margins, strong cash conversion, and a debt-free, cash-rich balance sheet with no leverage or refinancing risk. This is a financially conservative, self-funding business whose earnings quality is improving over time, with little financial risk in the profile itself.

Valuation

DCF

The model reflects, in cash terms, the trajectory established in the preceding sections. Through 2030 it carries our explicit forecasts directly - revenue growth easing from around 10% to 8% and the EBIT margin rising toward 16% as the recurring mix improves and personnel costs grow more slowly than revenue. The fade period to 2035 then extends the same logic rather than introducing new assumptions: revenue growth decelerates toward the long-run rate, and the EBIT margin continues its gradual climb toward 17.5%. Most of the margin improvement therefore occurs in the explicit forecast period, while the fade period adds a smaller further step. The terminal growth rate of 3.0% sits below both the roughly 5% market growth and the pace we forecast for the explicit years - a deliberately unaggressive endpoint.

DCF

	Phase I					Phase II					Phase III
EUR m	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**2031e**	**2032e**	**2033e**	**2034e**	**2035e**	
Revenues	**164**	**179**	**195**	**211**	**227**	**243**	**259**	**273**	**285**	**296**	
growth rate	*9.6%*	*9.1%*	*8.7%*	*8.3%*	*7.9%*	*7.1%*	*6.3%*	*5.5%*	*4.6%*	*3.8%*	
EBIT	**22**	**26**	**30**	**34**	**37**	**40**	**43**	**46**	**49**	**52**	
EBIT margin	*13.4%*	*14.5%*	*15.4%*	*15.9%*	*16.3%*	*16.6%*	*16.8%*	*17.0%*	*17.3%*	*17.5%*	
Tax	**(6)**	**(7)**	**(8)**	**(9)**	**(9)**	**(10)**	**(11)**	**(12)**	**(12)**	**(13)**	
Tax rate	*28.5%*	*28.5%*	*27.5%*	*26.4%*	*25.4%*	*25.4%*	*25.4%*	*25.4%*	*25.4%*	*25.4%*	
Depr. & Amort. (w/o leases)	**2**	**2**	**2**	**2**	**2**	**3**	**3**	**3**	**3**	**3**	
% of sales	*1.3%*	*1.2%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.0%*	
Capex	**(2)**	**(2)**	**(3)**	**(3)**	**(3)**	**(3)**	**(3)**	**(3)**	**(3)**	**(3)**	
% of sales	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.2%*	*1.2%*	*1.1%*	*1.1%*	*1.1%*	
Change in NWC	**(7)**	**(6)**	**(6)**	**(4)**	**(4)**	**(4)**	**(4)**	**(3)**	**(3)**	**(3)**	
% of sales	*4.1%*	*3.2%*	*3.2%*	*1.8%*	*1.7%*	*1.5%*	*1.4%*	*1.2%*	*1.0%*	*0.8%*	
Free Cash Flow	**9**	**13**	**15**	**21**	**23**	**26**	**29**	**31**	**34**	**36**	**821**
growth rate	*nm*	*41.2%*	*18.3%*	*36.2%*	*13.3%*	*11.6%*	*10.1%*	*8.9%*	*7.9%*	*7.0%*	*3.0%*
Present Value FCF	**9**	**12**	**13**	**16**	**17**	**18**	**18**	**19**	**19**	**19**	**422**

PV Phase I	**67**
PV Phase II	**92**
PV Phase III	**422**
Enterprise value	**582**
- Net Debt (Cash)	**(69)**
- Pension Provisions	**3**
- Minorities & Peripherals	**0**
- Leasing liabilities	**20**
- Paid-out dividends for last FY	**10**
Equity value	**618**
Number of shares (m)	**17.4**
Value per share (EUR)	**36.0**
Current Price (EUR)	**28.4**
Upside	**27%**

Risk free rate	3.5%
Premium Equity	5.0%
Premium Debt	1.0%
Targ. equity ratio	90%
Beta	0.9
WACC	7.5%

Sensitivity		**Growth in phase III**				
		2.0%	**2.5%**	**3.0%**	**3.5%**	**4.0%**
	6.8%	36.0	39.0	42.8	47.7	54.4
	7.1%	33.3	35.8	38.9	42.8	47.9
WACC	**7.5%**	31.0	33.1	**35.6**	38.8	42.8
	7.9%	29.0	30.8	32.9	35.5	38.7
	8.3%	27.3	28.8	30.5	32.7	35.4

Source: Pareto Securities

The WACC of 7.5% is based on a beta of 0.9, reflecting IVU's high share of recurring revenue, business-critical products, and non-cyclical, publicly funded demand.

On this basis, we derive a value of EUR 36 per share, implying an upside of around 27%. Net cash contributes around EUR 3.5 per share.

Flexing the WACC between 6.8% and 8.3% and terminal growth between 2.0% and 4.0% gives a range of roughly EUR 27 to EUR 54 per share. Only the least favorable combination yields a value slightly below the current share price. In other words, today's price implies the market credits IVU with little of the durable growth and defensiveness

that the fundamentals, in our view, support - which is the essence of the investment case.

Peer group analysis

Peer multiples

Company	Share price (EUR)	MV (m EUR)	EBITDA margin (FY1)	Beta	(P/E)		EV/EBITDA		EV/EBIT		DY
					2026	2027	2026	2027	2026	2027	2026
ATOSS Software	94.4	1,502	38.8%	0.6	28.0	24.8	16.8	14.9	17.9	15.8	2.6%
init	41.5	458	14.8%	0.7	17.4	14.0	8.2	7.1	11.9	9.8	2.5%
Mensch und Maschine	33.7	577	25.9%	0.5	16.1	14.1	9.1	8.1	11.2	9.9	6.3%
Nemetschek SE	75.5	8,714	31.3%	0.7	34.9	28.7	19.5	15.4	22.5	17.6	1.0%
secunet	243.0	1,580	16.2%	1.0	39.6	31.0	20.1	16.6	27.8	21.4	1.2%
Median			**21.0%**	**0.7**	**22.7**	**19.5**	**12.9**	**11.5**	**14.9**	**12.9**	**1.8%**
IVU	**28.6**	**507**	**16.1%**	**0.9**	**31.0**	**26.4**	**16.3**	**14.0**	**19.5**	**16.4**	**1.3%**
Premium/ Discount to …											
Median					37%	36%	26%	21%	31%	27%	-28%

Source: Factset, Pareto Securities

As a cross-check on the DCF, we compare IVU against a group of listed software companies. A genuine like-for-like peer barely exists: IVU is one of only two listed pure-play providers of operational software for public transport, the other being Init. The remaining listed names in the wider transport-technology space are either hardware-and-systems-integration businesses with very different economics (such as Kapsch TrafficCom) or privately held (Optibus, Hogia, the Trapeze/Modaxo group). This scarcity is itself a feature of the investment case: IVU is a rare listed way to own this niche. Alongside Init we therefore include a group of high-quality German best-of-breed software companies - Atoss Software, Nemetschek, Mensch und Maschine, and secunet - which, while active in different end-markets, share the economic characteristics that define IVU: organic, product-led growth, high recurring revenue, and strong customer retention.

IVU trades at a premium to Init, which we regard as justified: IVU is a pure-software business with a higher share of recurring revenue and higher-quality earnings. Compared with the best-of-breed software companies, IVU's valuation is broadly in line. The peer comparison therefore offers no deep-value argument, but it confirms that the market values IVU as a quality software business. Further upside depends on IVU delivering the growth and margin path we forecast, which our DCF captures.

Synopsis valuation

Our two methods are complementary. The DCF model, our primary method, yields a value of around EUR 36 per share, roughly 27% above the current price, driven by IVU's long runway of predictable, increasingly recurring cash flows and steadily improving margins. The peer analysis does not point to the same headline upside - on current multiples IVU is fairly priced for its present profile - but it places IVU sensibly above its direct peer, Init, and broadly in line with the best-of-breed German software companies.

The valuation supports a positive view, for disciplined reasons. This is not a deep-value situation: on today's multiples IVU is priced as the good-quality software business it is. The upside rests on IVU's fundamentals compounding over time - predictable growth, a rising recurring-revenue share, improving margins, and a debt-free balance sheet whose net cash adds directly to equity value - which our DCF captures. The peer comparison confirms that the market already values IVU as a quality software business. Further upside depends on IVU delivering the growth and margin path we forecast. Faster progress on margins and recurring revenue would add to the upside; slower progress would still leave IVU reasonably valued for its quality.

SWOT

SWOT

Strengths	Weaknesses
Deeply embedded, business-critical software with high switching costs and multi-decade customer relationships.	Small absolute scale in a niche market, limiting the pace of growth.
Rising recurring-revenue share, heading toward 60%, giving high earnings visibility.	EBIT margin held down by implementation labor, below best-of-breed software.
Debt-free, cash-rich balance sheet with strong cash conversion.	Customer concentration: the three largest customers account for close to a quarter of revenue.
Market leader in the German-speaking region and one of only a few vendors offering an integrated, end-to-end suite; pure-software focus.	Overwhelmingly European, with negligible revenue outside the region.
Consistent revenue growth of around 10% a year with resilient, non-cyclical demand.	

Opportunities	Threats
Cloud migration (IVU.cloud) converting one-off revenue into recurring streams.	Dependence on public budgets; austerity or shfiting political priorities would slow demand.
Rail-market liberalization opening new operators in France, Spain, and beyond.	Competition for new business in liberalized markets from entrenched local players.
Structural demand drivers: electrfiication, driver shortage, ticketing digitalization, NIS2.	Longer-term AI risks at the low end and in an eventual make-versus-buy shfit.
Down-market expansion into smaller operators via the <neo> [essentials] products.	
Rising margins from efficiency gains, including AI, and a mix shfit toward recurring revenue.	
Acquisitions to enter new regions, backed by net cash and the renewed authorized capital.	

Source: Pareto Securities

At a glance

At a glance

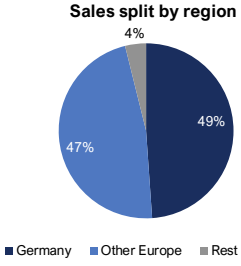
Business Units	
Products/ applications	The IVU.suite, IVU's integrated standard software for public-transport bus and rail operators, covers the full operational workflow: planning, scheduling, dispatch, operations control, ticketing, passenger information, and settlement. Sold as a complete suite or single modules; IVU.rail applies the same architecture to rail. Revenue splits into project business (~48%), maintenance (~36%), hosting/SaaS via IVU.cloud (~12%, fastest-growing), other (~4%)
Customers	IVU serves more than 500 public-transport operators worldwide across bus and rail. Its largest customer is Deutsche Bahn (an estimated ~11% of revenue); no other client is of material concentration, and the base is otherwise highly diversfiied. Reference customers include Swiss Federal Railways, PostAuto, Transdev, De Lijn, Wiener Linien, and Trenitalia. Demand originates overwhelmingly from public or publicly contracted operators, purchasing through formal tenders and long framework contracts.
Market share/ positioning	IVU is the leading provider of operational software in the German-speaking market and a signfiicant player across Europe. Its ~EUR 150m revenue equates to ~4% of the broader European and North American market for public-transport intelligent transport systems (ITS), and a higher share of the narrower operational-software niche it addresses.
Drivers	Demand is driven by rising operational complexity rather than passenger growth. Fleet electrfiication adds range, charging, and depot constraints to vehicle scheduling; the public-transport driver shortage (around 105,000 unfilled bus positions in Europe in 2023, projected to more than double by 2028) raises the value of optimized crew planning; and account-based ticketing digitalization requires sophisticated back-office software. Rail-market liberalization in France and Spain opens new operators, while tightening cybersecurity regulation (NIS2) favors established, standardized, professionally maintained systems. Each driver makes operations harder to run manually and pushes operators toward more capable, integrated software. Growth is structural, backed by public investment, and largely independent of the economic cycle.
Main competitors	The market is served by a modest number of specialized vendors rather than large generalists, and no player dominates globally. IVU's only direct listed peer is Init SE, which offers a comparable integrated suite but is hardware-inclusive and larger (~EUR 330m revenue). Other signfiicant players are the Trapeze/Modaxo group and Siemens Mobility internationally, plus regional or functional specialists such as GMV, Indra, and Thales. Vehicle OEMs offer only limited telematics, not competing operational suites.
Entry barriers/ competitive advantage	Entry barriers are high. Operators run IVU's software as business-critical infrastructure, so switching is costly, rare, and risky, and core systems are replaced only every seven to ten years. The suite encodes decades of domain-specfiic optimization know-how that a generalist cannot quickly replicate, and public tenders favor vendors with established references and certfiications. IVU's key dfiferentiation is the breadth and integration of its suite
Strategy & Guidance	**Strategy:** (I) Grow primarily organically and product-led, with acquisitions an increasing option, especially to enter new regions. (II) Lfit the recurring-revenue share, chiefly by migrating customers to the IVU.cloud. (III) Expand geographically in a capital-light way, entering new markets from existing locations or, increasingly, via acquisition. (IV) Modernize the product continuously via the cloud-first <neo> generation, including down-market [essentials] variants for smaller operators. (V) Deploy AI as an enabler in products and development, complementing rather than replacing IVU's core optimization algorithms.

	Guidance (07/2026):	PAS Estimates:	Consensus:
Revenue:	> EUR 160m	EUR 164m	EUR 164m
y/y	*6.9%*	*9.6%*	9.2%
EBIT:	EUR 22m	EUR 22m	EUR 23m
margin	13.8%	13.4%	14.1%

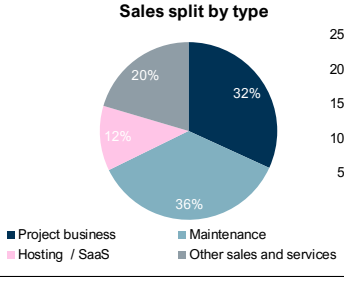
2025	**Sales**	**149.7**	**Adj. EBITDA**	**23.4**	**EBIT (EURm)**	**18.6**	**Sales 5Y hist. CAGR**	**10.2%**
	y/y	*12.0%*	*Margin*	*15.6%*	*Margin*	*12.4%*		

Sales & EBIT Split

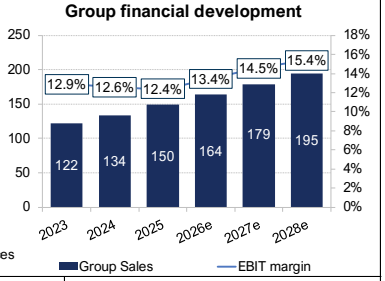
Sales split by region



Sales split by type



Group financial development



Shareholder structure & management

CEO — **Martin Müller-Elschner**



- Chairman/CEO since 2010; with IVU since 1994, first in passenger information, on the board since 2008
- Graduate engineer; has shaped IVU's product and strategy over his long tenure.
- Held the CFO function personally until the dedicated role was created in 2026

CFO — **Petra Meiser**



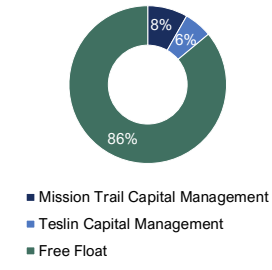
- CFO since April 2026; responsible for finance, legal, compliance, investor relations, and M&A
- Previously Global Head of Corporate M&A at Daimler and CFO of software company Here Technologies; later equity partner at EY-Parthenon
- Brings software-sector, M&A, and capital-markets experience; her arrival separated the CFO role from the CEO for the first time in years

COO — **Leon Struijk**



- Joined IVU in February 2018 ; Vice Chairman since February 2022
- Initially CCO, responsible for projects and sales; in charge of the technical and operational department since November 2024
- Co-founded the Dutch bus company Qbuzz in 2008 and was its managing director
- Previously at PwC and Connexxion; studied business administration at the University of Amsterdam

Shareholder structure



# of employees FY 2025	**1,070**

Source: Company, Pareto Securities

PROFIT & LOSS (fiscal year) (EURm)	2021	2022	2023	2024	2025	2026e	2027e	2028e
Revenues	**103**	**113**	**122**	**134**	**150**	**164**	**179**	**195**
EBITDA	**16**	**19**	**20**	**22**	**23**	**26**	**31**	**35**
Depreciation & amortisation	(3)	(4)	(5)	(5)	(5)	(4)	(4)	(5)
EBIT	**14**	**15**	**16**	**17**	**19**	**22**	**26**	**30**
Net interest	(0)	(0)	0	0	0	0	0	0
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	**14**	**15**	**16**	**17**	**19**	**22**	**26**	**30**
Taxes	(4)	(5)	(5)	(5)	(5)	(6)	(7)	(8)
Minority interest	-	-	-	-	-	-	-	-
Net profit	**9**	**10**	**11**	**12**	**13**	**16**	**19**	**22**
EPS reported	0.53	0.58	0.65	0.69	0.77	0.92	1.07	1.25
EPS adjusted	**0.53**	**0.58**	**0.65**	**0.69**	**0.77**	**0.92**	**1.07**	**1.25**
DPS	0.22	0.24	0.26	0.28	0.55	0.38	0.44	0.51

BALANCE SHEET (EURm)	2021	2022	2023	2024	2025	2026e	2027e	2028e
Tangible non current assets	2	2	2	2	2	2	2	2
Other non-current assets	34	49	60	61	64	47	50	52
Other current assets	28	41	39	54	43	52	60	69
Cash & equivalents	66	48	52	47	70	67	70	75
Total assets	**130**	**140**	**153**	**164**	**179**	**169**	**182**	**198**
Total equity	68	75	79	85	95	98	108	119
Interest-bearing non-current debt	-	-	4	1	1	1	1	1
Interest-bearing current debt	-	-	-	-	-	-	-	-
Other Debt	58	62	66	75	80	66	70	75
Total liabilites & equity	**130**	**140**	**153**	**164**	**179**	**169**	**182**	**198**

CASH FLOW (EURm)	2021	2022	2023	2024	2025	2026e	2027e	2028e
Cash earnings	22	21	16	13	16	21	24	27
Change in working capital	(2)	(16)	(4)	(6)	15	(7)	(6)	(6)
Cash flow from investments	(1)	(13)	(1)	(0)	(1)	(2)	(2)	(3)
Cash flow from financing	(8)	(10)	(9)	(11)	(8)	(15)	(12)	(13)
Net cash flow	10	(18)	2	(4)	23	(3)	4	5

VALUATION (EURm)	2021	2022	2023	2024	2025	2026e	2027e	2028e
Share price (EUR end)	**21.1**	**16.1**	**13.9**	**14.9**	**20.9**	**28.4**	**28.4**	**28.4**
Number of shares end period	18	17	17	17	17	17	17	17
Net interest bearing debt	(62)	(45)	(45)	(43)	(66)	(63)	(66)	(71)
Enterprise value	**313**	**240**	**202**	**218**	**300**	**433**	**429**	**424**
EV/Sales	3.0	2.1	1.7	1.6	2.0	2.6	2.4	2.2
EV/EBITDA	**19.0**	**12.8**	**10.0**	**10.0**	**12.8**	**16.4**	**14.1**	**12.2**
EV/EBIT	22.5	16.1	12.8	13.0	16.1	19.6	16.5	14.2
P/E reported	39.8	27.8	21.5	21.6	27.2	31.0	26.4	22.7
P/E adjusted	**39.8**	**27.8**	**21.5**	**21.6**	**27.2**	**31.0**	**26.4**	**22.7**
P/B	5.4	3.8	3.1	3.0	3.8	5.0	4.6	4.1

FINANCIAL ANALYSIS	2021	2022	2023	2024	2025	2026e	2027e	2028e
ROE adjusted (%)	14.3	14.2	14.8	14.6	14.8	16.5	18.1	19.1
Dividend yield (%)	1.0	1.5	1.9	1.9	2.6	1.3	1.6	1.8
EBITDA margin (%)	16.0	16.5	16.6	16.2	15.6	16.1	17.1	17.8
EBIT margin (%)	13.5	13.1	12.9	12.6	12.4	13.4	14.5	15.4
NIBD/EBITDA	(3.74)	(2.38)	(2.19)	(1.97)	(2.82)	(2.37)	(2.17)	(2.06)
EBITDA/Net interest	46.07	-	-	-	-	-	-	-

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Companies	No. of shares	Holdings in %
Austevoll Seafood	1 077 065	0,53 %
Pareto Bank	16 615 596	21,64 %
Pexip Holding	855 498	0,80 %
SpareBank 1 Nord-Norge	6 989 406	6,96 %
SpareBank 1 SMN	3 704 349	2,57 %
SpareBank 1 Østfold Akershus	1 237 475	9,99 %
SpareBank 1 Østlandet	6 850 656	5,04 %
SpareBank 1 Sør-Norge	4 361 438	1,16 %
Sparebanken Norge	13 946 435	8,22 %

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Please find below an overview of material interests in shares held by employees in Pareto Securities AS, in companies where a recommendation has been produced or distributed by Pareto Securities AS. "By material interest" means holdings exceeding a value of NOK 50 000.

Company	Analyst holdings*	Total holdings
ABB Ltd.		580
Aker ASA	500	3 301
Aker BP		6 195
Aqualis		10 382
Archer		5 940
Arribatec		13 000
Austevoll Seafood		4 100
AutoStore		130 010
B3 Consulting Group		3 451
Bakkafrost		787
BioInvent		15 000
Bonheur		32 000
Bouvet		7 927
BW Energy		50 209
BW Offshore		3 000
Cambi		24 777
Capital Tankers		11 000
CMB.TECH		12 300
Constellation Oil Services		500
DHT		592
DNB		54 847
DNO		9 860
DOF		632
Egetis Therapeutics		6 855
Elkem		80 000
Elliptic Laboratories		26 850
Elopak		53 625
Entra ASA		10 070
Envipco Holding		2 889
Equinor		4 470
Evolution		188
Fjord Defence Group		4 300
Frontline		3 616
Gentoo Media		10 010
Getinge		260
Gjensidige Forsikring		3 852
Grieg Seafood		11 700
Hafnia Ltd.		4 000
Haypp		610
Hennes & Mauritz B		1 085
Himalaya Shipping		2 079
Höegh Autoliners		463
International Petroleum Corp		6 801
Investor		1 194
Kid ASA		730
Kinnevik AB		13 000
Komplett ASA		554 614
Kongsberg Gruppen		13 304
Kongsberg Maritime		15 365
Lerøy Seafood Group		50 635
Link Mobility Group		152 859
Logistea		29 000
Lundin Mining Corp.		7 245
Moreld		263 000
Morrow Bank		40 000
Mowi		8 485
Mutares SE & Co. KGaA		433
Måsøval		1 700
NorAm Drilling		5 000
NORBIT		4 700
Norconsult		23 890
Nordic Semiconductor		78 372
Nordnet		6 239
Norsk Hydro		74 816
Norsk Titanium		400 000
Norske Skog		71 774
Odfjell Drilling		3 000
Odfjell SE		16 000
Odfjell Technology		2 305
Okeanis Eco Tankers		372
Orkla		5 008
Panoro Energy		12 370
Paradox Interactive		549
Pareto Bank		1 259 112
Pexip Holding		855 498
Plejd		352
Protector Forsikring		12 604
Rogaland Sparebank		8 906
Sagax		1 250
SalMar		913
SATS ASA		8 834
Scatec		51 505
Scorpio Tankers		3 000
Seadrill Ltd		3 524
Sentia		1 640
Smartoptics		75 580
SoftwareOne		24 975
Soiltech		19 102
Solstad Maritime		4 579
SpareBank 1 Nord-Norge		2 236
SpareBank 1 SMN		14 101
SpareBank 1 Sør-Norge		41 128
SpareBank 1 Østfold Akershus		1 240
SpareBank 1 Østlandet		20 776
Sparebanken Møre		5 882
Sparebanken Norge		58 863
Sparebanken Øst		13 400
Star Bulk Carriers		3 500
Stolt-Nielsen		2 000
Stora Enso		41 453
Storebrand		4 779
Storytel		22 115
Saab		133
Telenor		7 873
Thule Group		475
Tomra Systems ASA		94 210
TORM		310
Transocean		10 000
Valaris		3 327
VEND		78 529
Ventura Offshore Holding Ltd.		5 000
Vestas Wind Systems		1 275
Vicore Pharma Holding AB		6 700
Vår Energi		54 946
Wallenius Wilhelmsen		1 000
Webstep		5 560
Wilh. Wilhelmsen Holding		299
Xplora Technologies		4 916
Yara		15 779
Zaptec		55 000

This overview is updated monthly (last updated 14.10.2026).

*Analyst holdings refers to positions held by the Pareto Securities AS analyst covering the company.

Appendix B

Disclosure requirements in accordance with Article 6(1)(c)(iii) of Commission Delegated Regulation (EU) 2016/958

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

Archer
BlueNord
Bonheur
Borr Drilling Limited
Bruton Ltd.
BW LPG
Capital Tankers
Capsol Technologies AS
Constellation Oil Services
Elliptic Laboratories
Fjord Defence Group
Genel Energy
Gigante Salmon
Golar LNG
Gold Road International
Hafnia Ltd.
HomeToGo
Höegh Autoliners
Jacktel
Kosmos Energy
MPC Container Ships
Mutares SE & Co. KGaA
Norse Atlantic
Norsk Titanium
Northern Ocean
Norwegian Air Shuttle
Okeanis Eco Tankers
Paratus Energy Services
Scorpio Tankers
ShaMaran Petroleum
Sintana Energy
Xplora Technologies

This overview is updated monthly (this overview is for the period 01.10.2025 – 30.09.2026).

Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11 (4)

Distribution of recommendations

Recommendation	% distribution
Buy	67%
Hold	27%
Sell	2%
Not rated	4%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	91%
Hold	6%
Sell	0%
Not rated	3%

* Companies under coverage with which Pareto Securities Group has on-going or completed public investment banking services in the previous 12 months.

This overview is updated monthly (last updated 14.10.2026).

Appendix D

This section applies to research reports prepared by Pareto Securities AB.

Disclosure of positions in financial instruments
The beneficial holding of Pareto Securities AB is 0,5 % or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

Pareto Securities AB has material holdings of financial instruments other than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

Disclosure of assignments and mandates
Overview over issuers of financial instruments where Pareto Securities AB has prepared or distributed investment recommendation, where Pareto Securities AB has been lead manager or co-lead manager or has rendered publicly known not immaterial investment banking services over the previous twelve months:

ARENIT Industrie SE
Argo Defence Group AB
B3 Consulting Group
District Metals Corp
Ellos Holding AB
HANZA AB
Mendus AB
Oculis Holding AG
Qliro AB
Scandinavian Astor Group AB
Teneo AI
Verve Group SE
Vicore Pharma Holding AB
VNV Global AB

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universe:

Adtraction AB
Alpcot Holding AS
ARENIT Industrie SE
Implantica AG
Keo Capital AB
Lundin Gold
Mentice AB
Nivika Fastigheter AB
Sedana Medical AB
VEF
Webrock Ventures AB

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

Member of the Pareto Group is providing Business Management services to the following companies:

Aarhus Residentials Denmark AB
Blue Yield AB
Borglanda Fastighets AB
Fyrislund Property AS
Hallsell Property Invest AB
Korsängen Fastighets AB (publ)
Krona Public Real Estate AB
One Publicus Fastighets AB
Origa Care AB (publ)
Preservium Property AB
Solbox AB

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

This overview is updated monthly (last updated 15.10.2026).

Appendix E

Disclosure requirements in accordance with Article 6(1)(c)(i) of Commission Delegated Regulation (EU) 2016/958

Designated Sponsor
Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the provision of the designated sponsor services.

ad pepper media International N.V.
Corestate Capital Holding S.A.
Daldrup & Söhne
Deutsche Rohstoff AG
DF Deutsche Forfait
Enapter
Energiekontor AG
FORIS AG
Gesco SE
GFT Technologies SE
Heidelberg Pharma
HomeToGo SE
Huddlestock Fintech AS
INTERSHOP Communications
IVU Traffic
Kontron
Logwin
MAX Automation SE
Merkur Privatbank
Meta Wolf
MLP SE
MPC Oceanic Group AG
MPC Container Ships ASA
Mutares SE
OVB Holding
ProCredit Holding
PSI Software SE
PWO
Pyrum Innovations
Redcare Pharmacy N.V.
ReFuels N.V.
RENK Group AG
Seven Principles
SMT Scharf
Surteco SE
Syzygy
Uzin Utz SE
Viscom

Appendix F

Disclosure requirements in accordance with Article 6(1)(c)(iv) of Commission Delegated Regulation (EU) 2016/958

Sponsored Research
Pareto Securities has entered into an agreement with these companies about the preparation of research reports and – in return - receives compensation.

Alpcot Holding
BB Biotech
District Metals Corp
Enapter
Ernst Russ
GFT Technologies
H2APEX Group
Heidelberg Pharma
HomeToGo
INDUS Holding
INTERSHOP Communications
Kontron
Logwin
Maha Caital AB
MAX Automation
Merkur Privatbank
MLP SE
Mutares SE
OVB Holding
Progress-Werk Oberkirch
PSI Software
Samara Asset Group
SMT Scharf
Surteco
Viscom

This overview is updated monthly (last updated 15.10.2026).