

Vegamot AS

Full Rating Report

LONG-TERM RATING

AA

OUTLOOK

Stable

SHORT-TERM RATING

N1

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RATING RATIONALE

Our 'AA' long-term issuer rating on Norway-based regional toll company Vegamot AS reflects the company's strong operating environment with regulatory framework protection, low cyclicity and long-term predictability. The rating is supported by the monopoly status of toll collection in the counties of Trøndelag and Møre og Romsdal, where Vegamot provides toll financing for infrastructure projects of regional importance. The two county governments are Vegamot's strong, long-term owners and guarantors of loans it issues, which also underpins the rating. The rating incorporates Vegamot's exceptional operating efficiency and low risk appetite, which we believe are not accurately reflected by Vegamot's credit metrics.

Vegamot benefits from its owners' creditworthiness. Our long-term issuer rating on Vegamot is one notch below our 'aa+' average credit assessment of the owners due to the company's significant policy role of supporting road infrastructure. Through its financing of toll projects in Trøndelag and Møre og Romsdal, Vegamot contributes to predictable and safe infrastructure with sufficient capacity. In our view, this plays a crucial role for promoting regional development, labour accessibility, transport of goods and economic activity.

The strong creditworthiness of Vegamot's county government owners supports our 'AA+' issue rating on its guaranteed senior unsecured bonds. The issue rating reflects the irrevocable, unconditional, and timely guarantees provided by the owners.

STABLE OUTLOOK

The outlook is stable, reflecting our expectation that Vegamot's risk profile will remain strong due to the company's important role in funding public road infrastructure. It also includes our view that the industry should remain stable under its current strict regulatory framework. Moreover, the outlook factors in the company's long-term projects with low cyclicity and predictable revenues. We anticipate Vegamot will maintain exceptional margins in our forecast period through end-2027 while keeping its low-risk financial profile. Lastly, the outlook incorporates our view that the creditworthiness of Vegamot's owners will remain unchanged and that they would support the company in a stressed scenario.

POTENTIAL POSITIVE RATING DRIVERS

- An improved assessment of the owners' creditworthiness.

POTENTIAL NEGATIVE RATING DRIVERS

- Changes in ownership or a weakened assessment of the owners' creditworthiness.
- Structural changes in public road financing or toll collection, weakening Vegamot's role.

Figure 1. Key credit metrics, 2021–2027e

NOKm	2021	2022	2023	2024	2025e	2026e	2027e
Revenues	1,726	1,601	2,132	2,139	2,496	2,553	2,790
EBITDA	1,639	1,499	2,014	2,024	2,361	2,418	2,645
EBITDA margin (%)	94.9	93.6	94.5	94.6	94.6	94.7	94.8
FFO	1,564	1,444	1,935	1,823	2,079	2,060	2,213
Net debt	4,749	5,730	6,872	9,488	10,772	12,187	12,610
Total assets	6,212	7,157	7,825	10,794	12,280	13,963	14,916
Net debt/EBITDA (x)	2.9	3.8	3.4	4.7	4.6	5.0	4.8
EBITDA/net interest (x)	21.9	27.1	25.4	10.1	8.4	6.8	6.1
FFO/net debt (%)	32.9	25.2	28.2	19.2	19.3	16.9	17.5
FOCF/net debt (%)	-20.1	-15.8	-19.0	-26.1	-11.9	-11.6	-3.4

Source: company and NCR. e=estimate. FFO=funds from operations. FOCF=free operating cash flow. All metrics adjusted in line with NCR methodology.

ISSUER PROFILE

Vegamot was established as a local toll company in 1983 and became a regional operator through Norway's toll reform in 2015 ("Meld. St. 25 (2014-2015)"). The reform reduced the number of domestic toll companies to five from 60. The toll operators were divided by region and are fully owned by county governments. Vegamot entered an agreement with the Ministry of Transportation and Communication to become a regional toll company with responsibility for the counties of Trøndelag and Møre og Romsdal. Trøndelag owns 67% of Vegamot's capital and Møre og Romsdal 33%. Vegamot's mission is to provide efficient financing for toll projects on behalf of its owners through borrowing and collection of tolls. The county governments act as guarantors for all loans, except in the urban transportation package for the city of Trondheim, where debt guarantees are equally split between Trøndelag county and Trondheim municipality.

Vegamot is headquartered in Trondheim and has 13 employees, split into three divisions: technical, customer support, and business and administration. Moreover, Vegamot has a cooperative agreement for customer service with toll operator Bompengeselskapet i Nord (BPS Nord). At end-2024, Vegamot had 10 active toll projects. Each project is financially separate to avoid cross subsidisation.

Figure 2. Toll revenue by project, 2024

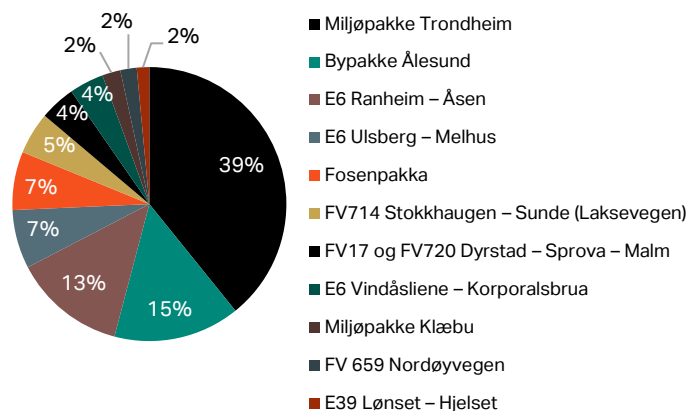
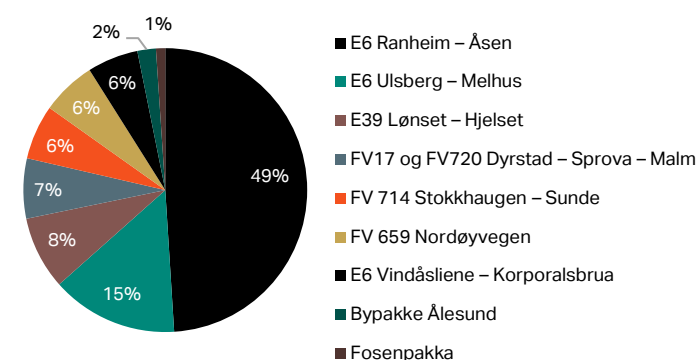


Figure 3. Debt by project, 2024



BUSINESS RISK ASSESSMENT

Business risk

Our business risk assessment reflects Vegamot's operations within the regulatory framework of the Norwegian toll road industry, which facilitates long-term predictability. We believe the consistent demand for road infrastructure results in stable toll revenues and low economic cyclicality. In our view, Vegamot holds a strong market position, given its monopoly on toll collection for public roads in Trøndelag and Møre og Romsdal. We view its high and stable EBITDA-margin as positive, demonstrating solid profitability.

Strictly regulated industry

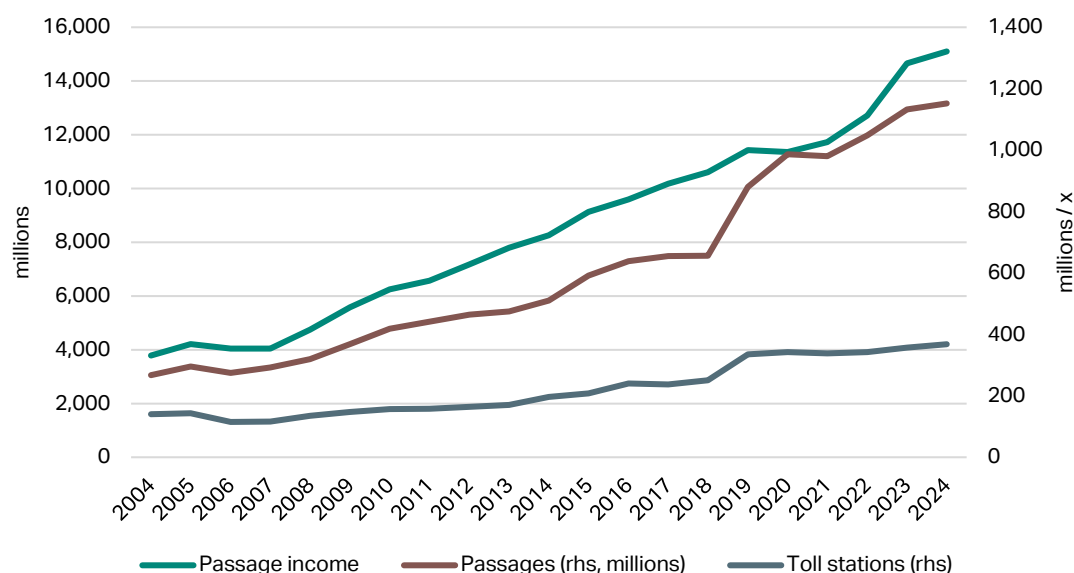
Operating environment

Vegamot operates in the Norwegian toll road industry, where it derives most of its revenues from the passage of vehicles through toll crossings and then uses these revenues to finance road projects. Demand stems from the need for road construction to expand the existing road network, as well as from reinforcement of aging roads. Solid transportation infrastructure provides easy access to labour, transportation of goods, road safety, and economic activity for inhabitants and stimulates regional economic growth and population growth. In our view, toll collection is an effective tool for carrying out transportation projects of regional importance. Moreover, users' needs for essential road infrastructure result in low toll income volatility and low cyclicality in the industry. Most toll projects had a reduction in passage income due to Covid-19 in 2020-2021, but the impact on debt repayment was limited. Industry players have put in place a series of liquidity measures to counter such income fluctuations.

All new projects are first subject to approval at the regional level and then in the Norwegian Parliament. Upon approval of a proposal, Vegamot signs a project agreement with the Norwegian

Public Road Administration (NPRA), delegating financing responsibility and toll collection rights to Vegamot. Using the agreement with NPRA as a base, along with a subsequent financing agreement with a project developer, Vegamot collects guarantees from its owners on debt that it issues. Vegamot does not act as a decision-maker in a project's planning phase but is available as an advisor. Toll companies are used as a mechanism for road owners to secure toll financing once a project has been approved. Over time, Norway's transportation sector has gained valuable insight to project potential road needs in line with population growth and value creation. The government has the overall responsibility for future development of the road network. The long-term planning structure of toll projects provides predictability for financing needs and toll passage revenue.

Figure 4. Norwegian toll companies' total loans and toll passages, 2004-2024



Political risk is a potential threat to the toll road industry. The toll system is also subject to occasional public scrutiny as the cost of road usage rises. The ongoing need to fund necessary and beneficial projects generally leads to higher tolls. Consequently, some are calling for the government to look at alternative ways of financing new road projects, for instance through subsidies or fees related to vehicles or fuel. However, we believe toll collection provides an efficient financing solution based on individual usage and expect the current regulatory framework to remain in place. For a regional project with significant efficiency gains, we consider that tolls are easier to accept than the alternatives. Alternative solutions would likely result in weakened efficiency and/or discrepancies between cost contributors and users. Tolls also have other potential uses, such as lowering the climate footprint and improving air quality, although Vegamot is not currently using them for these purposes.

Monopoly status in Central Norway

Market position

Vegamot's market position is strong, based on its monopoly on toll collection for public roads in Trøndelag and Møre og Romsdal. The company obtained its monopoly status through the 2015 toll reform, which materially changed the structure of toll companies. In our view, the reform has led to improved market positions for individual operators due to a more concentrated industry structure with legal monopolies for toll companies across broader regions. Toll rates and the discount system were also simplified, and toll companies were subsequently required to sell their AutoPASS subscription toll tag activity. There have also been changes in the distribution of tasks and responsibilities between the NPRA and the toll companies.

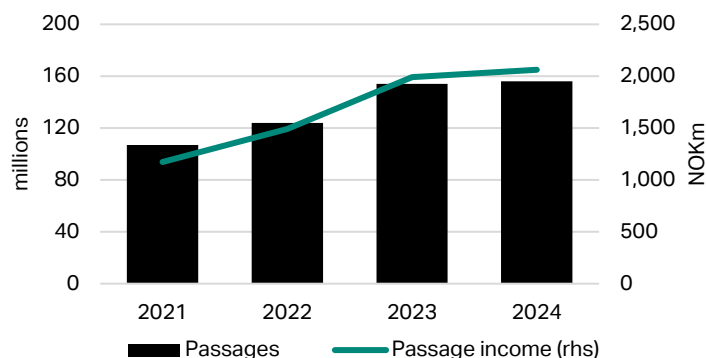
About 750,000 people live in Trøndelag and Møre og Romsdal counties in central Norway, representing 14% of the country's population. Central Norway's population is set to grow by 7.3% by 2050. Projected regional population growth points to increasing demand for road infrastructure and for toll financing services that Vegamot provides. As we view toll collection as an efficient method of financing road projects, we regard substitution risk as low. Additionally, challenging topography and low population density supports road infrastructure more than railway development in Møre og Romsdal.

Figure 5. Population and expected population growth, 2024-2050

County	Population, 1 Jan. 2024	Expected population change, 2024-2050 (%)
Trøndelag	482,956	9.6
Møre og Romsdal	270,624	3.2
Norway	5,550,203	10.2

Source: Statistics Norway.

Figure 6. Revenue composition, 2021-2024



Source: company.

Purpose-driven operations

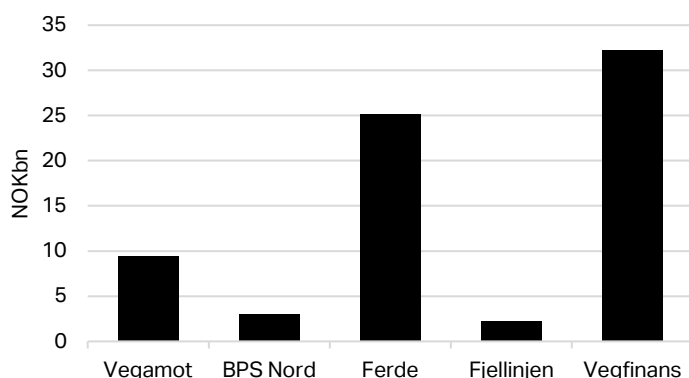
Size and diversification

Vegamot had 10 toll projects with toll collection at end-2024, out of a total 54 projects in Norway. Accordingly, Vegamot's projects represented 48 toll booths, versus 368 nationwide. We regard Vegamot as mid-sized compared with peers, based on its active projects, revenue and lending volumes. We note, however, that the company is confined by its geographic location and operating areas due to restrictive industry regulations. The nature of the business and toll road operators' monopoly positions limit the importance of Vegamot's size in our analysis.

The industry's consolidation following the 2015 toll reform resulted in increased size and geographic presence for Vegamot, enabling it to generate improved economies of scale. In contrast, the reform led to weakened operating diversification due to the forced sale of operations related to the issuance of toll payment tags. Still, Vegamot has established a cooperative agreement with BPS Nord to share operating activities. Under the arrangement, Vegamot provides customer services for BPS Nord and receives other operational services in return.

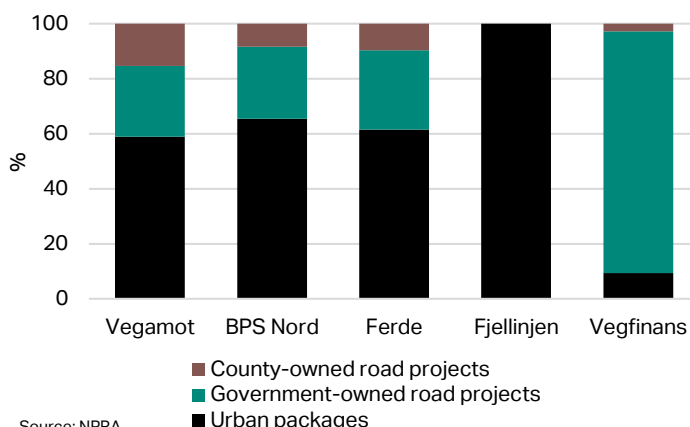
Most of Vegamot's operational activity is in Trøndelag county, accounting for seven projects and 82% of toll revenue in 2024. Toll projects are split into urban packages and road section projects. In the urban packages, tolls are collected simultaneously with construction of sub-projects, whereas section-based projects focus on specific stretches of road and tolls are collected after completion. Since in the urban packages tolls are collected while construction is underway, the need for debt financing is lower. Illustrating this is the low debt at Fjellinjen AS, the exclusive operator of the urban package for Oslo, Norway's capital. We view positively Vegamot's project diversification despite limitations due to its separate financing of projects.

Figure 7. Peer group gross debt, 2024



Source: NPRA.

Figure 8. Peer group passage revenue by project, 2023

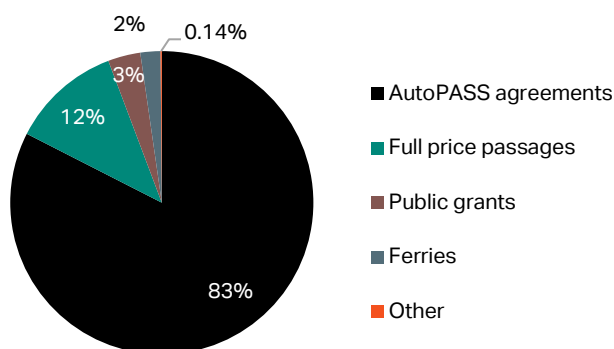


Source: NPRA.

Vegamot's customer base is highly diversified, with road users subject to toll rates depending on vehicle type. We believe this counterbalances the company's weak revenue diversification in terms of operating areas. The company collects most of its toll passage income directly from issuers of AutoPASS subscriptions, accounting for 83% of total revenue in 2024. We note that all AutoPASS issuers are subject to financial revenue guarantees. In addition to what it collects from toll road booths, Vegamot generates a small portion of revenue from ferries. Vegamot also receives public grants for certain

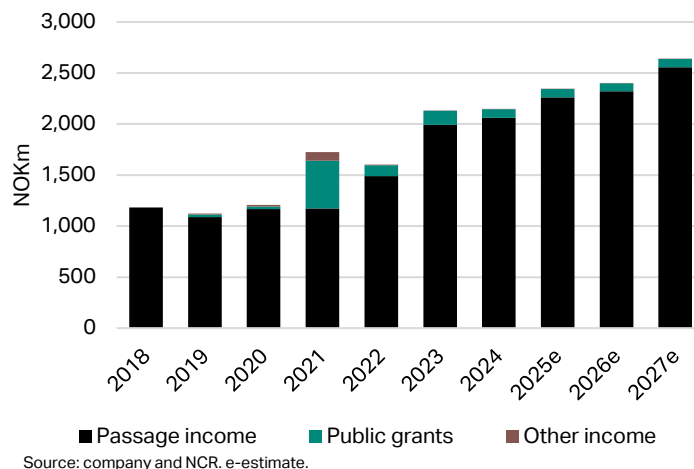
projects to mitigate high road usage costs for consumers. Public grants received in 2021 were particularly high due to the termination of a toll road project.

Figure 9. Revenue composition, 2024



Source: company.

Figure 10. Revenue composition, 2018-2027e



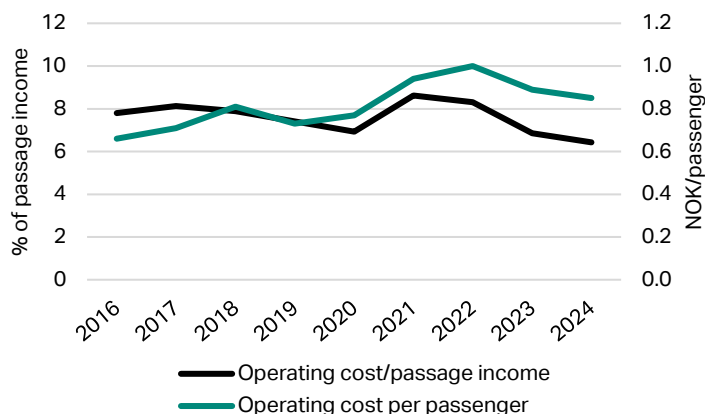
Source: company and NCR. e-estimate.

Small and efficient company with exceptional margins

Operating efficiency

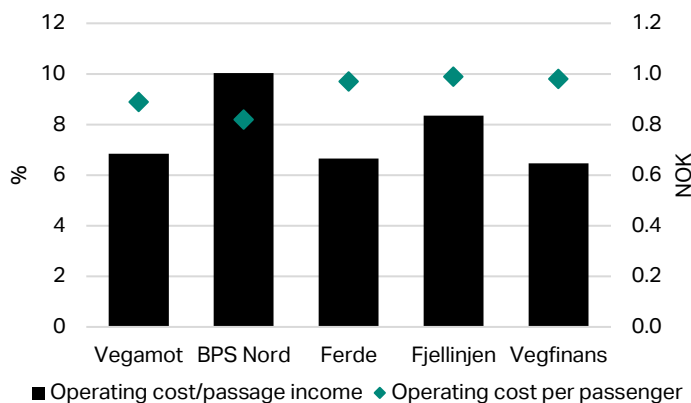
In its business model, Vegamot focuses primarily on core operations and expertise areas, while outsourcing supporting activities to external suppliers. Moreover, sector consolidation has significantly boosted scale effects. Accordingly, the average cost per passage for the industry improved to NOK 0.94 in 2023, compared with NOK 2.01 in 2015. In addition, we view the company's agreement for shared operations with BPS Nord as positive as it reduces operating costs through scale. Additionally, Vegamot has achieved lower costs by sharing development costs with other toll companies, given that they have highly similar operational activities.

Figure 11. Operating cost, 2016-2024



Source: company.

Figure 12. Peer group cost efficiency, 2023



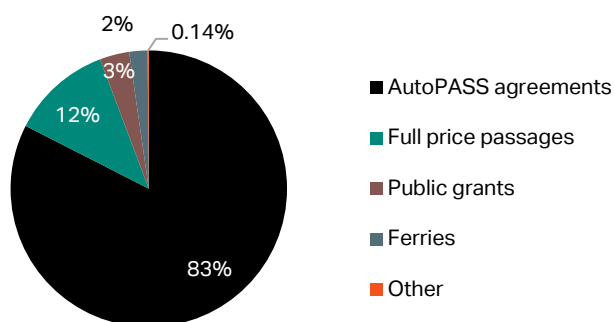
Source: NPRA.

Vegamot reported an exceptional 94.6% EBITDA margin in 2024, although we note that margins in the toll road industry are generally high. Toll revenue increased in 2024 due to rate adjustments on multiple projects and discount reductions for zero-emission vehicles. The introduction of the one-hour rule in October 2023, limiting toll passage to once an hour in urban packages, negatively affected toll revenue in 2024. Vegamot decides the rates of new toll projects and has some leeway to adjust rates of current projects, although any such changes require local political support. We regard the ability to adjust toll rates as a positive factor in our operating efficiency assessment.

The company's operating costs accounted for 6.4% of toll income in 2024. This is an improvement from 8.6% in 2021, mainly due to increased scale and lower costs of more stable IT systems. Despite scale effects, we believe further efficiency gains are limited by variable costs related to remuneration of AutoPASS issuers and management of IT systems by NPRA. These costs accounted for 46% of operating costs in 2024. Without fresh efficiency gains, we expect Vegamot's EBITDA margin will remain at its current level. Losses on accounts receivable account for 18% of costs, often related to foreign vehicles.

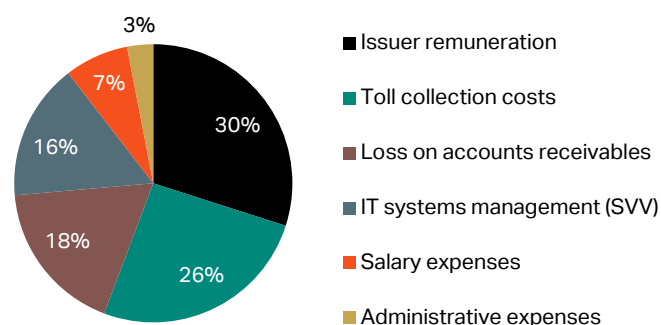
We believe losses on accounts receivable could be reduced somewhat as foreign registry agreements come into effect.

Figure 13. Revenue composition, 2024



Source: company.

Figure 14. Cost composition, 2024



Source: company.

FINANCIAL RISK ASSESSMENT

Financial risk

Our assessment indicates that Vegamot's financial risk profile is stronger than what the company's high leverage and weak credit metrics suggest. This is because the company operates on a not-for-profit basis on behalf of its owners. Vegamot obtains guarantees from its owners before issuing debt. We attach greater weight to our assessment of risk appetite, including the available support and guarantees provided by the owners, because we consider it to be a more accurate reflection of financial risk than the company's financial ratios.

Ratio analysis

Financial risk not accurately reflected in credit metrics

Vegamot operates on a not-for-profit basis and channels all benefits to finance road projects on behalf of its owners. We consider the company's key metrics to be less reflective of financial risk due to its low risk appetite, strict regulatory framework and strong owners that provide debt guarantees. Accordingly, we attach little weight to the company's financial ratios in our assessment of financial risk.

The company has historically had high financial leverage due to capital expenditures for toll projects with substantial early-stage construction costs. We adjust net debt to include project-related provisions due to their debt-like characteristics and expected future outflows towards urban packages. Our forecast is based on Vegamot's current projects. We expect the company's net debt will increase to NOK 14bn in our forecast period through end-2027, due to multiple projects in the construction phase and associated financial needs. Long-term financial needs beyond existing projects are difficult to predict, given that new projects are adopted continuously, and the extent of necessary borrowing does not become clear until project completion. If new projects with substantial investment needs arise, we would expect financial gearing to increase accordingly owing to sizeable upfront development expenses. However, we believe Vegamot can withstand higher leverage due to its regulatory operating model, including collection rights and long-term predictability of toll revenue post road completion.

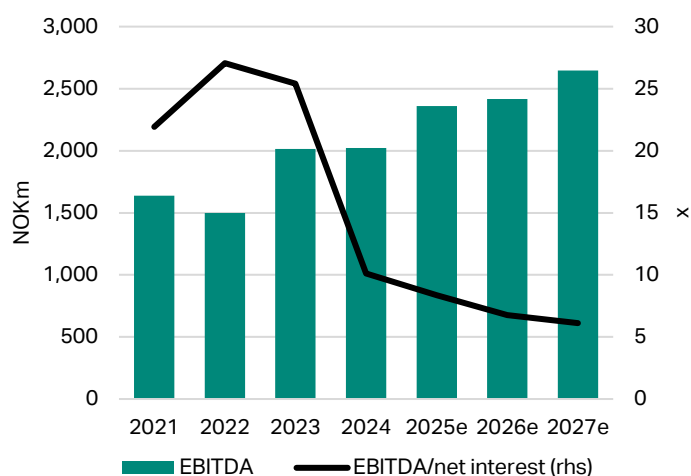
We expect the company's toll revenue will climb to NOK 2.8bn in 2027, on increased toll rates and additional toll booths on current projects, from NOK 2.1bn in 2024. Vegamot's interest coverage has been strong historically, supported by strong and stable toll revenue, and low interest rates. However, rising interest rates have increased interest expense. The average interest rate was 3.7% in 2024, compared with 1.9% in 2021. This effect will likely continue as Vegamot issues additional debt at higher interest rates, while refinancing its current debt. Consequently, we expect interest coverage will weaken significantly due to a mounting interest burden relative to EBITDA.

Figure 15. Key base-case forecast assumptions and credit metrics, 2025–2027e

NOKm	2025e	2026e	2027e
Revenue growth (%)	16.7	2.3	9.3
EBITDA margin (%)	94.6	94.7	94.8
Average interest rate (%)	3.5	3.8	4.2
Capital spending (NOKm)	-3,355	-3,460	-2,621
Dividend payment (NOKm)	0	0	0
Net debt/EBITDA (x)	4.6	5.0	4.8
EBITDA/net interest (x)	8.4	6.8	6.1
FFO/net debt (%)	19.3	16.9	17.5
FOCF/net debt (%)	-11.9	-11.6	-3.4

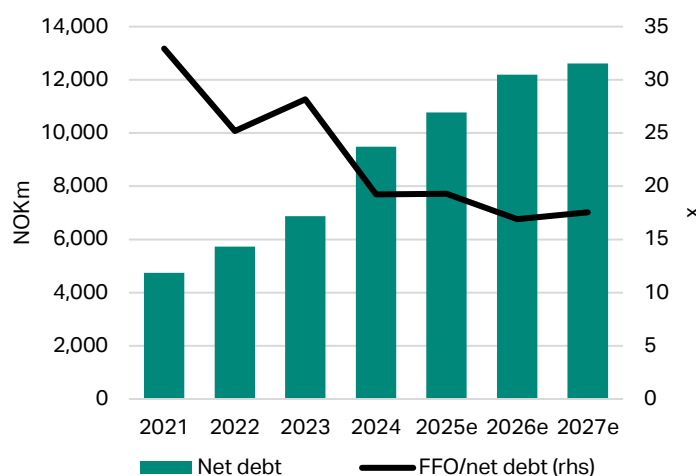
Source: NCR. e–estimate. All metrics adjusted in line with NCR methodology.

Figure 16. EBITDA and EBITDA/net interest, 2021–2027e



Source: company and NCR. e–estimate.

Figure 17. Net debt and FFO/net debt, 2021–2027e



Source: company and NCR. e–estimate.

Heavily regulated industry and debt guarantees support risk appetite

We assess Vegamot's risk appetite as significantly more prudent than warranted by its financial ratios. In our view, the company's risk appetite is minimal and reflected in its operation on a not-for-profit basis to provide financing for its owners. In our assessment, we incorporate the heavily regulated industry, with restrictions on engaging in any other business activities than toll collection, and the inability to make dividend payouts. Vegamot exhibits frequent and transparent reporting standards. Close to 97% of its assets is represented by collection rights of toll and cash equivalents, intended to repay projects' debt and provision for liabilities.

Prior to issuing any debt, Vegamot obtains guarantees from its owners and significantly reduces the risk of default. In a scenario where Vegamot fails to generate toll income and cover repayment of its debt, investors are eligible to claim payments directly from the guaranteeing county government. All projects are financially separate under each county guarantor.

Road owners and developers face project risk and associated financial risk with no responsibility falling on Vegamot. The company assesses toll income annually to secure sufficient income to repay debt and cover investment needs. Vegamot reports quarterly to NPRA, focusing on repayment plans per project. If passage and income levels are below estimates, the company would reduce construction activity or seek additional financing from other sources.

Vegamot can adjust income by changing rates and discounts. Available measures vary depending on the project type, length and county of origin. Possible actions include adjusting rates based on inflation, adjusting rates to index-regulated average rates (or up to 20% above average rates) adopted in Norway's parliamentary proposition, and extending the toll collection period by up to five years. Road users must be notified about toll rate adjustments four weeks in advance, and we understand that Vegamot strives to limit its adjustments to one per year. In our view, the ability to adjust toll rates and length reduces financial risk.

Risk appetite

Vegamot manages its lending through its financial lending policy, facilitated by tender offers and consisting of bonds, certificates, and bank loans. As of end-2024, 8% of lending was financed through bank debt. The maturity profile is skewed towards short-term maturities, including 30% within one year (25% of which is commercial paper). We consider the company's refinancing risk to be low, considering its strong owners and the debt guarantees they provide. Beyond 2026, the debt maturity profile is more evenly distributed. All debt is denominated in NOK, eliminating exposure to currency risk.

To offset interest rate fluctuations and interest rate risk, Vegamot invests in interest rate hedging derivatives and fixed interest lending. Hedging is performed on a project basis, based on the project's sensitivity to interest rate changes and project length. As of 31 Dec. 2024, the interest rate hedging ratio stood at 71.4% versus an average of 75% over the last five years. We expect Vegamot will maintain its interest rate hedging policy despite high interest rates and to avoid any interest rate speculation.

Figure 18. Balance sheet composition, 31 Dec. 2024

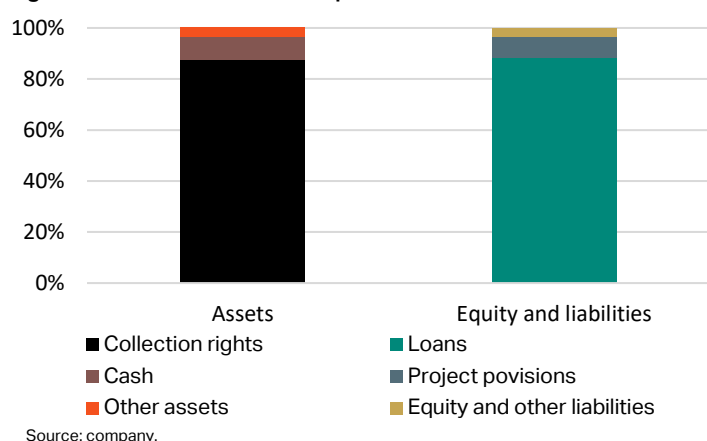
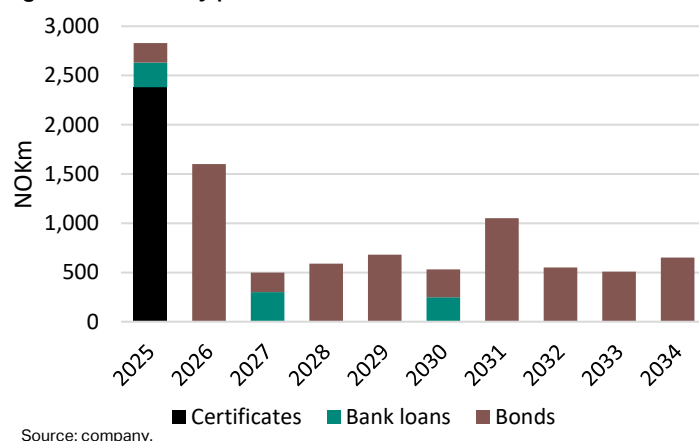


Figure 19. Maturity profile, 2025–2034



ADJUSTMENT FACTORS

Adjustment factors

Adjustment factors are assessed as neutral and have no effect on the rating.

Liquidity

Liquidity

We assess Vegamot's liquidity position as adequate. The county governments' strong financial position and debt guarantees support Vegamot's adequate liquidity. In stressed conditions, we would expect the owners to honour their contractual commitments and provide the company with sufficient and timely support to meet all committed capital spending and debt maturities in addition to operating costs. Additionally, we view Vegamot's strong relationships with banks with high creditworthiness as positive for the liquidity assessment.

Vegamot manages its liquidity through monthly liquidity budgets of future operations, toll revenues and requisitions. Project activity is financed through liquidity positions and debt. Every project is financially separate and tied to its own development plans and needs, to avoid cross-subsidisation and to facilitate cost allocations. If necessary, internal inter-project loans can be arranged to secure access to liquidity in an event of stress, while remaining compliant with regulatory requirements. Such loans were first used in 2020 by another regional toll company at the onset of the Covid-19 pandemic. Vegamot has since created a similar internal accounting structure under which it can enable liquidity in future events of stress provided that the projects in question are guaranteed by the same guarantor. We view the arrangement as a positive factor for Vegamot's liquidity risk, given the project mix of urban packages that typically produce excess liquidity and road section projects that rely on capital markets. The company's financial policy limits excess liquidity to bank deposits with up to a three-month lock-in period and other interest-bearing securities on non-speculative terms.

We view the requisitions from NPRA as fully committed capital expenditures. However, in a stressed scenario, we would expect postponed requisitions and reduced project activity. Generally, these requisitions could be lower than outlined in the project proposal or increased by the developer with three months' notice, with approval by the NPRA. Vegamot operates with a minimum 10% collection margin on toll revenue relative to project costs, supporting potential changes in requisitions.

Moreover, Vegamot's ability to increase toll rates and extend repayment periods with likely approval by the NPRA in a stressed scenario supports liquidity.

Environmental, social and governance factors

ESG factors

Vegamot's environmental, social and governance (ESG) policies support our view of the company's overall business and financial risk. Primary social responsibility is to manage toll income and funding of public road projects efficiently with a long-term perspective, contributing to a sustainable and climate-friendly transportation infrastructure. Beyond the scope of toll financing, Vegamot does not act as a decision maker regarding development and execution of projects. Consequently, our ESG assessment does not assess the projects for which Vegamot provides financing. However, we believe Vegamot and its associated partners are exposed to transition risk from increasing regulation of transportation emissions.

Vegamot is a small organisation, actively engaging to integrate ESG principals in its operations. It has implemented several ongoing environmental measures, such as reduction of paper usage, reuse of electronic equipment and reduction in energy usage. Vegamot also prioritises partnerships and suppliers committed to sustainability and ethical standards. Externally purchased services require suppliers to meet requirements of the International Labour Organization's conventions and Vegamot's code of conduct, covering child labour and labour rights.

We believe social aspects of the working environment and high standards of governance and compliance are vital aspects of Vegamot's operations. Toll industry players are subject to a series of regulations to ensure correct usage of toll revenue and privacy protection of users. We believe Vegamot's high standards limit potential risk in these areas but note that breaches could result in reputational damage among users. Vegamot focuses on maintaining a supportive work environment with notable overlap in responsibilities to avoid key-person risk.

The main ESG issues that could impact our overall assessment are factors that could contribute to revenue loss, cost increases, higher capital spending, reputational damage and deteriorating financing terms.

Figure 20. ESG considerations

Issue	Risk	Mitigating efforts	Result
CO ₂ emissions.	Increased costs due to regulatory and/or taxation changes. Transition risk due to climate regulations.	Actions to reduce paper consumption through digitalisation, reuse of equipment, implementation of internal waste sorting,	The company does not report on its CO ₂ emissions or related targets but considers environmental impacts in its policies. Most emissions are likely to be indirect, Scope 3 emissions.
Compliance to regulatory frameworks and privacy protection.	Reputational risk, regulatory fines and operational disruptions.	Regular quality controls of routines, processes and regulations. Limitations in availability of personal data.	The company has had no incidents since its creation.
Corruption and fraud.	Reputational risk, risk of loss of business and bribery fines.	Code of conduct and public procurement policy.	The company has had no incidents since its creation.

Source: company. See [ESG factors in corporate ratings](#).

OWNERSHIP ANALYSIS

Ownership

The 'AA' long-term issuer rating on Vegamot is one notch below our 'aa+' weighted average credit assessment of the creditworthiness of its owners. Vegamot is wholly owned by the Trøndelag and Møre og Romsdal county governments, holding 67% and 33% of capital, respectively. We consider that Vegamot's operations represent a significant policy role for its owners, aligned with key economic and social objectives of the government. The support reflects our view that facilitating reliable transport infrastructure is among the most essential responsibilities for its county government owners. The debt

guarantees provided by the county governments, as well as their active involvement, support our ownership assessment and we believe a lack of timely support from owners would result in severe political or economic consequences. To relieve county governments in the event of a triggered debt guarantee, Norway has introduced partial central government guarantees of up to 50% for government-owned road projects adopted from 2023 onwards and for investments exceeding NOK 1bn. Although central government guarantees do not apply for any of Vegamot's current projects due to initiations prior to 2023, we take a positive view of the government's commitment and potential additional guarantees for future projects.

Although unlikely, we believe viable alternatives for road project financing exist, resulting in no more than short-term interruptions in availability. However, the current restrictive legal framework of the industry limits toll collection to the toll companies. Thus, changes in financing would require substantial changes to the current restrictive legal framework or alternative financing sources.

ISSUE RATINGS

Vegamot had NOK 6.3bn of outstanding senior unsecured bonds as of 31 Dec. 2024. The company has no secured debt. We rate the company's long-term senior unsecured bonds 'AA+', at the same level as our assessment of creditworthiness of the guaranteeing county government owners. This reflects the irrevocable, unconditional, and timely guarantees provided by the owners, as well as the flat debt hierarchical structure. We do not expect Vegamot to issue senior unsecured debt related to the urban package of Trondheim, where guarantees are equally shared between the governments of Trøndelag county and Trondheim municipality. If Vegamot chooses to issue debt related to this package, we would also assess the creditworthiness of Trondheim municipality to rate such instruments.

SHORT-TERM RATING

The 'N1' short-term issuer rating reflects the company's liquidity profile relative to the 'AA' long-term issuer rating.

METHODOLOGIES USED

- (i) [Corporate Rating Methodology](#), 8 May 2023.
- (ii) [Rating Principles](#), 14 Feb. 2024.
- (iii) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.
- (iv) [Local and Regional Government Rating Methodology](#), 14 Feb. 2024.
- (v) [Sovereign Credit Assessment Methodology](#), 26 Mar. 2024.

Figure 21. NCR's adjustments to financials, 2021–2027e

NOKm	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	1,639	1,499	2,014	2,024	2,361	2,418	2,645
NCR-adj. EBITDA	1,639	1,499	2,014	2,024	2,361	2,418	2,645
Net interest	-75	-55	-79	-200	-283	-358	-433
NCR-adj. net interest	-75	-55	-79	-200	-283	-358	-433
NCR-adj. EBITDA	1,639	1,499	2,014	2,024	2,361	2,418	2,645
NCR-adj. net interest	-75	-55	-79	-200	-283	-358	-433
Current tax	0	0	0	0	0	0	0
NCR-adj. FFO	1,564	1,444	1,935	1,823	2,079	2,060	2,213
Changes in working capital	-187	-253	-126	-127	-7	-16	-15
Capital spending	-2,333	-2,094	-3,111	-4,169	-3,355	-3,460	-2,621
NCR-adj. FOCF	-956	-903	-1,302	-2,472	-1,284	-1,416	-423
Cash and cash equivalents	899	1,003	571	965	1,164	1,431	1,961
NCR-adj. cash and equivalents	899	1,003	571	965	1,164	1,431	1,961
Gross interest-bearing debt	5,648	6,733	7,444	10,453	11,936	13,618	14,571
NCR-adj. cash and equivalents	899	1,003	571	965	1,164	1,431	1,961
NCR-adj. net debt	4,749	5,730	6,872	9,488	10,772	12,187	12,610

Source: company and NCR. e—estimate.

Figure 22. Key financial data, 2021–2024

NOKm	2021	2022	2023	2024
INCOME STATEMENT				
Revenue	1,726	1,601	2,132	2,139
Cost of goods sold	-70	-87	-105	-111
Selling, general & admin. expenses	-17	-15	-12	-4
EBITDA	1,639	1,499	2,014	2,024
Depreciation and amortisation	-14	-22	-19	-17
Net financial items	-76	-55	-79	-200
Pre-tax profit	1,549	1,422	1,916	1,806
Net profit	0	-15	0	0
BALANCE SHEET				
Property, plant and equipment	18	29	60	55
Intangible assets and goodwill	5,150	5,911	6,961	9,470
Other non-current assets	0	34	47	43
Total non-current assets	5,168	5,974	7,068	9,568
Cash and cash equivalents	899	1,003	571	965
Other current assets	146	180	186	261
Total current assets	1,045	1,183	757	1,226
Total assets	6,212	7,157	7,825	10,794
Total equity	15	4	4	4
Long-term interest-bearing liabilities	4,000	4,294	5,404	6,710
Other long-term liabilities	848	929	769	913
Total non-current liabilities	4,848	5,223	6,174	7,623
Short-term interest-bearing liabilities	800	1,510	1,270	2,830
Total current liabilities	1,349	1,930	1,647	3,167
Total equity and liabilities	6,212	7,157	7,825	10,794
CASH FLOW STATEMENT				
Pre-tax profit	1,549	1,422	1,916	1,806
Adjustments for items not in cash flow	14	25	19	18
Changes in working capital	-187	-253	-126	-127
Operating cash flow	1,376	1,194	1,809	1,697
Cash flow from investment activities	-2,333	-2,094	-3,111	-4,169
Cash flow from financing activities	1,115	1,004	871	2,866
Cash and cash equivalents at beginning of year	742	899	1,003	571
Cash flow for year	157	104	-432	394
Cash and cash equivalents at end of year	899	1,003	571	965

Source: company.

Figure 23. Vegamot key financial data, 2021–2024

NOKm	FY	FY	FY	FY
Period-end	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024
INCOME STATEMENT				
Revenue	1,726	1,601	2,132	2,139
EBITDA	1,639	1,499	2,014	2,024
EBIT	1,625	1,477	1,996	2,006
Net interest expense	-75	-55	-79	-200
Pre-tax profit	1,549	1,422	1,916	1,806
Net profit	0	-15	0	0
BALANCE SHEET				
Property, plant and equipment	18	29	60	55
Intangible assets and goodwill	5,150	5,911	6,961	9,470
Other non-current assets	0	34	47	43
Total non-current assets	5,168	5,974	7,068	9,568
Cash and equivalents	899	1,003	571	965
Other current assets	146	180	186	261
Total assets	6,212	7,157	7,825	10,794
Total equity	15	4	4	4
Gross debt	4,800	5,804	6,674	9,540
Other liabilities	1,397	1,350	1,147	1,250
Total equity and other liabilities	6,212	7,157	7,825	10,794
CASH FLOW STATEMENT				
Pre-tax profit	1,549	1,422	1,916	1,806
Cash flow before changes in working capital	1,563	1,447	1,935	1,823
Changes in working capital	-187	-253	-126	-127
Operating cash flow	1,376	1,194	1,809	1,697
Capital expenditure	-2,333	-2,094	-3,111	-4,169
Other investing activities	-	-	-	-
Cash from investing activities	-2,333	-2,094	-3,111	-4,169
Dividends	-	-	-	-
Share repurchases	-	-	-	-
Other financing activities	1,115	1,004	871	2,866
Cash from financing activities	1,115	1,004	871	2,866
Cash and equivalents beginning of year	-	899	1,003	571
Cash flow for year	157	104	-432	394
Cash and equivalents at end of year	899	1,003	571	965

Source: company. FY–full year.

Figure 24. Vegamot rating scorecard

Subfactors	Impact	Score
Operating environment	20.0%	aa
Market position	10.0%	aa-
Size and diversification	10.0%	a-
Operating efficiency	10.0%	a+
Business risk assessment	50.0%	aa-
Ratio analysis		bbb-
Risk appetite		aa-
Financial risk assessment	50.0%	a+
Indicative credit assessment		a+
Liquidity		Adequate
ESG		Adequate
Peer calibration		Neutral
Stand-alone credit assessment		a+
Support analysis		+2 notches
Issuer rating		AA
Outlook		Stable
Short-term rating		N1

Figure 25. Capital structure ratings

Seniority	Rating
Senior unsecured	AA

Figure 26. Guaranteed issue ratings*

ISIN	Rating
NO0010885718	AA+
NO0010935414	AA+
NO0012552977	AA+
NO0013022665	AA+
NO0010885361	AA+
NO0010885262	AA+
NO0010895642	AA+
NO0012939034	AA+
NO0013214080	AA+
NO0013339085	AA+
NO0013339747	AA+
NO0013409193	AA+
NO0013200634	AA+
NO0010894116	AA+
NO0013483511	AA+
NO0011207250	AA+
NO0012843061	AA+
NO0010895592	AA+

ISIN	Rating
NO0012554635	AA+
NO0011173601	AA+

* The issues listed here are covered by explicit, irrevocable and timely guarantees from a guarantor, or group of guarantors.

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