

Vertical Software Borrower

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Executive summary

Underwrite the borrower on unrestricted liquidity and post-investment cash flow. Customer funds cannot repay corporate debt. AI-related retention pressure makes a refinancing stress and covenant cushion more useful than a headline recurring-revenue multiple. Loan terms are hypothetical.

Historical financials are reported. Forecasts and transaction structures are illustrative analyst assumptions. No fund investment or executed transaction is implied.

Financial review

Metric (USD millions)	2024	2025	2031 base
Revenue	1,154.6	1,128.4	1,190.9
EBITDA proxy	-149.7	277.0	321.6
Unrestricted cash	67.6	38.9	1,085.1

EBITDA proxy equals reported operating income plus the mapped depreciation and amortization line. It is not management-adjusted EBITDA.

Scenario	2031 revenue	2031 EBITDA	DCF enterprise value
Base	1,190.9	321.6	1,603.8
Upside	1,592.0	469.6	2,560.0
Downside	725.5	166.9	597.1

The scenario comparison is a dated snapshot. The workbook selector recalculates the live schedules. Negative continuation DCF values require a restructuring or financing response.

Business and transaction structure

Available liquidity

At the latest annual date, unrestricted cash is USD 38.9 million, compared with USD 720.1 million restricted and customer cash. The restricted balance is shown separately and contributes zero to corporate net debt reduction. Reported debt carrying value is distinguished from hypothetical lending terms.

Debt capacity

The hypothetical loan uses 9% cash interest, 2% PIK interest and 2% annual amortization. PIK accrues to the debt balance and is added back to operating cash. Illustrative maintenance limits are 4.5x net leverage and 2.5x cash interest coverage.

Refinancing and recovery

A 2029 balloon stress compares the outstanding claim with refinancing capacity and cash above the reserve. The operating forecast does not assume an automatic refinance. The recovery waterfall applies an EBITDA haircut, enforcement costs and priority claims before senior debt recovery.

Evidence classes

Class	Treatment
Reported fact	Historical statement figures and dated public disclosures.
Management guidance	Qualitative outlook reviewed separately from analyst forecasts.
Analyst assumption	Growth, margins, capital intensity, discount rate and scenario drivers.
Hypothetical terms	Financing, sponsor ownership, fees, covenants and recovery assumptions.
Synthetic record	All private-startup financial history, customer accounts and staffing economics.

Historical cutoff: 2025-12-31. Latest quarterly disclosure reviewed: 2026-06-30. Information cutoff: 6 October 2026. Models calculate from saved inputs without network calls.

Investment considerations and monitoring

Principal risk	Monitoring action
AI disruption can pressure retention and pricing.	Monitor gross retention and collection timing monthly.
Customer and restricted funds are unavailable to lenders.	Reconcile unrestricted cash with customer funds.
Capitalized software costs lower reported operating expense.	Track covenant definitions and cash interest coverage.
A concentrated maturity can require refinancing during weak markets.	Require a credible maturity plan before extending credit.

Model checks

The workbook includes independent balance-sheet, cash and debt roll-forward checks. Valuation sensitivities calculate from projected cash flows. Covenant breaches and cash shortfalls remain visible economic findings. Original historical statement mappings and differences are maintained outside the public portfolio.

Decision conditions

Require adequate downside interest coverage and a credible 2029 maturity plan. Restrict distributions when covenant headroom or unrestricted liquidity deteriorates.