

Vertical Software Borrower

Eshan Mukherjee | 6 October 2026 | Independent portfolio sample

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

Independent portfolio sample. Transactions and financing structures are hypothetical.

Business and financial overview

Business overview

USD millions	2024	2025
Revenue	1,154.6	1,128.4
Operating income	-271.4	190.8
Operating cash flow	296.0	265.6
Unrestricted cash	67.6	38.9

Vertical Software Borrower

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

Original fiscal periods. Restricted cash and other claims receive separate treatment.

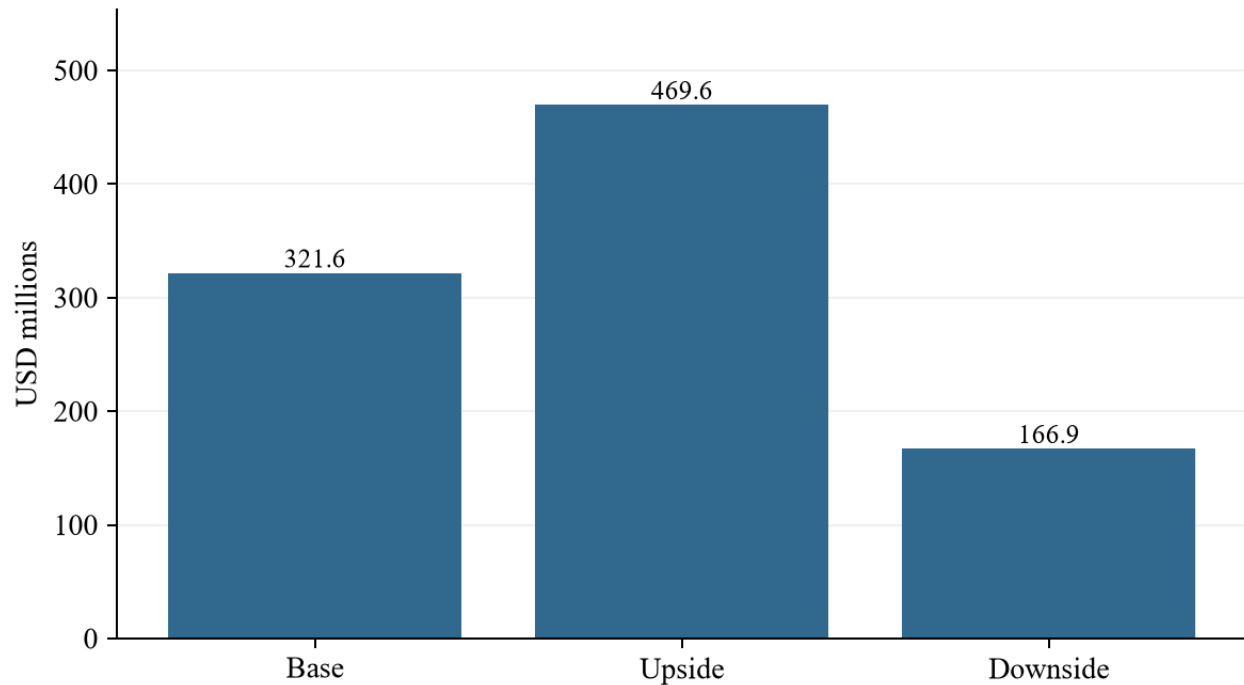
Available liquidity

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.

2031 operating result	Base	Upside	Downside
Revenue	1,190.9	1,592.0	725.5
EBITDA	321.6	469.6	166.9

Reported history feeds analyst assumptions. Scenario comparisons are dated snapshots.

Operating outcomes depend on execution



USD millions, rounded to one decimal. EBITDA includes recurring stock compensation as an operating cost.

Coverage and refinancing capacity

Hypothetical lender case	Base	Upside	Downside
Initial cash interest coverage	2.78x	3.62x	1.76x
2029 refinancing gap, USD millions	0.0	0.0	518.8
Senior recovery	86.5%	100.0%	43.6%

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.

Downside conditions change the decision

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.

Downside coverage: 1.76x against 2.50x minimum. Refinancing gap: USD 518.8 million.

Balance sheets, cash and debt roll-forwards recalculated in native Excel across all three cases.

Risks and monitoring triggers

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.

Decision and next evidence

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

Monitor gross retention and collection timing monthly.

Reconcile unrestricted cash with customer funds.

Track covenant definitions and cash interest coverage.

Require a credible maturity plan before extending credit.

Independent analysis. No executed deal or historical fund holding is asserted.