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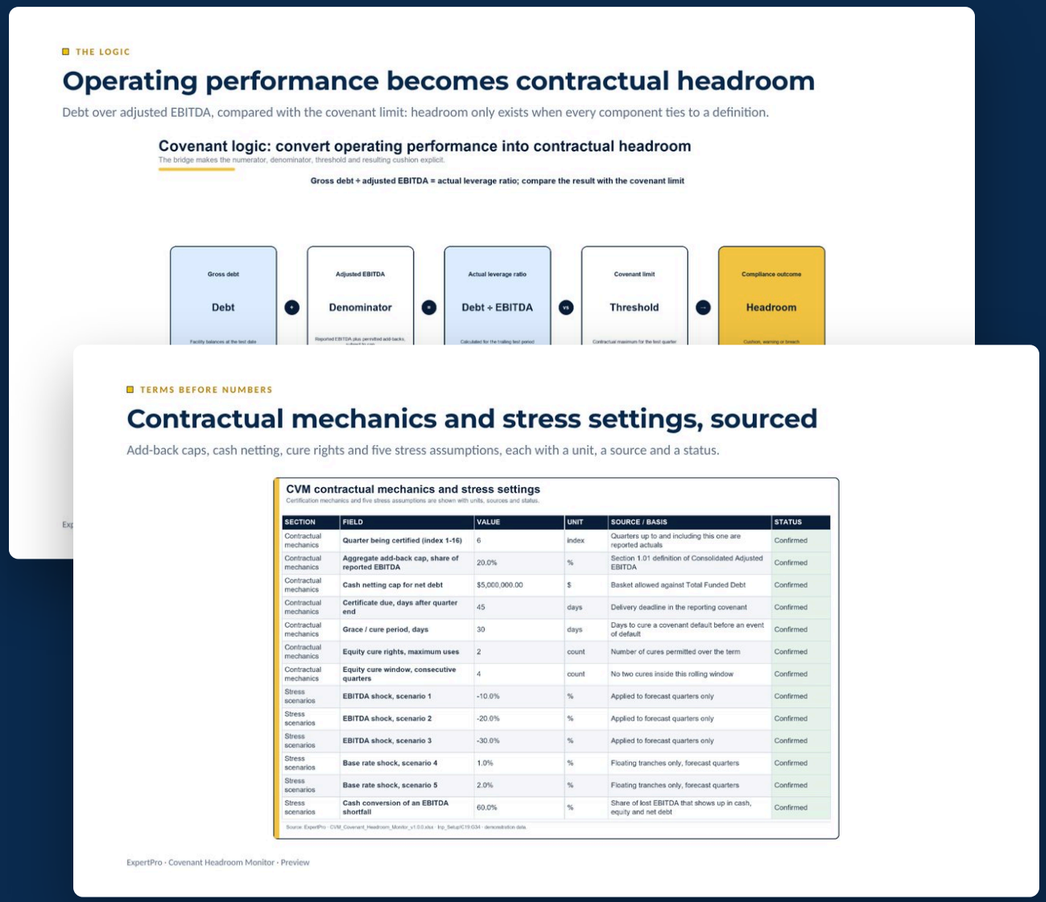
PRODUCT PREVIEW · GUIDED TOUR

# Covenant Headroom Monitor

Test eight covenants over sixteen quarters, under a base case and five downside cases, and see the first breach before the certificate is due.

8 covenants | 16 quarters | 63 checks | No macros




Illustrative demonstration data from the worked example. Not investment advice. 10 pages.

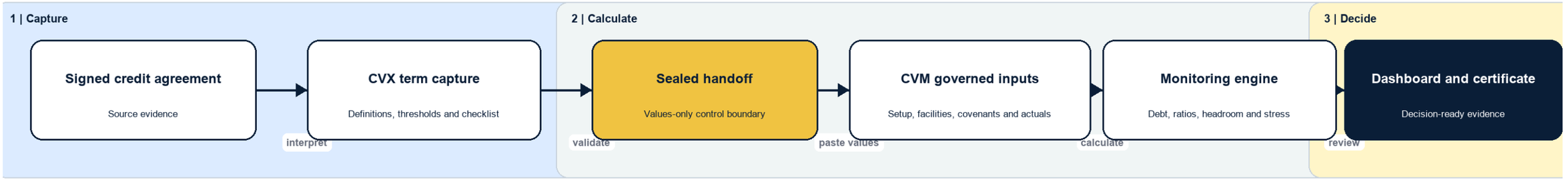
THE WORKFLOW

# From the signed agreement to management action

Terms are captured first, pass through a sealed handoff, and only then feed the monitoring engine and the certificate.

## Covenant monitoring workflow: from contract evidence to management action

A governed chain preserves traceability from the signed agreement through the final compliance outputs.



TERMS BEFORE NUMBERS

# Contractual mechanics and stress settings, sourced

Add-back caps, cash netting, cure rights and five stress assumptions, each with a unit, a source and a status.

## CVM contractual mechanics and stress settings

Certification mechanics and five stress assumptions are shown with units, sources and status.

| SECTION | FIELD | VALUE | UNIT | SOURCE / BASIS | STATUS |
|---|---|---|---|---|---|
| Contractual mechanics | **Quarter being certified (index 1-16)** | 6 | index | Quarters up to and including this one are reported actuals | Confirmed |
| Contractual mechanics | **Aggregate add-back cap, share of reported EBITDA** | 20.0% | % | Section 1.01 definition of Consolidated Adjusted EBITDA | Confirmed |
| Contractual mechanics | **Cash netting cap for net debt** | $5,000,000.00 | $ | Basket allowed against Total Funded Debt | Confirmed |
| Contractual mechanics | **Certificate due, days after quarter end** | 45 | days | Delivery deadline in the reporting covenant | Confirmed |
| Contractual mechanics | **Grace / cure period, days** | 30 | days | Days to cure a covenant default before an event of default | Confirmed |
| Contractual mechanics | **Equity cure rights, maximum uses** | 2 | count | Number of cures permitted over the term | Confirmed |
| Contractual mechanics | **Equity cure window, consecutive quarters** | 4 | count | No two cures inside this rolling window | Confirmed |
| Stress scenarios | **EBITDA shock, scenario 1** | -10.0% | % | Applied to forecast quarters only | Confirmed |
| Stress scenarios | **EBITDA shock, scenario 2** | -20.0% | % | Applied to forecast quarters only | Confirmed |
| Stress scenarios | **EBITDA shock, scenario 3** | -30.0% | % | Applied to forecast quarters only | Confirmed |
| Stress scenarios | **Base rate shock, scenario 4** | 1.0% | % | Floating tranches only, forecast quarters | Confirmed |
| Stress scenarios | **Base rate shock, scenario 5** | 2.0% | % | Floating tranches only, forecast quarters | Confirmed |
| Stress scenarios | **Cash conversion of an EBITDA shortfall** | 60.0% | % | Share of lost EBITDA that shows up in cash, equity and net debt | Confirmed |

Source: ExpertPro · CVM_Covenant_Headroom_Monitor_v1.0.0.xlsx · Inp_Setup!C19:G34 · demonstration data.

THE LOGIC

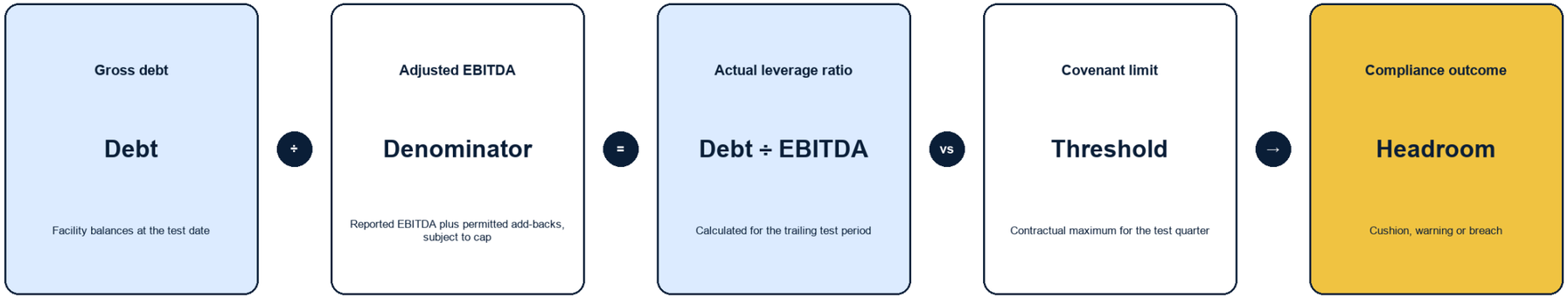
# Operating performance becomes contractual headroom

Debt over adjusted EBITDA, compared with the covenant limit: headroom only exists when every component ties to a definition.

## Covenant logic: convert operating performance into contractual headroom

The bridge makes the numerator, denominator, threshold and resulting cushion explicit.

**Gross debt ÷ adjusted EBITDA = actual leverage ratio; compare the result with the covenant limit**




**A covenant result is auditable only when each bridge component remains tied to its contractual definition and reporting period.**

DOWNSIDE TESTING

# Five stress scenarios, one clean summary

First breach quarter, covenants breached and the binding covenant for each scenario, against the plan.

## Stress scenario summary — clean field boundaries

First breach, covenants breached, failed quarter-tests, sort key and binding covenant are fully separated.

| SCENARIO | FIRST BREACH Q | COVENANTS BREACHED | QUARTER-TESTS FAILED | SORT KEY | BINDING COVENANT |
|---|---|---|---|---|---|
| **S1 — EBITDA 10% below plan** | 0 | 0 | 0 | 99 | none |
| **S2 — EBITDA 20% below plan** | 11 | 1 | 5 | 11 | CV-02 |
| **S3 — EBITDA 30% below plan** | 9 | 1 | 8 | 9 | CV-02 |
| **S4 — Base rate 100 bp higher** | 0 | 0 | 0 | 99 | none |
| **S5 — Base rate 200 bp higher** | 0 | 0 | 0 | 99 | none |
| **Base case — plan as filed** | 0 | 0 | 0 | 99 | none |

Source: ExpertPro · CVM_Covenant_Headroom_Monitor_v1.0.0.xlsx · Wkg_Stress!C128:H134 · demonstration data.

WORKED DEMO

# What the borrower-side demo shows

A fabricated-metals borrower with four debt tranches, eight covenants and 16 quarters. Figures illustrate the method only.

## 2.06x

**Leverage, certified quarter**

Against a 3.50x limit

## 1.45x

**Debt-service cover**

Against a 1.20x minimum

## USD 2,857,525

**EBITDA cushion**

EBITDA that can be lost before a covenant trips

## 4.2%

**Tightest headroom**

In the forecast horizon, against a 15% benchmark

## Q9

**First modelled breach**

Four quarters after the certified quarter

## USD 226,000

**Add-backs refused**

By the 20% contractual cap

INPUTS

# Four debt tranches, each on its own terms

Committed and drawn amounts, base rates, margins, all-in rates and quarterly amortisation for every tranche.

## Facility register — commitment and pricing

Committed and drawn debt, base rates, margins, all-in rates and quarterly amortisation.

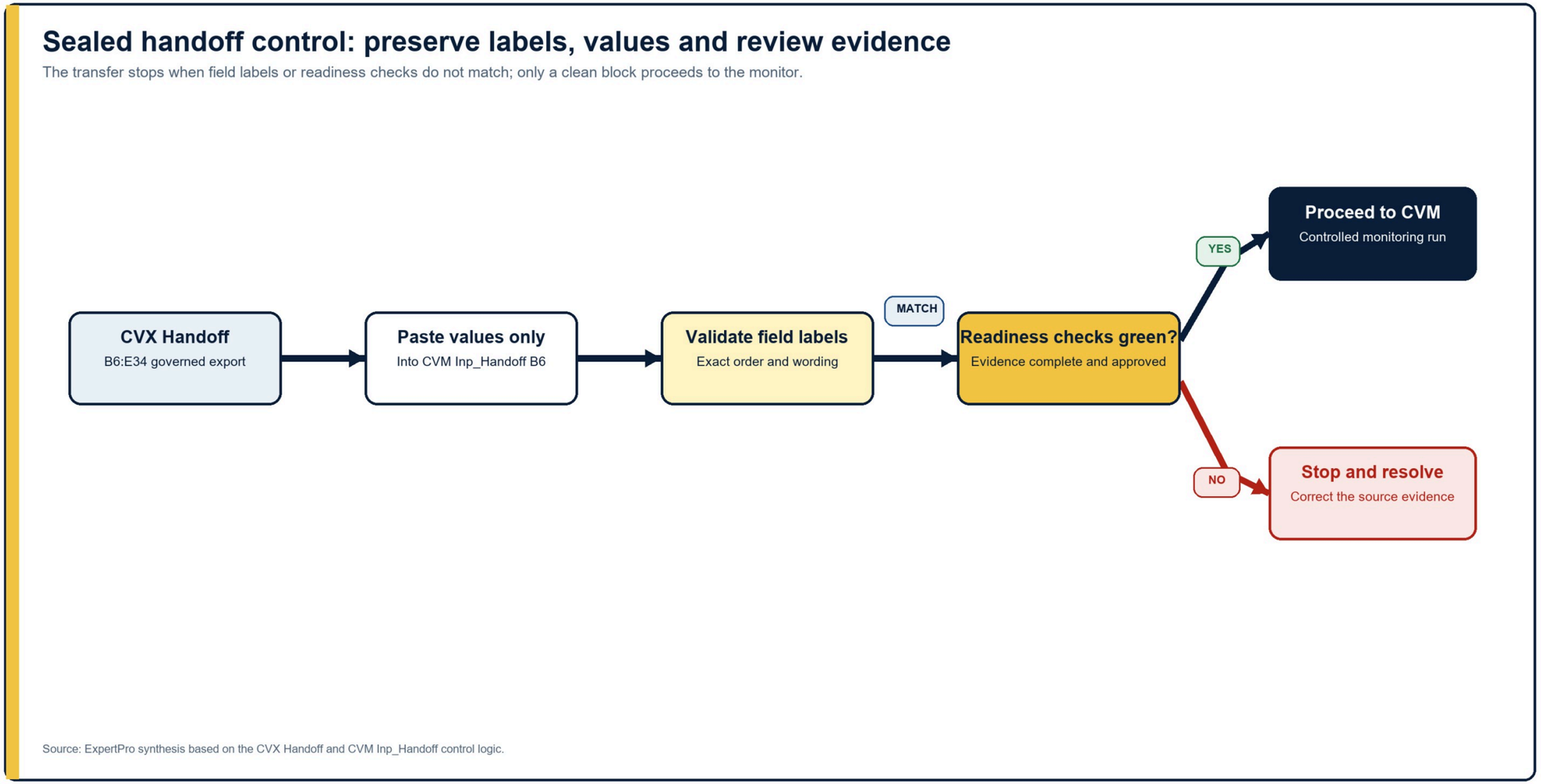
| TRANCHE | TYPE | COMMITTED | DRAWN AT Q1 | BASE RATE | MARGIN | ALL-IN RATE | AMORT / QUARTER |
|---|---|---|---|---|---|---|---|
| **Term Loan A** | Term loan | 32,000,000 | 32,000,000 | 4.9% | 2.8% | 7.6% | 1,500,000 |
| **Term Loan B** | Term loan | 15,000,000 | 15,000,000 | 4.9% | 4.2% | 9.1% | 375,000 |
| **Revolving facility** | Revolving | 12,000,000 | 6,000,000 | 4.9% | 2.5% | 7.3% | 0 |
| **Senior subordinated notes** | Subordinated | 4,000,000 | 4,000,000 | 0.0% | 9.5% | 9.5% | 0 |
| **TOTAL** | — | 63,000,000 | 57,000,000 | — | — | — | 1,875,000 |

Source: ExpertPro · CVM_Covenant_Headroom_Monitor_v1.0.0.xlsx · Inp_Facility!C5:J13 · demonstration data.

CONTROLS

# A sealed handoff protects the terms

The terms companion transfers values only; if labels or readiness checks fail, the transfer stops.



WHAT YOU RECEIVE

# What is in the download

Format: Excel (XLSX) + ZIP.

| | |
|---|---|
| XLSX | The 17-sheet covenant headroom monitor |
| XLSX | The 15-sheet credit agreement terms companion |
| GUIDE | A 51-page illustrated user manual |
| DEMO | A complete borrower-side demo |

## Before you buy

- Desktop Excel 2019 or Microsoft 365. No macros.
- You supply quarterly actuals and plan; it does not build a three-statement forecast.
- It monitors maintenance covenants, not incurrence tests or baskets.
- Not legal advice: confirm terms against the executed agreement.

Every workbook opens on the complete worked example, so you can follow the finished answer before entering your own data.

WHO BUILT IT

# Built by the ExpertPro team

ExpertPro builds the financial and decision infrastructure behind capital projects, at the intersection of project finance, engineering economics and data.

| 7 | 100+ | 15+ | 50+ |
|---|---|---|---|
| senior specialists | years of combined experience | professional certifications | delivered projects |

## The team

- Project finance and public-private partnerships, PMP® and APMG CP3P® certified
- Data architecture and data science, led by a mathematician
- Process automation and governance, with more than twenty years in banking
- Information security and compliance: ISO/IEC 27001 Lead Auditor and CEH
- Enterprise systems integration and machine-learning engineering

## Every model

- Built to the FAST Standard 02c: Flexible, Appropriate, Structured, Transparent
- No macros and no hidden logic; one formula per calculation row
- A documented source and status behind every input
- A checks panel that must read green before results leave the workbook
- A complete user manual and a worked demonstration case

Master's degrees in industrial engineering, information technology and business, a degree in mathematics, and programmes from MIT (applied AI) and HarvardX (data science). Delivery in five Latin American countries, across energy and utilities, transport, logistics, agroindustry and healthcare.