Solon.
Corporate Finance · Debt Advisory

LENDER PRESENTATION

Northstar Components

Senior secured refinancing and growth facility

£14.6m	£36.4m	1.65x
committed facilities	revenue, latest year	opening net leverage

Synthetic illustrative model. Not client data and not a live mandate.

ILLUSTRATIVE SPECIMEN · FICTIONAL BORROWER

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Illustrative specimen: every figure is synthetic and describes no live company or mandate.

Northstar Components: the credit thesis

£36.4m	85%	58%	11 years
Revenue, latest reported year	Revenue from reorders of qualified parts	Top-five OEM share of revenue	Average tenure of the top-five OEMs

Credit thesis

1. Parts qualified into OEM platforms are reordered for the platform's life, so revenue recurs without new customer wins.
2. Cash converts: 60.8% of EBITDA became CFADS in the latest year, after tax, working capital and maintenance capex.
3. Pro forma net leverage opens at 1.65x against a 2.75x covenant and is 0.50x by the end of the plan.
4. The proceeds refinance existing bank debt and fund automation capex that can be phased if volumes soften.

Source: borrower profile (NS-PROFILE, synthetic illustrative input). The borrower's description, not tested by the model; each figure in it is a bound fact.

Key figures from the model

After the refinancing, EBITDA growth and debt reduction take net leverage from 1.65x pro forma at 30 September 2025 to 0.50x by September 2028

£36.4m	£5.1m	1.65x	£3.1m
Revenue, fiscal year	Reported EBITDA, fiscal year	Net leverage pro forma at 30 September 2025	Liquidity pro forma at 30 September 2025

Trading

The base case reaches revenue of £42.1m and EBITDA of £7.2m in the year ending 30 September 2028.

Cash conversion

CFADS was 60.8% of EBITDA in the year to 30 September 2025 after working capital, tax and capital expenditure, and is 52.7% in the year ending 30 September 2028.

Covenants

Every base-case test is met at every test date.

Downside

EBITDA is 18.0% below the base case in the year ending 30 September 2026; every test is met.

The borrower and the transaction at a glance

Item	Detail
Borrower	Northstar Components Ltd
Trading name	Northstar Components
Sector	Precision-engineered industrial automation components
Region	Greater Manchester
Ownership	Founder-owned, with a professional finance director and an independent chair
Transaction	Senior secured refinancing and growth facility
Purpose	Refinance the incumbent bank debt, fund the automation programme and put a committed revolving facility in place for working-capital seasonality.
Current lender position	The incumbent bank has offered a renewal, but with tighter covenants and wider guarantees.
Uses of the facilities	
Refinance existing bank debt	Redeems the incumbent term loan and overdraft
Automation capex	Held as cash at the closing and spent cell by cell
Growth programme	A delayed-draw facility drawn as the growth capex is spent
Fees and expenses	Adviser, legal and lender fees, capitalised on the term loan

Source: borrower profile (NS-PROFILE, synthetic illustrative input). The borrower's description, not tested by the model; each figure in it is a bound fact.

Sources and uses

New facilities of £11.8m refinance £9.8m of existing debt and leave £2.4m of cash pro forma at 30 September 2025

Sources and uses at the opening date (£ thousands)

Sources	£ thousands	Uses	£ thousands
Senior term loan	9,800	Repay incumbent bank term loan and overdraft	7,800
Retained senior debt	800	Repay retained senior debt (carried over)	800
Finance leases and HP / asset finance	1,200	Repay finance leases and HP / asset finance (carried over)	1,200
		Adviser, legal and lender fees	400
		Cash to the balance sheet	1,600
Total sources	**11,800**	**Total uses**	**11,800**

Source: integrated model (synthetic illustrative input). The transaction is modelled at the opening date, the last actual year end, and is the same in every scenario.

- The facilities pro forma at 30 September 2025 are a £9.8m senior term loan maturing in September 2030, a nil growth capex facility (delayed draw) maturing in September 2030, a £800k retained senior debt maturing in September 2030, a £1.2m finance leases and HP / asset finance maturing in September 2030 and a £700k RCF maturing in September 2030, undrawn.
- The proceeds repay £9.8m of existing debt, pay £400k of fees and costs and add £1.6m to cash; sources and uses both total £11.8m.

Net leverage opens at 1.65x

Pro forma at 30 September 2025, covenant net leverage is 1.65x against a maximum of 2.75x

Capitalisation before and after the refinancing (£ thousands)

Facility / item	Pre-close	Closing	Pro forma	× covenant EBITDA	Margin over SONIA	Maturity
Incumbent bank term loan and overdraft	7,800	(7,800)	–			
Retained senior debt (carried over)	800	(800)	–			
Finance leases and HP / asset finance (carried over)	1,200	(1,200)	–			
Senior term loan	–	9,800	9,800	1.72x	3.30%	30 Sep 2030
Growth capex facility (delayed draw)	–	–	–	–	3.30%	30 Sep 2030
Retained senior debt	–	800	800	0.14x	3.30%	30 Sep 2030
Finance leases and HP / asset finance	–	1,200	1,200	0.21x	6.50%	30 Sep 2030
Revolving credit facility	–	–	–	–	3.30%	30 Sep 2030
Gross debt	**9,800**	**2,000**	**11,800**	**2.07x**		
Cash	800	1,600	2,400			
Cash netted under the covenant definition			2,400			
Covenant net debt			9,400	1.65x		
Covenant EBITDA (fiscal year)			5,700			

Source: integrated model (synthetic illustrative input). The transaction is modelled at the opening date, the last actual year end, and is the same in every scenario. Multiples are of covenant EBITDA for the year to 30 September 2025, pro forma at 30 September 2025, as if the transaction had closed on that date.

- Gross debt rises from £9.8m to £11.8m pro forma at 30 September 2025, and gross leverage from 1.72x to 2.07x covenant EBITDA.
- Cash is netted in full in covenant net debt.
- Covenant EBITDA of £5.7m is reported EBITDA of £5.1m plus permitted adjustments of £600k.

Key terms of the facilities

The senior term loan amortises £700k rising in steps to £1,200k a year and has a 50.0% cash sweep; the £700k RCF is undrawn pro forma at 30 September 2025

Key terms of the supplied facilities

Term	Senior term loan	Revolving credit facility
Drawn pro forma at the opening date	£9.8m	Undrawn
Commitment	Fully drawn	£700k
Margin over SONIA	3.30%	3.30%
SONIA floor	0.00%	0.00%
Scheduled amortisation per year	£700k in the year ending 30 September 2026, rising in steps to £1,200k from the year ending 30 September 2028	Nil
Commitment fee on the undrawn amount	Not applicable	1.16%
Upfront fees	£400k adviser, legal and lender fees paid at 30 September 2025	Not in the input
Cash sweep (share of excess cash flow)	50.0%	Not applicable
Final maturity	30 September 2030	30 September 2030
Day count	ACT/365F	ACT/365F
Net leverage, maximum	2.75x; 2.50x from 30 Sep 2027; 2.25x from 30 Sep 2028	
Interest cover, minimum	3.00x; 3.25x from 30 Sep 2027; 3.50x from 30 Sep 2028	
Minimum liquidity	£250k	
Covenant testing	The facility tests quarterly on the last twelve months. The forecast is annual, so the tests shown are those at each 30 September year end, on the fiscal year.	
Equity cure	Not in the modelled terms	
Minimum cash (model assumption)	£300k, held by the model; not a lender term	

Source: facility and covenant terms and the model's minimum cash in the model input (synthetic).

- The facilities float over SONIA and no hedging is in the modelled terms, so base-rate movements pass straight into cash interest.

The business

£36.4m	Revenue, latest year
14.0%	EBITDA margin, latest year
17.0%	EBITDA margin, final forecast year

What the business does

Northstar Components is a Greater Manchester manufacturer of precision-engineered components for industrial automation: the machined and assembled parts that OEMs design into their equipment. A component is engineered into the customer's platform and validated over a long qualification cycle, after which the OEM reorders the qualified part for the platform's production life. Reorders of qualified parts are most of revenue, so revenue recurs and pricing holds. Revenue was £36.4m in the latest reported year, up from £32.1m two years earlier, at a 14.0% EBITDA margin that the plan takes to 17.0% as the automation programme lands.

How the business works

Northstar machines and assembles precision components to customer specification and gets them designed into the OEM's automation equipment. Once a part is qualified into a customer's platform, the customer reorders from Northstar rather than start a fresh qualification programme with a competitor, so the order book is visible and the relationships are long. The business is run for cash: earnings convert to free cash flow after the plant is maintained, and that cash funds the loan amortisation and the sweep without asset sales or chasing volume at any price. The automation investment lets the engineers produce more per hour, which is how the margin lifts, and it can be phased if demand softens.

Source: borrower profile (NS-PROFILE, synthetic illustrative input). The borrower's description, not tested by the model; each figure in it is a bound fact.

Customers and market

85%	Revenue from reorders of qualified parts
58%	Top-five OEM share of revenue
11 years	Average tenure of the top-five OEMs

Customers

The customers are OEM automation manufacturers who design Northstar's parts into their platforms. The top five are the principal relationships and also the longest-standing. Displacing a qualified-in part means a fresh qualification programme and often a platform redesign, which an OEM rarely undertakes without a quality failure. Framework agreements with the principal OEMs set call-off volumes, and the order book gives visibility over the coming year.

Market

Demand for precision automation components is supported by the reshoring of manufacturing to UK and European sites, persistent shortages of skilled labour and sustained investment in factory productivity. Northstar sits in a technically demanding niche: a small supplier base, high entry costs and long validation lead times concentrate volume on incumbent suppliers. Once a part is specified into a platform it recurs for the platform's production life, so the credit rests on design wins in production rather than on market growth. The company competes on engineering capability and reliability of supply into production lines, not on headline price.

Source: borrower profile (NS-PROFILE, synthetic illustrative input). The borrower's description, not tested by the model; each figure in it is a bound fact.

Operations and trading

40.9%	Gross margin, latest year
£3.5m	Capital expenditure, first forecast year
£42.1m	Revenue, final forecast year

Operations

Manufacturing and assembly run from one Greater Manchester site across engineering, machining and assembly, with capacity in hand for the plan's volumes. Quality is the product: first-pass yield is tracked cell by cell, because a quality failure is the one event that puts a qualified part at risk. The scarce resource is qualified engineers, and the qualification know-how is held across the engineering team rather than in any one person. The automation programme adds cells that raise output per engineer; each cell is contracted separately, so the programme can pause between cells if volumes soften.

Trading, as management describes it

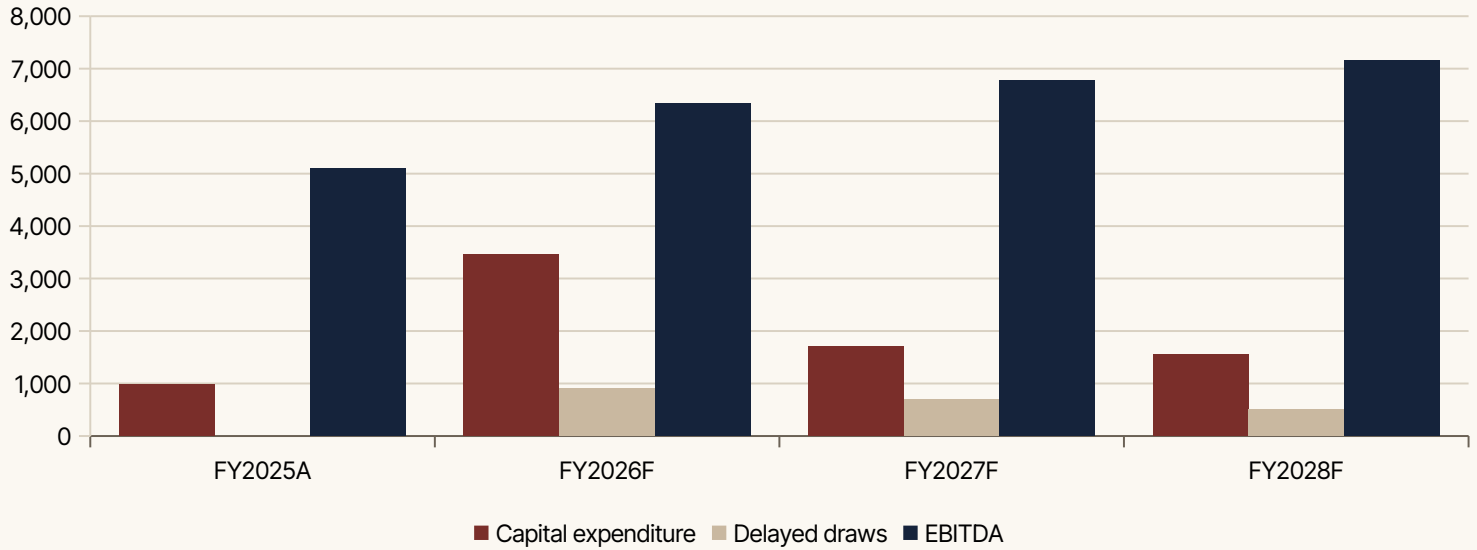
Revenue of £36.4m in the latest year, against £32.1m two years earlier, came from OEM programme volumes and durable pricing rather than new logos, and gross profit reached £14.9m as the mix held. The plan takes revenue to £42.1m in the final forecast year; the margin walk to 17.0% is the automation programme converting labour cost into throughput.

Source: borrower profile (NS-PROFILE, synthetic illustrative input). The borrower's description, not tested by the model; each figure in it is a bound fact.

Growth programme

The growth capex facility (delayed draw) draws £2.1m over the forecast while EBITDA reaches £7.2m in the year ending 30 September 2028

Capital expenditure, delayed draws and EBITDA by fiscal year, base case (£ thousands)



Growth programme by fiscal year, base case

£ thousands	FY2025	FY2026	FY2027	FY2028
Capital expenditure	980	3,460	1,708	1,553
Delayed draws	–	900	700	500
EBITDA	5,100	6,336	6,774	7,163
EBITDA margin	14.0%	16.5%	16.8%	17.0%

Source: integrated model (synthetic illustrative input), base case. A = actual, F = forecast.

- The growth capex facility (delayed draw) is drawn £2.1m over the forecast (£900k, £700k and £500k in three fiscal years).
- Capital expenditure is £980k in the year ended 30 September 2025, then £3.5m, £1.7m and £1.6m in the forecast years.
- EBITDA is £5.1m (14.0% margin) in the year ended 30 September 2025 and £7.2m (17.0%) in the year ending 30 September 2028 in the base case.
- The model does not attribute EBITDA to the programme, so no incremental EBITDA or payback is stated.

Management and ownership

AB — Andrew Beckwith
Managing Director

Founder and controlling shareholder; has led the business since inception.

SW — Sarah Whitfield
Finance Director

Professional finance director; built the reporting and controls a committed facility needs.

HP — Helen Prescott
Non-Executive Chair

Independent chair; added board governance ahead of the refinancing.

MA — Michael Ackland
Operations Director

Runs manufacturing and assembly at the Greater Manchester site.

PN — Priya Nair
Technical Director

Owns design-in, qualification and the quality record the OEMs rely on.

DO — Daniel Okoro
Commercial Director

Manages the principal OEM relationships and the framework call-off book.

Organisation and ownership

The business runs as four functions (operations; engineering and quality; commercial; finance and administration), each led by a director reporting to the managing director. An independent non-executive chair joined the board ahead of the refinancing, and the finance director runs the management accounts, the rolling forecast and the covenant reporting a committed facility requires. Key-person risk sits with the founder, who holds the principal OEM relationships; a documented deputy in operations, a commercial director who owns the call-off book and qualification know-how held across the engineering team spread it.

Ownership: Founder-owned, with a professional finance director and an independent chair.

Source: borrower profile (NS-PROFILE, synthetic illustrative input). The borrower's description, not tested by the model; each figure in it is a bound fact.

Key credit highlights

1 Qualified parts become repeat, multi-year demand

Parts are designed into OEM equipment and validated over a long qualification cycle, then reordered for the platform's production life.

2 The qualification barrier defends the margin

Requalifying a rival part is a long, costly programme for the OEM, so pricing holds: gross margin was 40.9% in the latest year, against 38.6% two years earlier.

3 Cash-generative after capex

EBITDA converted to CFADS at 60.8% in the latest year, funding amortisation and the cash sweep from operations.

4 Growth comes from the qualified base

Revenue of £36.4m in the latest year, against £32.1m two years earlier, came from framework call-offs on existing OEM platforms.

5 Proceeds refinance and fund phaseable capex

The facilities redeem £7.8m of incumbent debt and hold £1.6m for the automation programme.

6 The structure opens inside its covenants

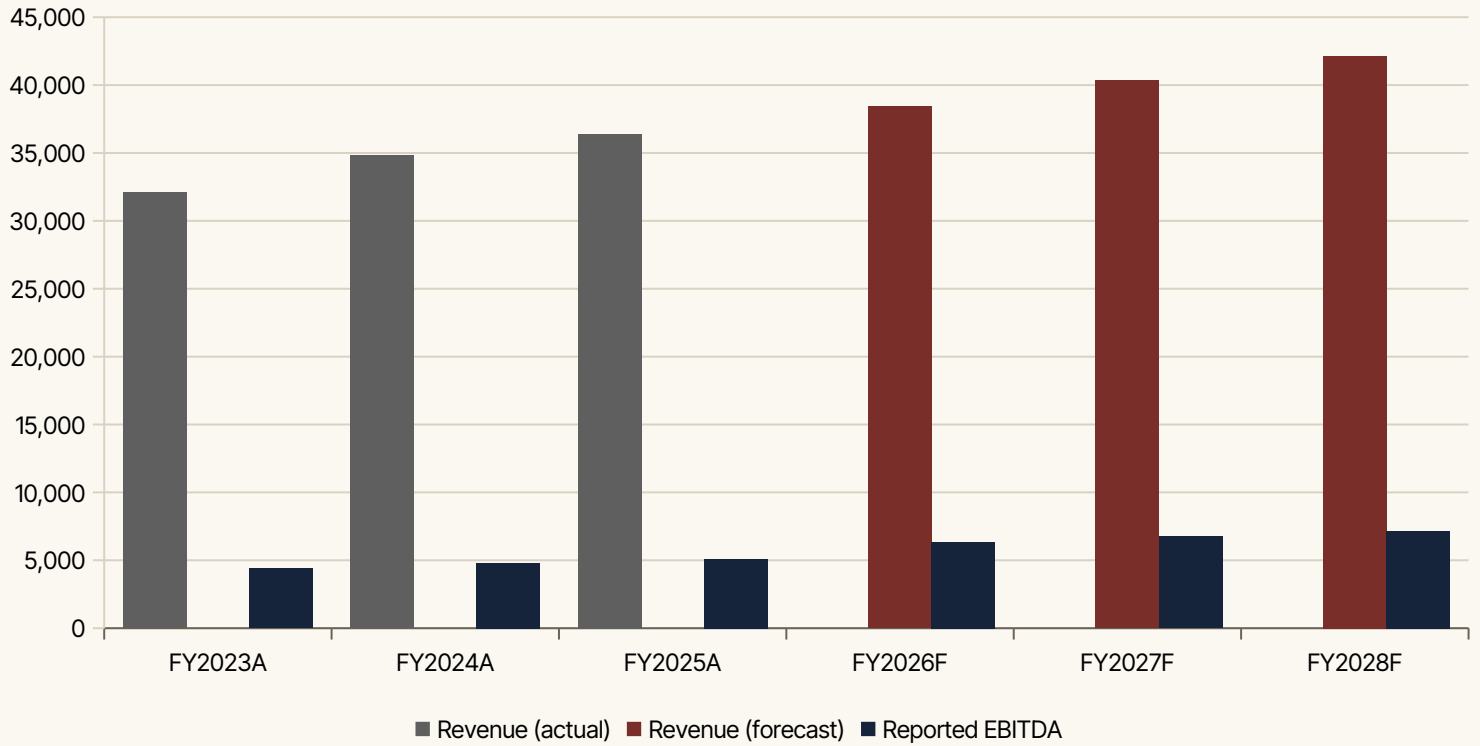
Pro forma net leverage opens at 1.65x against 2.75x; interest cover is 7.11x in the first forecast year against 3.00x.

Source: borrower profile (NS-PROFILE, synthetic illustrative input). The borrower's description, not tested by the model; each figure in it is a bound fact.

Financial performance

Revenue grows from £36.4m to £42.1m by the year ending 30 September 2028 at a higher EBITDA margin

Yearly revenue and reported EBITDA, base case (£ thousands)



Year to 30 September 2025: revenue £36.4m at an EBITDA margin of 14.0%. Year ending 30 September 2028: revenue £42.1m at an EBITDA margin of 17.0%.

Source: integrated model (synthetic illustrative input), base case. A = actual, F = forecast.

- Yearly EBITDA margin is lowest at 13.7% in the year ended 30 September 2023 and highest at 17.0% in the year ending 30 September 2028.
- Gross margin was 40.9% in the year to 30 September 2025 and is 40.9% in the year ending 30 September 2028.
- Base-case trading drivers over the forecast years: revenue rises from £38.4m to £42.1m.

Cash available for debt service

CFADS of £3.8m in the year ending 30 September 2028 covers cash interest and fees of £782k and scheduled amortisation of £1.4m

- EBITDA rises from £4.4m in the year ended 30 September 2023 to £7.2m in the year ending 30 September 2028, as gross profit grows by more than operating expenses.
- Cash interest and fees fall from £900k in the year to 30 September 2025 to £782k in the year to 30 September 2028. The profit and loss finance cost also includes the non-cash amortisation of issuance costs.

Financial summary, base case (£ thousands)

Line item	Unit	FY2023A Year ended 30 September 2023	FY2024A Year ended 30 September 2024	FY2025A Year ended 30 September 2025	FY2026F Year ending 30 September 2026	FY2027F Year ending 30 September 2027	FY2028F Year ending 30 September 2028	CAGR FY2023 to FY2028
Revenue	*GBP 000*	**32,100**	**34,800**	**36,400**	**38,402**	**40,322**	**42,137**	**5.6%**
Gross profit	*GBP 000*	**12,400**	**13,800**	**14,900**	**15,706**	**16,492**	**17,234**	n.a.
Gross margin	*%*	38.6%	39.7%	40.9%	40.9%	40.9%	40.9%	n.a.
Operating expenses	*GBP 000*	8,000	9,000	9,800	9,370	9,718	10,071	n.a.
EBITDA (reported)	*GBP 000*	**4,400**	**4,800**	**5,100**	**6,336**	**6,774**	**7,163**	**10.2%**
EBITDA margin	*%*	13.7%	13.8%	14.0%	16.5%	16.8%	17.0%	n.a.
Capital expenditure	*GBP 000*	(780)	(880)	(980)	(3,460)	(1,708)	(1,553)	n.a.
Working capital (increase) / decrease	*GBP 000*	(180)	(260)	(340)	(450)	(500)	(550)	n.a.
Tax paid	*GBP 000*	(480)	(570)	(680)	(1,183)	(1,190)	(1,286)	n.a.
Cash flow available for debt service	*GBP 000*	**2,960**	**3,090**	**3,100**	**1,243**	**3,376**	**3,773**	n.a.
Cash conversion (CFADS ÷ EBITDA)	*%*	67.3%	64.4%	60.8%	19.6%	49.8%	52.7%	n.a.
Cash interest and fees	*GBP 000*	(680)	(810)	(900)	(891)	(875)	(782)	n.a.
Scheduled amortisation	*GBP 000*	(460)	(460)	(240)	(940)	(1,240)	(1,440)	n.a.
Profit after tax (memo)	*GBP 000*	2,620	2,740	2,800	3,550	3,571	3,859	n.a.

Source: integrated model (synthetic illustrative input), base case. A = actual, F = forecast.

From reported to covenant EBITDA

Covenant EBITDA adds back £600k of non-recurring costs to reported EBITDA of £5.1m

Bridge from reported to covenant EBITDA

Bridge line	£ thousands
Reported EBITDA, fiscal year	5,100
Non-recurring costs added back, year ended 30 September 2025	600
Adjustments before the cap	600
Adjustments permitted after the cap	600
Covenant EBITDA, fiscal year	**5,700**

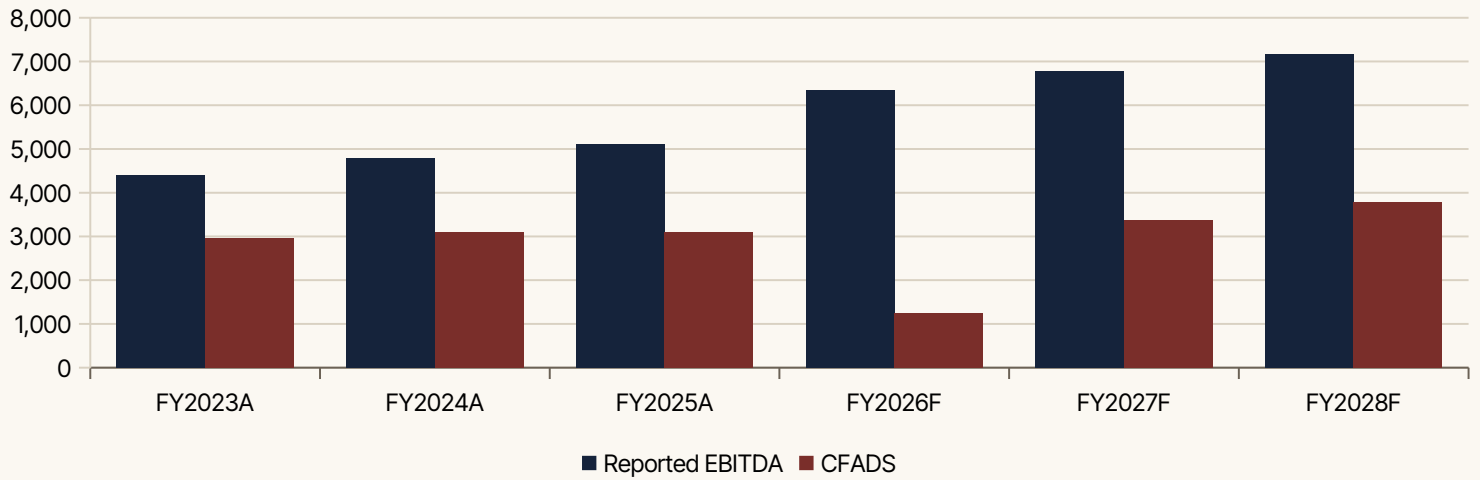
- Adjustments are not capped in the covenant definition.
- The source data records the adjustments as non-recurring costs without further itemisation; the invoices or board minutes behind them are not part of this synthetic input.

Source: integrated model (synthetic illustrative input), base case.

Cash conversion

CFADS converts 52.7% of EBITDA in the year ending 30 September 2028 after working capital, tax and capital expenditure

Yearly EBITDA and CFADS, base case (£ thousands)



Year ending 30 September 2028: CFADS of £3.8m from EBITDA of £7.2m, a conversion of 52.7%.

Source: integrated model (synthetic illustrative input), base case. A = actual, F = forecast.

Working-capital assumptions by scenario

Year-end balances, first forecast year (£ thousands)	Base	Downside	Severe	Upside
Receivables	6,234	6,234	6,234	6,234
Inventory	4,830	4,830	4,830	4,830
Payables	2,710	2,710	2,710	2,710

Source: integrated model (synthetic illustrative input), all scenarios.

- Capital expenditure is £1.6m in the year ending 30 September 2028 against depreciation of £1.2m; the source data does not split maintenance from growth capex.
- Tax is paid in the year it is expensed: in the base case £1.3m in the year ending 30 September 2028 against a tax expense of £1.3m.
- Working capital absorbs £550k in the year ending 30 September 2028.
- CFADS falls short of cash interest, fees and scheduled amortisation in the year to 30 September 2026; cash on hand meets the difference. That year's CFADS is after £3.5m of capital expenditure (maintenance, automation and growth programme), funded in part by £1.6m of cash raised at the closing and £900k drawn on the growth capex facility (delayed draw).

Debt reduction and deleveraging

Gross debt falls from £11.8m to £8.9m and net leverage from 1.65x pro forma at 30 September 2025 to 0.50x by September 2028

Debt bridge over the forecast, by scenario (£ thousands)

£ thousands	Base	Downside	Severe	Upside
Gross debt pro forma at 30 Sep 2025	11,800	11,800	11,800	11,800
Senior term loan: scheduled amortisation	(2,900)	(2,900)	(2,900)	(2,900)
Senior term loan: cash sweep	(1,406)	(552)	0	(1,780)
Growth capex facility (delayed draw): growth capex draw	2,100	2,100	2,100	2,100
Retained senior debt: scheduled amortisation	(300)	(300)	(300)	(300)
Finance leases and HP / asset finance: scheduled amortisation	(420)	(420)	(420)	(420)
RCF: drawn	0	0	104	0
Gross debt at 30 Sep 2028	**8,874**	**9,728**	**10,384**	**8,500**
Sweep pending at 30 Sep 2028	776	331	0	971
Cash netted under the covenant, 30 Sep 2028	(6,081)	(4,023)	(300)	(6,982)
Covenant net debt at 30 Sep 2028, before the year's excess-cash-flow prepayment	**3,569**	**6,036**	**10,084**	**2,489**

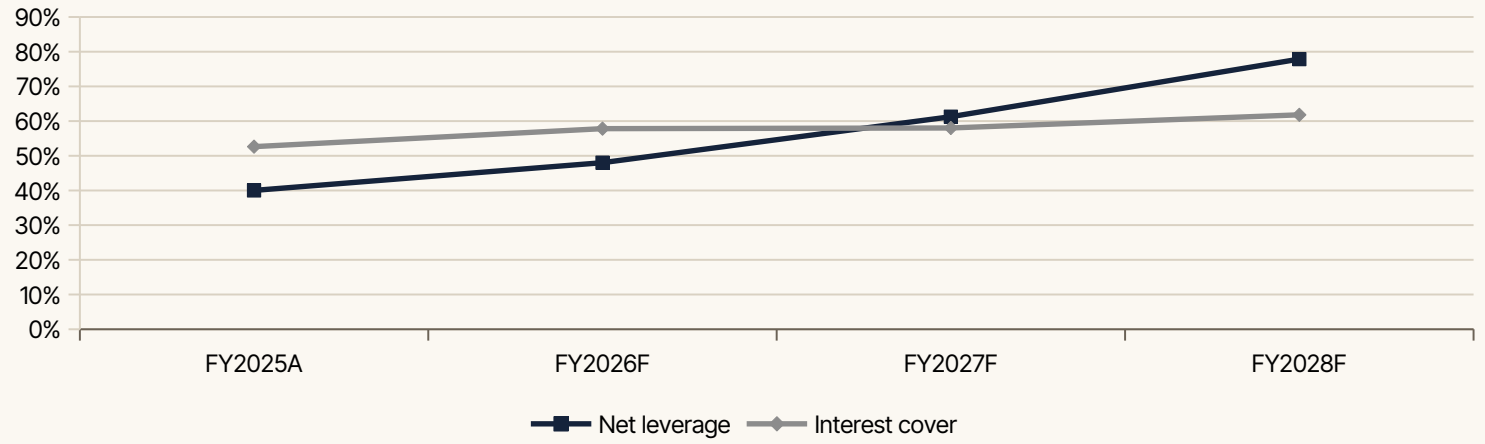
Source: integrated model (synthetic illustrative input), all scenarios.

- Net leverage falls from 1.65x pro forma at 30 September 2025 to 0.50x at 30 September 2028: EBITDA growth takes off 0.34x and lower covenant net debt takes off 0.81x (EBITDA's part is measured first, holding net debt at its starting level; the order changes the split, not the total).
- The RCF matures on 30 September 2030 and the senior term loan on 30 September 2030, two years after the forecast ends, with £5.5m outstanding at 30 September 2028 (0.77x that year's EBITDA).

Covenant headroom

Every base-case covenant test is met at every test date; net leverage headroom is lowest pro forma at 30 September 2025, at 40.0% of EBITDA

Year-end test: covenant headroom at each test date, base case



Covenant headroom at each test's low point, base case

Year-end test	Threshold at low point	Low point	Value at low point	Covenant headroom	Result
Net leverage	maximum 2.75x	Pro forma at 30 Sep 2025	1.65x	40.0% of EBITDA	Met at every date
Interest cover	minimum 3.00x	Pro forma at 30 Sep 2025	6.33x	52.6% of EBITDA	Met at every date
Minimum liquidity	minimum £250k	Pro forma at 30 Sep 2025	£3.1m	£2.9m	Met at every date

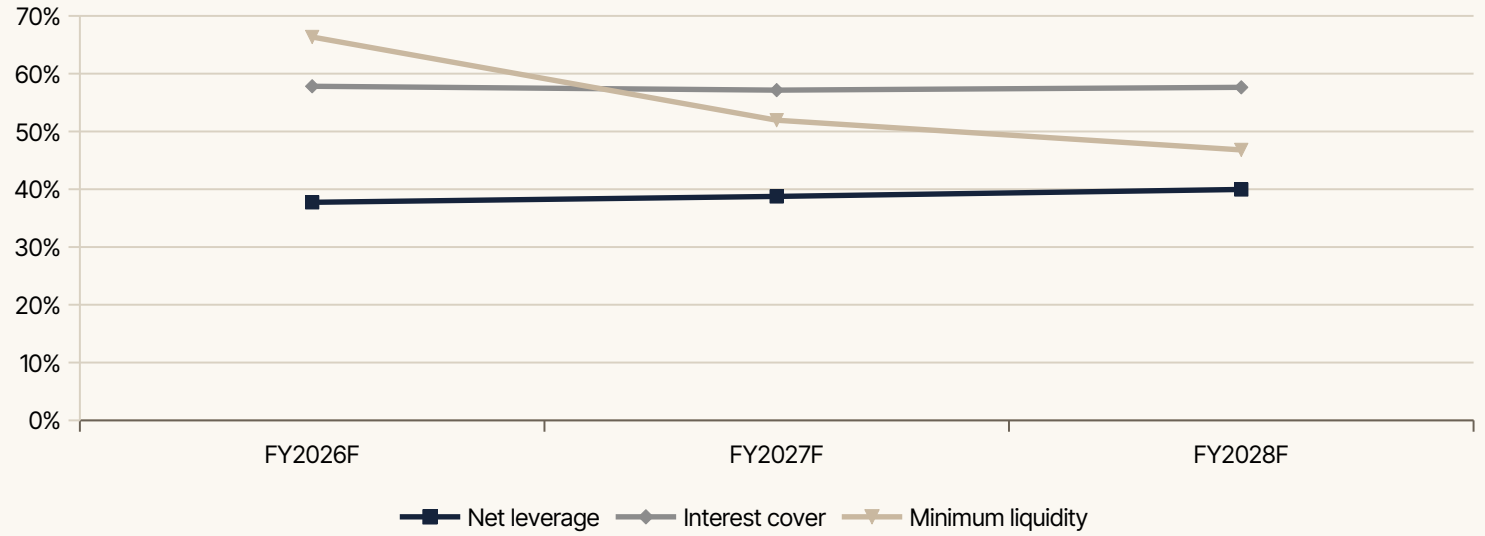
Source: integrated model (synthetic illustrative input), base case. A = actual, F = forecast. Covenant ratios on the fiscal year; liquidity at the test date. FY2025A is pro forma at 30 September 2025. The test at every date is in the appendix.

- Covenant headroom is static: the fall in the fiscal year's EBITDA that would breach a test with everything else unchanged. The breakeven that follows lets lower EBITDA also reduce cash and raise net debt, so it breaks at a smaller fall.

How far EBITDA can fall

Net leverage breaks first if EBITDA falls: a breakeven shortfall of 37.7% breaches net leverage at 30 September 2026

Year-end test: forecast EBITDA shortfall that breaches each covenant, by test date



Breakeven EBITDA shortfall by covenant, base case

Year-end test	Breaks first at	Breakeven shortfall	Covenant EBITDA decline, fiscal year
Net leverage	30 Sep 2026	37.7%	37.7%
Interest cover	30 Sep 2027	57.2%	57.2%
Minimum liquidity	30 Sep 2028	46.8%	46.8%

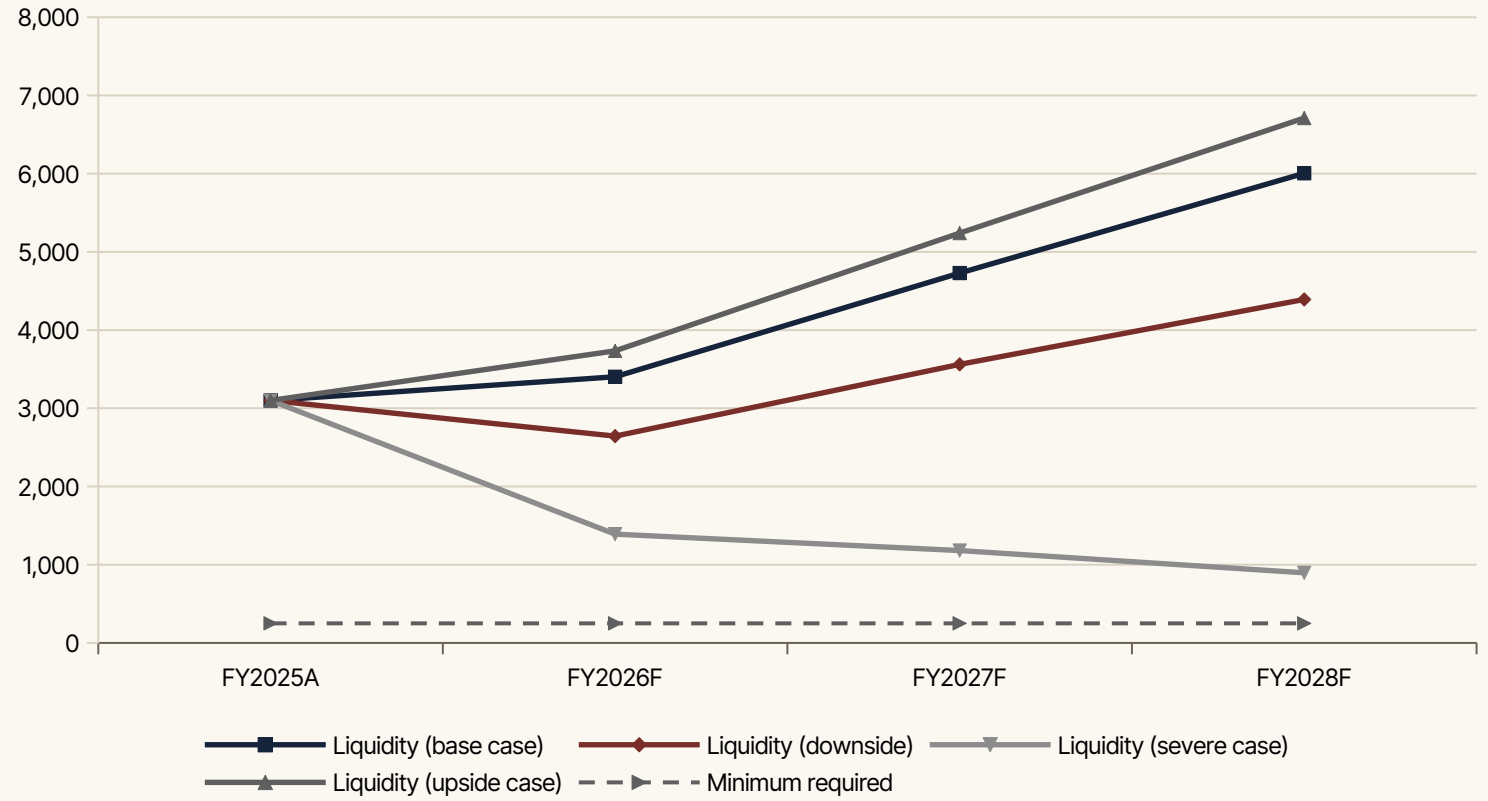
Source: integrated model (synthetic illustrative input), base case. A = actual, F = forecast. Covenant ratios on the fiscal year; liquidity at the test date. Shortfall applied to every forecast year; model re-run at each step.

- A shortfall of 37.7% against base-case EBITDA in each forecast year breaches net leverage at 30 September 2026; covenant EBITDA for the fiscal year is then 37.7% lower.
- For net leverage at 30 September 2026, covenant headroom is 48.0% of EBITDA with everything else unchanged; the breakeven cuts the year's EBITDA by less, 37.7%, because lower EBITDA also lowers cash generation and leaves net debt higher.
- In the downside, EBITDA is 18.0% below the base case in the year ending 30 September 2026, less than the shortfall that breaks net leverage.
- Moving each downside input 69.0% of the way to its value in the severe case brings the first breach: net leverage at 30 September 2026, where EBITDA for the year ending 30 September 2026 is 38.7% below the base case.

Liquidity headroom

Base-case liquidity is lowest pro forma at 30 September 2025, at £3.1m against a minimum of £250k; the severe case's lowest is £896k

Liquidity at each year end by scenario against the minimum (£ thousands)



Source: integrated model (synthetic illustrative input), all scenarios. A = actual, F = forecast. Liquidity at the test date. FY2025A is pro forma at 30 September 2025.

- The RCF is undrawn at every forecast year end in the base case.
- The RCF is drawn to a high of £104k at 30 September 2028 in the severe case.
- No case leaves an unfunded shortfall, and the minimum liquidity covenant is met at every test date in every case.

Scenario analysis

A downside with EBITDA up to 18.0% below the base case never runs short of cash as modelled: its lowest forecast liquidity is £2.6m, against the £250k covenant minimum

Scenario comparison across the forecast horizon

Measure	Unit	Base	Downside	Severe	Upside
Forecast horizon (Oct 2025 to Sep 2028)					
Cumulative CFADS	*GBP 000*	8,391.8	5,953.8	1,921.2	9,459.3
Cumulative profit after tax	*GBP 000*	10,981.0	8,253.8	3,737.0	12,191.1
Lowest closing cash at a forecast year end	*GBP 000*	2,702.8	1,943.4	300.0	3,035.0
Lowest liquidity at a forecast year end	*GBP 000*	3,402.8	2,643.4	896.2	3,735.0
Highest RCF balance at a forecast year end	*GBP 000*	0.0	0.0	103.8	0.0
Total unfunded shortfall	*GBP 000*	0.0	0.0	0.0	0.0
Opening gross debt	*GBP 000*	11,800.0	11,800.0	11,800.0	11,800.0
Senior term loan: scheduled amortisation over the forecast	*GBP 000*	2,900.0	2,900.0	2,900.0	2,900.0
Senior term loan: cash sweep over the forecast	*GBP 000*	1,406.0	552.3	0.0	1,779.9
Growth capex facility (delayed draw): draws over the forecast	*GBP 000*	2,100.0	2,100.0	2,100.0	2,100.0
Retained senior debt: scheduled amortisation over the forecast	*GBP 000*	300.0	300.0	300.0	300.0
Finance leases and HP / asset finance: scheduled amortisation over the forecast	*GBP 000*	420.0	420.0	420.0	420.0
Revolving credit facility: drawings over the forecast	*GBP 000*	0.0	0.0	103.8	0.0

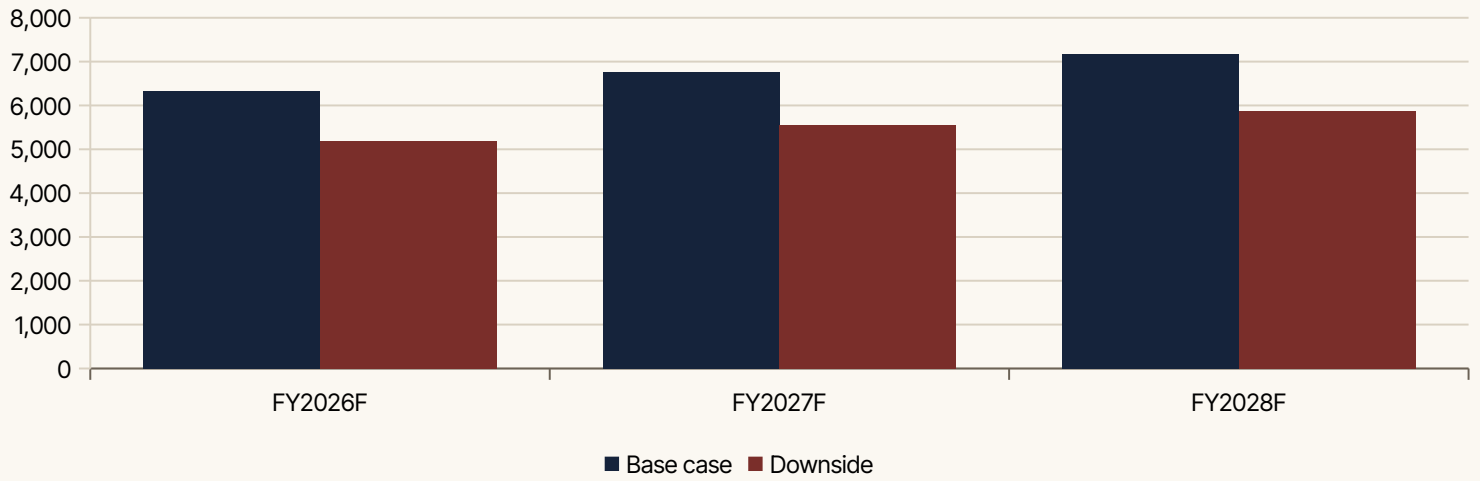
Source: integrated model (synthetic illustrative input), all scenarios. Covenant ratios on the fiscal year; liquidity at the test date.

- The downside lowers revenue; lowers operating costs; and reduces capital expenditure.
- The downside meets every covenant test.
- In the downside SONIA stays at 3.70%, against 3.70% in the base case from 1 October 2025; EBITDA is 18.0% below the base case in the year ending 30 September 2026.
- In the severe case EBITDA is 48.0% below the base case in the same year.

What drives the downside

Revenue (volume and price) takes the most from covenant EBITDA in the downside, £1.6m at 30 September 2026

Year-end test: covenant EBITDA by test date, base case and downside (£ thousands)



Base case to downside by driver, fiscal year (£ thousands; ratio in times)

Year-end test, 30 Sep 2026	Covenant EBITDA	CFADS	Net leverage (x)
Base case	6,336	1,243	1.43
Revenue (volume and price)	(1,571)	(1,178)	0.72
Operating costs	430	323	(0.24)
Capital expenditure (maintenance, with revenue)	0	96	(0.02)
Downside	**5,196**	**484**	**1.89**

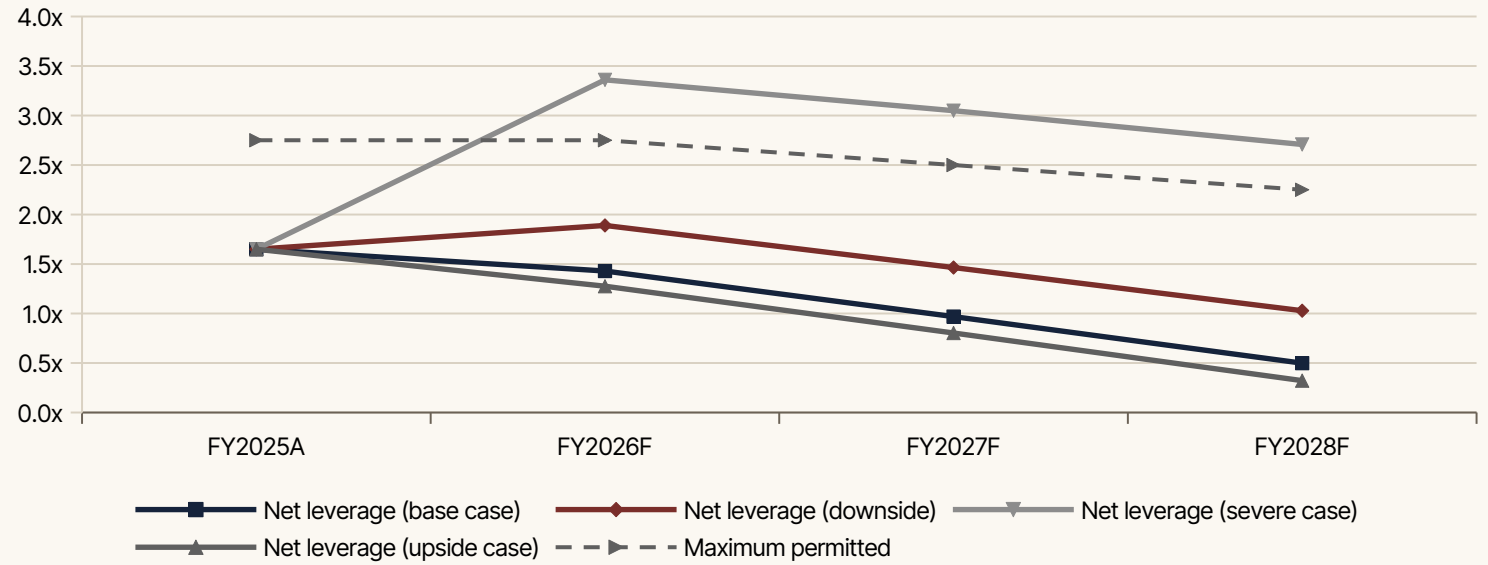
Source: integrated model (synthetic illustrative input), all scenarios. A = actual, F = forecast. Covenant ratios on the fiscal year. Sequential attribution in the order shown.

- Trading drives the gap: the largest falls in covenant EBITDA at that date come from revenue (volume and price) £1.6m.
- Each group's effect is measured after the groups above it in the table; a different order would split the total differently.

The severe case and the first breach

The severe case first breaches net leverage at 30 September 2026 while liquidity stays above the minimum

Year-end test: net leverage by scenario against the maximum



First covenant breach by scenario

Year-end test	Base	Downside	Severe	Upside
Net leverage	No breach	No breach	30 Sep 2026	No breach
Interest cover	No breach	No breach	No breach	No breach
Minimum liquidity	No breach	No breach	No breach	No breach

Source: integrated model (synthetic illustrative input), all scenarios. A = actual, F = forecast. Covenant ratios on the fiscal year; liquidity at the test date. FY2025A is pro forma at 30 September 2025.

- Net leverage first breaches at 30 September 2026 in the severe case, at 3.36x against a maximum of 2.75x.
- The severe case keeps liquidity above the minimum and leaves no unfunded shortfall, so its breaches are covenant events that would require a waiver or reset, not a liquidity event.

Principal risks and protections

The principal risks are the closest covenant, seasonal cash and maturities

Of the modelled cases, only the severe case would need lender action: it breaches net leverage from 30 September 2026. The base case meets its tests and so does the downside; no case runs short of cash.

Risk	Modelled effect	Protection in the modelled terms	Residual risk
Net leverage headroom is lowest at the 30 September 2025 pro-forma test	1.65x against a maximum of 2.75x: headroom of 40.0% of EBITDA (base case)	The facility tests quarterly, so weaker trading reaches the covenants at the next quarter-end test; the forecast shows the tests at each year end; liquidity of £3.1m stands behind it at 30 September 2025	A 37.7% shortfall in forecast EBITDA would breach net leverage at 30 September 2026, the first covenant to break; no equity cure is in the modelled terms
Seasonal years where CFADS does not cover debt service	CFADS falls short of cash interest, fees and scheduled amortisation in the year to 30 September 2026 (base case)	Entering that year: £2.4m of cash and £700k of undrawn RCF at 30 September 2025	A weaker seasonal low would draw on the RCF
Refinancing of the term loan at maturity	£5.5m of the senior term loan is outstanding at 30 September 2028; it matures on 30 September 2030	Principal falls before maturity through scheduled amortisation of £700k rising in steps to £1,200k a year and a 50.0% cash sweep	The model does not test refinancing terms at maturity

Source: integrated model (synthetic illustrative input), all scenarios. Covenant ratios on the fiscal year; liquidity at the test date.

Business risks and mitigants

The borrower's own account of the risks in the business; the model does not quantify them.

Risk	Why it matters	Mitigant	Magnitude
Customer concentration	Revenue is concentrated in the top five OEMs.	Multi-year frameworks and qualification lead times make churn slow and visible.	Material; losing a platform takes a requalification cycle, so it is seen well ahead.
Input-cost pressure	Metals and energy costs can move quickly.	Price-reset clauses on the key accounts pass cost movements through.	Gross margin was 40.9% in the latest year, against 38.6% two years earlier, through cost inflation.
Capex execution	The automation programme must land for the margin to lift.	The programme is contracted cell by cell and can be phased if volumes weaken.	The £1.6m automation tranche is funded at the closing and held as cash until spent.
Key-person dependence	The founder leads the business and holds the principal relationships.	A professional finance director, an independent chair and a documented operations deputy.	Qualification know-how is held across the engineering team, not in one individual.
Quality failure	A failed part is the event that opens a platform to a rival supplier.	Quality is tracked cell by cell, and the technical director owns qualification.	Contained to one platform at a time; the revenue spreads across many platforms.

Source: borrower profile (NS-PROFILE, synthetic illustrative input). The borrower's description, not tested by the model; each figure in it is a bound fact.

Process, timetable and data room

Indicative timetable

Week 1	Week 2	Week 5	Week 7	Week 9	Week 11	Week 12	Week 14
Access agreed	IM and data-room release	Management meetings	Indicative term sheets due	Final terms and lender selection	Credit approval	Documentation and CPs	Completion and drawdown

Data room

The reported years' financial statements, management accounts, the integrated model and its workbook, the customer and contract schedules and the capex plan are ready for lenders. Legal, tax and property diligence follow in the second phase.

Lender process

A single-round process with a short list of relationship banks and direct lenders: indicative terms first, then the preferred lender's credit approval, documentation and conditions precedent, targeting completion within the incumbent's renewal window. The incumbent is invited to bid on the same terms.

Source: borrower profile (NS-PROFILE, synthetic illustrative input). The borrower's description, not tested by the model; each figure in it is a bound fact.

The figures come from an integrated model built on a synthetic, illustrative input file

- Model figures are taken from the integrated model, and the accompanying workbook recalculates each of them from its inputs. The breakeven and attribution figures come from separate re-runs of the same model and are verified against it; the workbook does not hold them.
- Actuals run to 30 September 2025; the forecast runs to 30 September 2028 in fiscal years ending 30 September. Repayments, the cash sweep and RCF movements occur at each year end.
- The refinancing is modelled at the last actual year end: balances are pro forma at 30 September 2025, as if the transaction had closed on that date, and covenant tests at that date use pro-forma net debt and cash, with actual trading and finance charges for the year to 30 September 2025; forecast interest runs from 1 October 2025, the day after that date.
- Facility amounts are supplied inputs; the model tests the supplied structure against the covenant package under four scenarios.
- The borrower and its inputs are synthetic. Nothing here describes a live company, mandate or lender offer.

Annual summary of the statements

£ thousands	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Profit and loss						
Revenue	32,100	34,800	36,400	38,402	40,322	42,137
Gross profit	12,400	13,800	14,900	15,706	16,492	17,234
EBITDA	4,400	4,800	5,100	6,336	6,774	7,163
EBITDA margin	13.7%	13.8%	14.0%	16.5%	16.8%	17.0%
Depreciation	620	680	720	630	1,055	1,153
Amortisation	0	0	0	0	0	0
EBIT	3,780	4,120	4,380	5,706	5,720	6,011
Finance cost	680	810	900	973	958	865
Profit before tax	3,100	3,310	3,480	4,733	4,762	5,146
Tax	480	570	680	1,183	1,190	1,286
Profit after tax	2,620	2,740	2,800	3,550	3,571	3,859
Cash flow						
EBITDA	4,400	4,800	5,100	6,336	6,774	7,163
Working capital	(180)	(260)	(340)	(450)	(500)	(550)
Tax paid	(480)	(570)	(680)	(1,183)	(1,190)	(1,286)
Capital expenditure	(780)	(880)	(980)	(3,460)	(1,708)	(1,553)
CFADS	2,960	3,090	3,100	1,243	3,376	3,773
Cash interest and fees	(680)	(810)	(900)	(891)	(875)	(782)
Scheduled repayments	(460)	(460)	(240)	(940)	(1,240)	(1,440)

Source: integrated model, base case, £ thousands, by fiscal year. The statements by period are on the workbook's Profit and Loss, Balance Sheet and Cash Flow sheets.