Solon. CORPORATE FINANCE · DEBT ADVISORY

SPECIMEN ANNEX · WHAT THE DEBT MODEL PRODUCES · FICTIONAL BORROWER

What the Solon debt model produces

The outputs that sit behind a Solon credit memorandum and lender one-pager · **Illustrative specimen · fictional borrower**

The Solon debt model is a monthly, three-statement debt engine built for a single mandate. It takes a borrower's historical accounts and management forecast and resolves them into the four things a lender underwrites: a **facility schedule** that rolls debt forward period by period, the **covenant tests** a credit committee will set, a **monthly liquidity walk** that shows whether cash clears its floor through the seasonal trough, and a **scenario grid** that stresses the base case to the point each covenant binds.

The workbook itself is never published; it is a live working file that changes as diligence lands. What follows is a small, selected set of its *outputs*, rendered from a fictional specimen deal, so a reader can see what stands behind the memo and the one-pager without the model leaving our hands.

WHAT IT PRODUCES ON A MANDATE

- **A sized facility.** The model derives the debt a business can carry from cash flow rather than a multiple rule of thumb: a term-loan quantum, an RCF, opening leverage and a de-leveraging path, each foot-able to sources and uses.
- **A covenant package.** Leverage, interest-cover and minimum-liquidity tests with headroom computed against threshold in every forecast year, so the ask arrives with the structure a lender would want already tested.
- **A liquidity view.** A twelve-month cash walk that draws the revolver to its floor at the seasonal trough and confirms positive headroom in the tightest month, not just at year-end.
- **A stress view.** Base, downside and break cases, plus the single-variable break-point, which measures how far EBITDA can fall before the binding covenant is breached.

> **The discipline.** Every number in the credit memorandum and the lender one-pager is footed to this model, so there are no free-standing figures in the pack. When a lender asks “where does that come from,” the answer is a cell, and the model's internal checks (statement spine balances, roll-forwards tie, covenant path reconciles at year-ends) must all read *OK* before anything reaches a lender.

SPECIMEN BASE-CASE OUTPUTS FOR NORTHSTAR COMPONENTS

Headline outputs the model computes for the fictional specimen borrower, on the base case. These are specimen figures for format demonstration, not a market view.

BASE-CASE OUTPUT	FY2026E	FY2027E	FY2028E
Revenue (£m)	38.4	40.3	42.1
Adjusted EBITDA (£m)	6.3	6.8	7.2
Net leverage (x)	1.4x	0.8x	0.3x
· covenant threshold	2.75x	2.50x	2.25x
Interest cover (x)	5.8x	7.2x	9.3x
· covenant threshold	2.50x	2.75x	3.00x
DSCR (x)	2.0x	2.4x	2.8x
Min. monthly liquidity headroom (£m)	1.0	3.4	4.9

Specimen output of the Solon debt model on a fictional borrower. Opening pro-forma net leverage 2.0x; FY1 DSCR 2.0x; minimum monthly liquidity headroom £1.0m in the seasonal trough. Illustrative only, not a market benchmark.

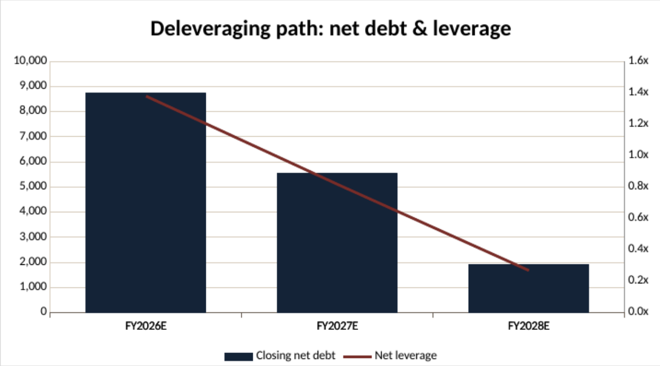
SELECTED WORKBOOK OUTPUTS

Four outputs from the specimen workbook, in the order the model builds a credit case: the facility roll-forward, the covenant tests, the monthly liquidity walk and the scenario grid. The workbook itself is never published; these are static renders of a fictional deal.

Debt Schedule

Forecast roll-forward · cash interest on average senior bank debt · £'000 unless stated

Metric	FY2026E	FY2027E	FY2028E
Revenue	38,402	40,322	42,137
Revenue growth	5.5%	5.0%	4.5%
Adjusted EBITDA	**6,336**	**6,774**	**7,163**
Adjusted EBITDA margin	16.5%	16.8%	17.0%
Cash tax	1,071	1,205	1,334
Maintenance capex	960	1,008	1,053
Working-capital movement	435	417	394
Cash interest (senior + debt-like)	1,091	945	774
FCF before amort & sweep	**2,779**	**3,199**	**3,608**
Opening net debt	**11,500**	**8,721**	**5,522**
Opening gross bank debt	10,600	9,060	7,261
Scheduled amortisation	300	400	500
Cash sweep	1,240	1,399	1,554
Closing gross bank debt	9,060	7,261	5,207
Debt-like items	1,200	1,200	1,200
Closing cash	1,540	2,939	4,493
Closing net debt	**8,721**	**5,522**	**1,914**
Net leverage	**1.4x**	**0.8x**	**0.3x**
Net leverage · covenant	2.75x	2.50x	2.25x
Interest cover	5.8x	7.2x	9.3x
Interest cover · covenant	2.50x	2.75x	3.00x
DSCR proxy	2.0x	2.4x	2.8x
Opening net debt ties to Sources & Uses pro-forma net debt (Debt Sizing B12).			
of which · senior interest (avg balan	934	775	592
of which · debt-like interest (blendec	84	84	84



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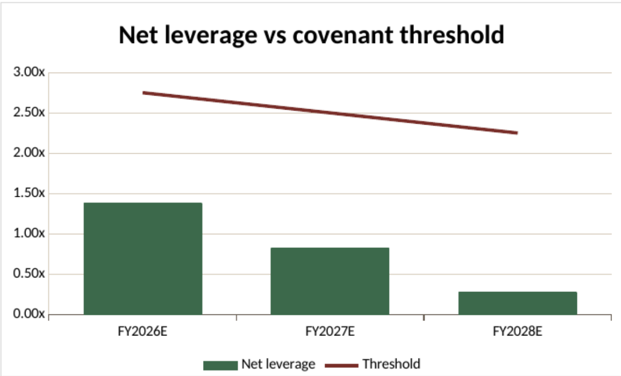
Northstar Components

Facility schedule. The debt roll-forward (opening balance, scheduled amortisation, cash sweep, closing net debt) and the resulting de-leveraging path. **SPECIMEN · FICTIONAL BORROWER.**

Covenants

Actual vs threshold by year · headroom positive on every test

Covenant / metric	FY2026E	FY2027E	FY2028E
Net leverage · actual	**1.4x**	**0.8x**	**0.3x**
Net leverage · threshold	2.75x	2.50x	2.25x
Net leverage · headroom	1.37x	1.68x	1.98x
Net leverage · status	OK	OK	OK
Interest cover · actual	**5.8x**	**7.2x**	**9.3x**
Interest cover · threshold	2.50x	2.75x	3.00x
Interest cover · headroom	3.31x	4.42x	6.26x
Interest cover · status	OK	OK	OK
Min liquidity · actual (£'000)	**1,272**	**3,639**	**5,193**
Min liquidity · threshold (£'000)	250	250	250
Min liquidity · headroom (£'000)	1,022	3,389	4,943
Min liquidity · status	OK	OK	OK



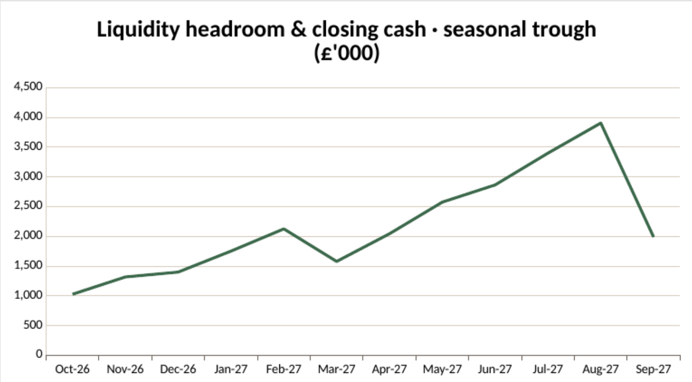
Covenant tests. Leverage, interest-cover and minimum-liquidity tests shown actual-versus-threshold, with headroom and pass/fail in every forecast year. **SPECIMEN · FICTIONAL BORROWER.**

Monthly Liquidity

Seasonal 12-month cash walk · revolving RCF draws to the floor at the trough · £'000

Metric	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27
Net cash flow	271	291	82	353	374	(547)	465	532	289	535	505	(1,917)
Closing cash before RCF	**571**	862	944	1,296	1,671	1,123	1,589	2,120	2,409	2,944	3,450	1,533
Min cash threshold (floor)	250	250	250	250	250	250	250	250	250	250	250	250
RCF drawn	-	-	-	-	-	-	-	-	-	-	-	-
RCF undrawn (available)	700	700	700	700	700	700	700	700	700	700	700	700
Closing cash (after RCF)	**571**	**862**	**944**	**1,296**	**1,671**	**1,123**	**1,589**	**2,120**	**2,409**	**2,944**	**3,450**	**1,533**
Liquidity headroom (cash + undrawn RCF − floor	**1,021**	**1,312**	**1,394**	**1,746**	**2,121**	**1,573**	**2,039**	**2,570**	**2,859**	**3,394**	**3,900**	**1,983**

Cash trough (pre-RCF)	**571**	Month 1 (Oct-26)
Min liquidity headroom	**1,021**	Month 1 (Oct-26); vs floor 250
Peak RCF utilisation	**-**	RCF undrawn all year · cash stays above th



Liquidity walk. The seasonal twelve-month cash walk showing closing cash and headroom by month, with the revolver drawn to its floor at the trough. **SPECIMEN · FICTIONAL BORROWER.**

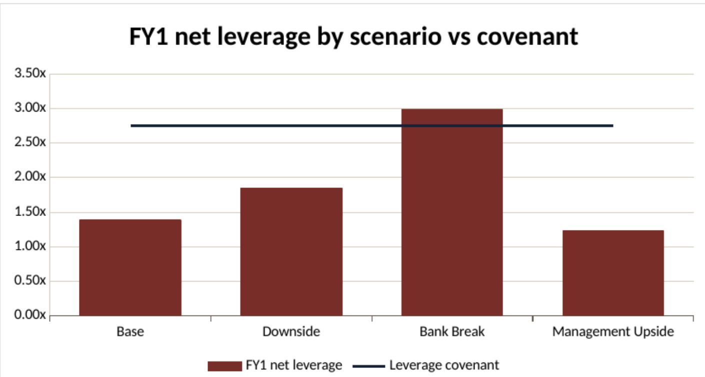
Scenarios

Base, downside and break cases · FY1 leverage vs covenant and liquidity headroom · £'000 unless stated

Scenario	Revenue stress	EBITDA stress	FY1 revenue	FY1 EBITDA	FY1 net leverage	Lev. covenant	Headroom	Status	Min liq. headroom
Base	-	-	38,402	6,336	**1.4x**	2.75x	1.4x	**OK**	1,021
Downside	(10.0%)	(18.0%)	34,562	5,196	**1.8x**	2.75x	0.9x	**OK**	842
Bank Break	(24.0%)	(43.0%)	29,186	3,612	**3.0x**	2.75x	(0.2x)	**BREACH (lev + liq)**	**(742)**
Management Upside	5.0%	8.0%	40,322	6,843	**1.2x**	2.75x	1.5x	**OK**	1,065

Covenant break-point		
Binding covenant	Minimum liquidity	Threshold 2.75x (leverage) / 2.5x (cover)
EBITDA decline to breac	**(49.9%)**	FY1 EBITDA fall that lifts net leverage to the covenant
EBITDA decline to breac	**(57.0%)**	FY1 EBITDA fall that drops interest cover to the covenant

Break-point holds FY1 net debt and interest at base, EBITDA stressed: a closed-form distance-to-breach solve. The scenario grid opposite re-forecasts net debt in full. Source: SRC-007.



Scenario grid. Base, downside and break cases against covenant, with the single-variable break-point, showing how far EBITDA can fall before the binding test is breached. **SPECIMEN · FICTIONAL BORROWER.**

Renders are static images of a fictional specimen workbook produced by the Solon debt model; the workbook itself is not published. Figures are illustrative and do not represent a live mandate, a market benchmark, or advice. This annex is not an offer, commitment or solicitation, and no reliance may be placed on it.