

Acme Holdings, Inc.

Q3 2026 · four quarters ended September 30, 2026 · \$ in thousands except ratios

Do not sign as drafted. The draft certificate does not agree with the agreement's definitions.

Certificate line	Draft shows	Should show
Total Net Leverage Ratio	3.31 to 1.00	3.71 to 1.00
Interest Coverage Ratio	7.75 to 1.00	6.90 to 1.00

Covenant tests

Covenant	Required	Actual	Per draft	Difference	EBITDA cushion	Complies
Total Net Leverage Ratio §7.11(a)	≤ 4.00x	3.71x	3.31x	+0.40x	\$3.9M (7%)	Yes
Interest Coverage Ratio §7.11(b)	≥ 2.00x	6.90x	7.75x	-0.85x	\$39.2M (71%)	Yes
Fixed Charge Coverage Ratio §7.11(c)	Not tested: condition not met					

EBITDA cushion: how far the covenant's earnings measure could fall before breach, after capped add-backs shrink.

Findings

FIX **Correct the draft. Cost savings + restructuring add-backs:** \$16.0 million claimed, but the agreement caps them at 20% of Consolidated EBITDA before these add-backs (\$9.2 million), so \$6.8 million cannot be added back (§1.01 "Consolidated EBITDA" clause (d)).
Total Net Leverage Ratio: draft 3.31x, agreement 3.71x; Interest Coverage Ratio: draft 7.75x, agreement 6.90x.

WATCH **Total Net Leverage Ratio steps to 3.75x on December 31, 2026.** At today's figures, headroom falls from 7.2% to 1.0%.

NOTE **Fixed Charge Coverage Ratio was not tested.** It applies only when revolver usage exceeds 35%; it was 30%.

Basis, scope and limitations are on the last page. Every figure traces to Schedules 1–3, which follow the lender's compliance-certificate form.

DOCUMENT

Report ID
HR-ACME-20260930
Version
1
Status
Not started
Generated
Oct 15, 2026, 9:01 PM

AGREEMENT

Borrower
Acme Holdings, Inc.
Agent / lender
Sample Lender Fund, L.P.
Credit agreement
Acme Holdings, Inc. credit agreement (March 15, 2025)

CERTIFICATE

Test period
Four quarters ended September 30, 2026
Due
November 14, 2026
Requirement
Delivered with each set of financial statements, signed by a Financial Officer (Exhibit C)

SIGN-OFF

Prepared by
Not yet
Approved by
Not yet
Inputs fingerprint
be5d89b47eb147e3
Not the signed-off version
These figures differ from v3 of the 2026-09-30 certificate (sent to lender). Sign-off not shown.

Reconciliation and forward test**Reconciliation: draft to agreement**

\$ in thousands

Consolidated EBITDA as drafted (limit not applied)	\$62,000
Less: cost savings + restructuring not permitted (affects Total Net Leverage Ratio, Interest Coverage Ratio)	(6,800)
Consolidated EBITDA per the agreement	\$55,200

Forward test: today's figures against each scheduled limit

Covenant	Limit applies from	Limit	Today	Room	Would comply
Total Net Leverage Ratio	March 31, 2026 (current)	≤ 4.00x	3.71x	+0.29x	Yes
Total Net Leverage Ratio	December 31, 2026	≤ 3.75x	3.71x	+0.04x	Yes
Total Net Leverage Ratio	December 31, 2027	≤ 3.50x	3.71x	-0.21x	No
Interest Coverage Ratio	March 31, 2026 (current)	≥ 2.00x	6.90x	+4.90x	Yes

Room: distance from today's ratio to the limit, in turns (x).

Schedule 1: Financial covenant calculations

\$ in thousands, except ratios

I. Total Net Leverage Ratio · §7.11(a)

A. Consolidated Total Net Debt (Schedule 3)	\$205,000
B. Consolidated EBITDA (Schedule 2)	\$55,200
C. Total Net Leverage Ratio (A ÷ B)	3.71 to 1.00
Maximum permitted	4.00 to 1.00
<i>Next: maximum permitted from December 31, 2026</i>	3.75 to 1.00
In compliance	Yes

II. Interest Coverage Ratio · §7.11(b)

A. Consolidated EBITDA (Schedule 2)	\$55,200
B. Consolidated Interest Expense (Schedule 2)	\$8,000
C. Interest Coverage Ratio (A ÷ B)	6.90 to 1.00
Minimum required	2.00 to 1.00
In compliance	Yes

III. Fixed Charge Coverage Ratio · §7.11(c)

A. Test condition: Revolver usage above 35% (actual 30%)	Not met
Covenant not tested for this period	

Schedule 3: Indebtedness

Consolidated Total Net Debt at September 30, 2026

\$ in thousands

Term loans outstanding	\$200,000
+ Revolving loans outstanding	30,000
+ Finance lease obligations	—
– Unrestricted cash and cash equivalents (on hand \$40.0 million; netting limited to \$25.0 million)	(25,000)
= Consolidated Total Net Debt	\$205,000

Source: §1.01 “Consolidated Total Net Debt”

Schedule 2: Earnings**Consolidated EBITDA**

\$ in thousands

	Quarter ended				Four quarters
	Dec 31, 2025	Mar 31, 2026	Jun 30, 2026	Sep 30, 2026	
Consolidated net income	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000
+ Interest expense (P&L add-back)	2,000	2,000	2,000	2,000	8,000
+ Income tax expense	1,000	1,000	1,000	1,000	4,000
+ Depreciation and amortization	3,000	3,000	3,000	3,000	12,000
+ Non-cash compensation	500	500	500	500	2,000
= Consolidated EBITDA before capped add-backs					\$46,000
CAPPED ADD-BACKS: COST SAVINGS + RESTRUCTURING (MEMO)					
Run-rate cost savings	3,000	3,000	3,000	3,000	12,000
Restructuring, severance and integration	1,000	1,000	1,000	1,000	4,000
Claimed					16,000
Cap: 20% × 46,000					9,200
Not allowed: over the cap					(6,800)
+ Allowed cost savings + restructuring					9,200
= Consolidated EBITDA					\$55,200

Source: §1.01 "Consolidated EBITDA"

Consolidated Interest Expense

\$ in thousands

	Quarter ended				Four quarters
	Dec 31, 2025	Mar 31, 2026	Jun 30, 2026	Sep 30, 2026	
Cash interest paid, net of interest income	\$2,000	\$2,000	\$2,000	\$2,000	\$8,000
= Consolidated Interest Expense					\$8,000

Fixed Charges

\$ in thousands

	Quarter ended				Four quarters
	Dec 31, 2025	Mar 31, 2026	Jun 30, 2026	Sep 30, 2026	
Cash interest paid, net of interest income	\$2,000	\$2,000	\$2,000	\$2,000	\$8,000
+ Scheduled principal payments	1,000	1,000	1,000	1,000	4,000
+ Income taxes paid in cash	1,000	1,000	1,000	1,000	4,000
= Fixed Charges					\$16,000

Basis, scope and limitations

Basis

Each covenant is recomputed from the financial inputs listed in Schedules 2 and 3, using the definitions in the credit agreement as confirmed line by line against the cited sections. A draft certificate figure is treated as agreeing when it is within 0.01x of the recomputed figure and on the same side of the limit.

Responsibility

Management is responsible for the financial inputs and for the compliance certificate. This review checks the arithmetic and the application of the agreement’s definitions to those inputs. It is not an audit, does not verify the inputs themselves, and is not a legal determination of compliance or legal advice.

Not modeled: review separately

None identified in the definitions used for these covenants.

Checklist before signing

- ☒ Every definition line confirmed against the agreement
- ☐ Draft certificate figures agree with this review
- ☒ No open review notes
- ☐ Inputs tie to the quarter’s financial statements

Sign - off

Prepared by · date

Reviewed and approved by · date

Signing officer (certificate) · date

For lender use			
Received by		Date	
Verified by		Date	