

Financial covenants for XYZ

Tangible Net Worth: XYZ must always maintain a minimum Tangible Net Worth of \$90 million. Any decrease below this threshold will require immediate rectification, including potential restrictions on dividends or share repurchases.

EBITDA to Debt Service Coverage Ratio: XYZ shall maintain an EBITDA to Interest Expense + Current Portion of Long-Term Debt (CPLTD) ratio of at least 1.5. This ratio ensures the company generates sufficient operating profit to cover its debt obligations.

Current Ratio: XYZ shall maintain a Current Ratio of at least 1.20 on a quarterly basis. Should this ratio fall below the stipulated value, XYZ must take corrective measures to improve liquidity immediately.

Debt to Net Worth Ratio: XYZ's Debt/Net Worth ratio shall not exceed 3.5 at any point in time. This ratio is to be tested quarterly and must remain below this threshold to ensure the company does not over-leverage its balance sheet.