

Zoom Holding Limited

Unaudited Addendum to 2021 Annual Report & Accounts, Directors' Report

Financial Risk Management

Capital is managed so as to maximise the return to shareholders, while maintaining a strong capital base that ensures that the Group can operate effectively in the marketplace and sustain future development of the business. The Board is responsible for regularly monitoring capital requirements to ensure that the Group is maintaining sufficient capital to meet its future operational needs. Excluding shareholder debt, the Group has net debt of £341 million as at 31 December 2021 (£282 million 31 December 2020).

Credit Risk	Controls
Turbulence in UK energy markets has increased the risk of the Group suffering bad debts.	A significant portion of the Groups revenue is regulated, including customer payment terms. This minimises exposure to bad debt, allowing any default to be quickly identified and escalated for credit control.
	Ofgem provide mechanisms for the recovery of both gas and electricity transportation bad debt in later years. The Group submit all claims to Ofgem ahead of deadlines.
Liquidity Risk	Controls
The Group has an ongoing requirement for external loans to fund growth.	Maintenance of an Investment grade credit rating Baa2 with Moody's Investor Service, which enables the Group to raise funds at competitive rates.
	The Group ensures it meets all debt monitoring requirements, including covenant targets which are tracked and reported to Lenders
	Regular cash analysis is performed to understand the cash requirements of the Group and ensure it can access sufficient cash resources to meet its funding requirements and its liabilities as they fall due. Short- and long-term cash flow forecasts are regularly performed and reported to the board. The external debt facilities and their utilisation/headroom are reported to the board on a monthly basis.

Details of financial instruments are included in note 16 to the financial statements. The Group has no hedging in place, with the majority of debt secured on fixed rate terms.