



Relevant Information



In relation to news recently published by some media, regarding the contractual relationship IDB-EPM, we clarify that to date EPM has not received any notice from the Inter-American Development Bank (IDB) indicating that said entity has made any type of decision other than to continue to provide financing for the Ituango Hydroelectric Project.

Separately, EPM hereby addresses the following inquiries submitted today by the Financial Superintendence of Colombia under file number: 2021232209-000-000.

1. Legal and accounting effects on the overall situation of the company in the event the contracts for construction of the Ituango Hydroelectric Project are in effect assigned.

In EPM's opinion, a contract assignment is a standard procedure in public and private contracting that enables the parties of a contract to be replaced by third parties to continue performing their obligations. The project's current contracts are not an exception: They all allow contract assignment, subject to prior express approval by EPM. Given the above, in the event any assignment is made, it would be a contractual arrangement that is not objectionable on legal grounds.

Additionally, an assignment arrangement is not objectionable on accounting grounds, and in the event, it materializes, EPM will comply with all applicable accounting provisions on this matter.

2. Financial effects on the company, particularly on its cash flow and liquidity risk profile.

EPM believes it currently has healthy cash flow and liquidity levels, considering the current solvency of EPM Group and the positive operating results it has reported year to date. The main source that supports EPM's business plan is its robust Internal Cash Generation derived from the business lines that are currently in operation.

It should be noted that to date the consolidated level of cash and cash equivalents at EPM Group is close to COP 4.6 billion.

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The credit agreement does not contain any obligations for EPM to maintain or not maintain any specific contractor firm(s). Regarding the continuity of the project's construction process, this is a common objective of IDB and EPM, and they both agree that this is a priority. EPM estimates that the actions being carried out to assure the continuity of the project's construction activities will not produce any negative contractual effects for the company under this credit contract.

3. Effects on current credit transactions with local, foreign and multilateral financial institutions, as well as potential triggering of any acceleration covenants and any other relevant conditions agreed to under these contracts.

As indicated in item 2, the credit agreement does not contain any obligations for EPM to maintain or not maintain any specific contractor firm(s). EPM also estimates that the actions that will be taken with the purpose of assuring the continuity of the project's construction activities, which remains a top priority for both the IDB and EPM, will not produce any negative contractual effects for this credit agreement or in any other credit transactions currently in place with local, international, and multilateral financial institutions.

To date, the credit agreement has been performed within the normal dynamics of transactions of this type with multilateral entities. In fact, in EPM's opinion, there have been ongoing and frequent conversations that have been positive and constructive. Even during this week, the Bank has carried out the standard technical monitoring activities on works progress.

It should be remembered that the historic inter-institutional relationship between the IDB and EPM dates from the 1960s. In the framework of this inter-institutional relationship, EPM and IDB Invest (the private branch of IDB) entered into a loan agreement on December 29, 2017, as part of the funding of the Ituango Hydroelectric Project. To date, the balance of this loan totals USD 450 million. The loan has two tranches with terms of 8 and 12 years, respectively.

4. Effects on the planned timeline for project completion and financial impacts derived from future service provision obligations.

The assignment of the contract and its respective extension to one or several companies to cover all aspects of a timely handover between the current contractor and the assignee and that maintains the current pace of works performance would enable meeting the commitment of firing up 2 generation units in 2022 and 2 units in 2023, thereby complying with the commitments acquired through CREG resolution 194 of October 2020.

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It should be noted that the above is under the assumption that no external or force majeure events with adverse material effects take place.

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