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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2024 or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**COMMISSION FILE NUMBER 001-35872**

# EVERTEC, Inc.

**(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)**

| **Puerto Rico** | **66-0783622** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. employer identification number)** |
| **Cupey Center Building, Road 176, Kilometer 1.3, San Juan, Puerto Rico** | **00926** |
| **(Address of principal executive offices)** | **(Zip Code)** |

**(787) 759-9999**
**(Registrant's telephone number, including area code)**

**Not applicable**
**(Former name, former address and former fiscal year, if changed since last report)**

Securities registered pursuant to Section 12(b) of the Act:

| **Title of each class** | **Trading Symbol(s)** | **Name of each exchange on which registered** |
|---|---|---|
| Common Stock, $0.01 par value per share | EVTC | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

At November 1, 2024, there were 63,614,077 outstanding shares of common stock of EVERTEC, Inc.

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## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Report") contains "forward-looking statements" within the meaning of, and subject to the protection of, the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact contained in this Report, including, without limitation, statements regarding our position as a leader within our industry; our future results of operations and financial position; our business strategies; objectives of management for future operations, including, among others, statements regarding our expected growth, international expansion and future capital expenditures; the impact of market conditions and other macroeconomic factors on our business, financial condition and results of operations; the timing and declaration of future dividends; the sufficiency of our cash and cash equivalents; our future capital expenditures and debt service obligations; and the expectations, anticipated benefits of and costs associated with acquisitions, are forward-looking statements.

Words such as "believes," "expects," "anticipates," "intends," "projects," "estimates," and "plans" and similar expressions of future or conditional verbs such as "will," "should," "would," "may," and "could" or the negatives of these terms or variations of them or similar terminology are generally forward-looking in nature and not historical facts. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and may involve significant risks and uncertainties, and that actual results may vary materially from those in the forward-looking statements as a result of various factors. Among the factors that significantly impact our business and could impact our business in the future are:

- our reliance on our relationship with Popular, Inc. ("Popular") for a significant portion of our revenues pursuant to our second Amended and Restated Master Services Agreement ("A&R MSA") with them, and as it may impact our ability to grow our business;
- our ability to renew our client contracts on terms favorable to us, including but not limited to the current term and any extension of the MSA with Popular;
- our dependence on our processing systems, technology infrastructure, security systems and fraudulent payment detection systems, as well as on our personnel and certain third parties with whom we do business, and the risks to our business if our systems are hacked or otherwise compromised;
- our ability to develop, install and adopt new software, technology and computing systems;
- a decreased client base due to consolidations and/or failures in the financial services industry;
- the credit risk of our merchant clients, for which we may also be liable;
- the continuing market position of the ATH network;
- a reduction in consumer confidence, whether as a result of a global economic downturn or otherwise, which leads to a decrease in consumer spending;
- our dependence on credit card associations, including any adverse changes in credit card association or network rules or fees;
- changes in the regulatory environment and changes in macroeconomic, market, international, legal, tax, political, or administrative conditions, including inflation or the risk of recession, or the results of the 2024 U.S. and Puerto Rico general elections;
- the geographical concentration of our business in Puerto Rico, including our business with the government of Puerto Rico and its instrumentalities, which are facing political and fiscal challenges;
- additional adverse changes in the general economic conditions in Puerto Rico, whether as a result of the government's debt crisis or otherwise, including the continued migration of Puerto Ricans to the U.S. mainland, which could negatively affect our customer base, general consumer spending, our cost of operations and our ability to hire and retain qualified employees;
- operating an international business in Latin America, Puerto Rico and the Caribbean, in jurisdictions with potential political and economic instability;
- the impact of foreign exchange rates on operations;
- our ability to protect our intellectual property rights against infringement and to defend ourselves against claims of infringement brought by third parties;
- our ability to comply with U.S. federal, state, local and foreign regulatory requirements;
- evolving industry standards and adverse changes in global economic, political and other conditions;

- our level of indebtedness and the impact of rising interest rates, restrictions contained in our debt agreements, including the secured credit facilities, as well as debt that could be incurred in the future;
- our ability to protect our IT systems and prevent a cybersecurity attack or breach to our information security;
- the possibility that we could lose our preferential tax rate in Puerto Rico;
- our ability to integrate Sinqia S.A. ("Sinqia") successfully into the Company or to achieve expected accretion to our earnings per common share;
- any loss of personnel or customers in connection with the acquisition of Sinqia; and
- any possibility of future catastrophic hurricanes, earthquakes and other potential natural disasters affecting our main markets in Latin America, Puerto Rico and the Caribbean.

These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should, therefore, be considered in light of various factors, including those set forth under Part 1, Item 1A. "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on February 29, 2024 and in Part I, Item 2."Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Report, as may be updated in our subsequent filings with the SEC. The Company undertakes no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless it is required to do so by law.

WHERE YOU CAN FIND MORE INFORMATION

All reports we file with the SEC are available free of charge via the Electronic Data Gathering Analysis and Retrieval (EDGAR) System on the SEC's website at www.sec.gov. We also provide copies of our SEC filings at no charge upon request and make electronic copies of our reports available for download through our website at www.evertecinc.com as soon as reasonably practicable after filing such material with the SEC.

**EVERTEC, Inc. Unaudited Condensed Consolidated Balance Sheets**
**(In thousands, except share information)**

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 275,359 | $ 295,600 |
| Restricted cash | 25,663 | 23,073 |
| Accounts receivable, net | 131,101 | 126,510 |
| Settlement assets | 37,441 | 51,467 |
| Prepaid expenses and other assets | 64,071 | 64,704 |
| Total current assets | 533,635 | 561,354 |
| Debt securities available-for-sale, at fair value | 1,726 | 2,095 |
| Equity securities, at fair value | 5,287 | 9,413 |
| Investment in equity investees | 28,550 | 21,145 |
| Property and equipment, net | 64,178 | 62,453 |
| Operating lease right-of-use asset | 11,329 | 14,796 |
| Goodwill | 750,542 | 791,700 |
| Other intangible assets, net | 443,444 | 518,070 |
| Deferred tax asset | 32,751 | 47,847 |
| Derivative asset | 749 | 4,385 |
| Other long-term assets | 22,774 | 27,005 |
| Total assets | $ 1,894,965 | $ 2,060,263 |
| **Liabilities and stockholders' equity** | | |
| Current Liabilities: | | |
| Accrued liabilities | $ 119,169 | $ 129,160 |
| Accounts payable | 53,702 | 66,516 |
| Contract liability | 23,034 | 21,055 |
| Income tax payable | 5,674 | 3,402 |
| Current portion of long-term debt | 23,867 | 23,867 |
| Current portion of operating lease liability | 7,478 | 6,693 |
| Settlement liabilities | 37,500 | 47,620 |
| Total current liabilities | 270,424 | 298,313 |
| Long-term debt | 930,851 | 946,816 |
| Deferred tax liability | 45,116 | 87,916 |
| Contract liability - long term | 56,652 | 41,825 |
| Operating lease liability - long-term | 5,174 | 9,033 |
| Derivative liability | 9,001 | 900 |
| Other long-term liabilities | 31,804 | 40,084 |
| Total liabilities | 1,349,022 | 1,424,887 |
| Commitments and contingencies (Note 14) | | |
| Redeemable non-controlling interests | 39,771 | 36,968 |
| Stockholders' equity | | |
| Preferred stock, par value $0.01; 2,000,000 shares authorized; none issued | — | — |
| Common stock, par value $0.01; 206,000,000 shares authorized; 63,609,122 shares issued and outstanding as of September 30, 2024 (December 31, 2023 - 65,450,799) | 636 | 654 |
| Additional paid-in capital | 5,079 | 36,527 |
| Accumulated earnings | 562,727 | 538,903 |
| Accumulated other comprehensive (loss) income, net of tax | (65,823) | 18,209 |
| Total stockholders' equity | 502,619 | 594,293 |
| Non-redeemable non-controlling interest | 3,553 | 4,115 |
| Total equity | 506,172 | 598,408 |
| Total liabilities and equity | $ 1,894,965 | $ 2,060,263 |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**EVERTEC, Inc. Unaudited Condensed Consolidated Statements of Income and Comprehensive Income (Loss)**
**(In thousands, except per share information)**

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Revenues** | $ 211,795 | $ 173,198 | $ 629,091 | $ 500,088 |
| **Operating costs and expenses** | | | | |
| Cost of revenues, exclusive of depreciation and amortization | 102,497 | 81,280 | 302,426 | 238,149 |
| Selling, general and administrative expenses | 34,097 | 30,437 | 107,910 | 83,834 |
| Depreciation and amortization | 33,660 | 21,919 | 101,051 | 63,680 |
| Total operating costs and expenses | 170,254 | 133,636 | 511,387 | 385,663 |
| Income from operations | 41,541 | 39,562 | 117,704 | 114,425 |
| **Non-operating income (expenses)** | | | | |
| Interest income | 3,696 | 1,926 | 10,274 | 5,162 |
| Interest expense | (18,704) | (5,709) | (57,352) | (16,992) |
| Loss on foreign currency remeasurement | (1,112) | (2,806) | (3,164) | (7,337) |
| Loss on foreign currency swap | — | (29,225) | — | (29,225) |
| Earnings from equity method investments | 1,099 | 1,197 | 3,266 | 3,828 |
| Other income, net | 389 | 153 | 6,484 | 2,754 |
| Total non-operating expenses | (14,632) | (34,464) | (40,492) | (41,810) |
| **Income before income taxes** | 26,909 | 5,098 | 77,212 | 72,615 |
| Income tax expense (benefit) | 1,707 | (4,858) | 3,100 | 4,546 |
| Net income | 25,202 | 9,956 | 74,112 | 68,069 |
| Less: Net income (loss) attributable to non-controlling interest | 524 | (80) | 1,554 | (174) |
| Net income attributable to EVERTEC, Inc.'s common stockholders | 24,678 | 10,036 | 72,558 | 68,243 |
| Other comprehensive income (loss), net of tax of $(3,898), $329, $(3,267) and $18 | | | | |
| Foreign currency translation adjustments | 15,354 | (11,332) | (75,473) | 9,426 |
| (Loss) gain on cash flow hedges | (11,937) | 3,468 | (8,555) | 3,739 |
| Unrealized loss on change in fair value of debt securities available-for-sale | (1) | (11) | (4) | (31) |
| Other comprehensive income (loss), net of tax | $ 3,416 | $ (7,875) | $ (84,032) | $ 13,134 |
| **Total comprehensive income (loss) attributable to EVERTEC, Inc.'s common stockholders** | $ 28,094 | $ 2,161 | $ (11,474) | $ 81,377 |
| **Net income per common share - basic attributable to EVERTEC, Inc.'s common stockholders** | $ 0.39 | $ 0.16 | $ 1.12 | $ 1.05 |
| **Net income per common share - diluted attributable to EVERTEC, Inc.'s common stockholders** | $ 0.38 | $ 0.15 | $ 1.11 | $ 1.04 |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**EVERTEC, Inc. Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity**
**(In thousands, except share information)**

| | Number of Shares of Common Stock | Common Stock | Additional Paid-in Capital | Accumulated Earnings | Accumulated Other Comprehensive Income (loss) | Non-Controlling Interest (excluding Redeemable Non-Controlling Interest) | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2023** | 65,450,799 | $ 654 | $ 36,527 | $ 538,903 | $ 18,209 | $ 4,115 | $ 598,408 |
| Share-based compensation recognized | — | — | 7,349 | — | — | — | 7,349 |
| Repurchase of common stock | (1,516,793) | (15) | (30,943) | (39,042) | — | — | (70,000) |
| Restricted stock units delivered | 474,953 | 5 | (9,761) | — | — | — | (9,756) |
| Net income (loss) | — | — | — | 16,497 | — | (110) | 16,387 |
| Cash dividends on common stock, $0.05 per share | — | — | — | (3,273) | — | — | (3,273) |
| Adjustment of redeemable noncontrolling interest to redemption value | — | — | (3,172) | — | — | — | (3,172) |
| Excise tax on repurchase of common stock | — | — | — | (550) | — | — | (550) |
| Other comprehensive loss | — | — | — | — | (24,131) | (23) | (24,154) |
| **Balance at March 31, 2024** | 64,408,959 | $ 644 | $ — | $ 512,535 | $ (5,922) | $ 3,982 | $ 511,239 |
| Share-based compensation recognized | — | — | 7,660 | — | — | — | 7,660 |
| Restricted stock units delivered | 37,252 | — | (69) | — | — | — | (69) |
| Net income (loss) | — | — | — | 31,383 | — | (73) | 31,310 |
| Cash dividends on common stock, $0.05 per share | — | — | — | (3,220) | — | — | (3,220) |
| Adjustment of redeemable noncontrolling interest to redemption value | — | — | 3,186 | — | — | — | 3,186 |
| Reversal of excise tax on repurchase of common stock | — | — | — | 550 | — | — | 550 |
| Other comprehensive loss | — | — | — | — | (63,317) | (264) | (63,581) |
| **Balance at June 30, 2024** | 64,446,211 | $ 644 | $ 10,777 | $ 541,248 | $ (69,239) | $ 3,645 | $ 487,075 |
| Share-based compensation recognized | — | — | 7,378 | — | — | — | 7,378 |
| Repurchase of common stock | (841,453) | (8) | (12,285) | — | — | — | (12,293) |
| Restricted stock units delivered | 4,364 | — | (82) | — | — | — | (82) |
| Net income (loss) | — | — | — | 24,678 | — | (84) | 24,594 |
| Cash dividends declared on common stock, $0.05 per share | — | — | — | (3,199) | — | — | (3,199) |
| Adjustment of redeemable noncontrolling interest to redemption value | — | — | (709) | — | — | — | (709) |
| Other comprehensive income (loss) | — | — | — | — | 3,416 | (8) | 3,408 |
| **Balance at September 30, 2024** | 63,609,122 | $ 636 | $ 5,079 | $ 562,727 | $ (65,823) | $ 3,553 | $ 506,172 |

| | Number of Shares of Common Stock | Common Stock | Additional Paid-in Capital | Accumulated Earnings | Accumulated Other Comprehensive (Loss) Income | Non-Controlling Interest (excluding Redeemable Non-Controlling Interest) | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2022** | 64,847,233 | $ 648 | $ — | $ 487,349 | $ (16,486) | $ 3,237 | $ 474,748 |
| Share-based compensation recognized | — | — | 5,557 | — | — | — | 5,557 |
| Repurchase of common stock | (187,976) | (1) | — | (6,268) | — | — | (6,269) |
| Restricted stock units delivered | 419,205 | 4 | (5,557) | (321) | — | — | (5,874) |
| Net income | — | — | — | 30,052 | — | 11 | 30,063 |
| Cash dividends on common stock, $0.05 per share | — | — | — | (3,249) | — | — | (3,249) |
| Other comprehensive income | — | — | — | — | 16,040 | 125 | 16,165 |
| **Balance at March 31, 2023** | 65,078,462 | $ 651 | $ — | $ 507,563 | $ (446) | $ 3,373 | $ 511,141 |
| Share-based compensation recognized | — | — | 6,499 | — | — | — | 6,499 |
| Repurchase of common stock | (268,398) | (3) | (6,418) | (3,100) | — | — | (9,521) |
| Restricted stock units delivered | 29,045 | — | (81) | — | — | — | (81) |
| Net income (loss) | — | — | — | 28,155 | — | (105) | 28,050 |
| Cash dividends on common stock, $0.05 per share | — | — | — | (3,254) | — | — | (3,254) |
| Other comprehensive income | — | — | — | — | 4,969 | 339 | 5,308 |
| **Balance at June 30, 2023** | 64,839,109 | $ 648 | $ — | $ 529,364 | $ 4,523 | $ 3,607 | $ 538,142 |
| Share-based compensation recognized | — | — | 6,756 | — | — | — | 6,756 |
| Repurchase of common stock | (208,564) | (2) | (2,031) | (5,775) | — | — | (7,808) |
| Restricted stock units delivered | 377 | — | (322) | 321 | — | — | (1) |
| Net income | — | — | — | 10,036 | — | (80) | 9,956 |
| Cash dividends declared on common stock, $0.05 per share | — | — | — | (3,232) | — | — | (3,232) |
| Other comprehensive (loss) income | — | — | — | — | (7,875) | 411 | (7,464) |
| **Balance at September 30, 2023** | 64,630,922 | 646 | 4,403 | 530,714 | (3,352) | 3,938 | 536,349 |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**EVERTEC, Inc. Unaudited Condensed Consolidated Statements of Cash Flows (In thousands)**

| | Nine months ended September 30, | |
|---|---|---|
| | 2024 | 2023 |
| **Cash flows from operating activities** | | |
| Net income | 74,112 | 68,069 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 101,051 | 63,680 |
| Amortization of debt issue costs and accretion of discount | 3,576 | 1,795 |
| Operating lease amortization | 5,340 | 4,619 |
| Unrealized loss on foreign currency hedge | — | 29,225 |
| Deferred tax benefit | (20,275) | (16,491) |
| Share-based compensation | 22,387 | 18,812 |
| Gain on sale of equity securities | (2,599) | — |
| Earnings of equity method investment | (3,266) | (3,828) |
| Dividend received from equity method investment | 3,364 | 3,497 |
| Loss on foreign currency remeasurement | 3,164 | 7,337 |
| Other, net | (287) | 380 |
| (Increase) decrease in assets: | | |
| Accounts receivable, net | (838) | (4,590) |
| Prepaid expenses and other assets | (1,791) | (11,181) |
| Other long-term assets | 3,247 | (1,013) |
| (Decrease) increase in liabilities: | | |
| Accrued liabilities and accounts payable | (12,046) | 12,224 |
| Income tax payable | 2,359 | (9,108) |
| Contract liability | 12,038 | (1,146) |
| Operating lease liabilities | (5,341) | (3,739) |
| Other long-term liabilities | 702 | (247) |
| Total adjustments | 110,785 | 90,226 |
| Net cash provided by operating activities | 184,897 | 158,295 |
| **Cash flows from investing activities** | | |
| Additions to software | (48,778) | (34,193) |
| Property and equipment acquired | (21,050) | (16,406) |
| Acquisition of available-for-sale debt securities | — | (962) |
| Investment in equity investee | (2,000) | (5,500) |
| Proceeds from maturities of available-for-sale debt securities | 370 | 1,048 |
| Purchase of equity securities | (132) | (26,505) |
| Proceeds from sale of equity securities | 6,128 | — |
| Acquisitions, net of cash acquired | — | (22,915) |
| Net cash used in investing activities | (65,462) | (105,433) |
| **Cash flows from financing activities** | | |
| Withholding taxes paid on share-based compensation | (9,907) | (5,956) |
| Net decrease in short-term borrowings | — | (14,000) |
| Dividends paid | (9,692) | (9,735) |
| Repurchase of common stock | (82,293) | (23,598) |
| Repayment of long-term debt | (17,900) | (15,563) |
| Repayment of other financing agreements | (7,046) | — |
| Settlement activity, net | 209 | 5,163 |
| Other financing activities, net | (3,652) | — |
| Net cash used in financing activities | (130,281) | (63,689) |
| Effect of foreign exchange rate on cash, cash equivalents and restricted cash | (6,596) | 10,716 |
| **Net decrease in cash, cash equivalents and restricted cash** | (17,442) | (111) |
| **Cash, cash equivalents, restricted cash, and cash included in settlement assets at beginning of the period** | 343,724 | 215,657 |
| **Cash, cash equivalents, restricted cash, and cash included in settlement assets at end of the period** | $ 326,282 | $ 215,546 |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**Notes to Unaudited Condensed Consolidated Financial Statements**


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**Note 1 – The Company and Basis of Presentation**

**The Company**

EVERTEC, Inc. and its subsidiaries (collectively the "Company" or "EVERTEC") is a leading full-service transaction-processing business and financial technology provider in Latin America, Puerto Rico and the Caribbean. The Company is based in Puerto Rico and provides a broad range of merchant acquiring, payment services and business process management services. The Company operates across 26 countries in the region. EVERTEC owns and operates the ATH network, which we believe is one of the leading personal identification number debit networks in the Caribbean and Latin America. In addition, EVERTEC provides a comprehensive suite of services for core banking, cash processing and fulfillment in Puerto Rico and technology outsourcing in all the regions the Company serves. EVERTEC serves a broad and diversified customer base of leading financial institutions, merchants, corporations, and government agencies with solutions that are essential to their operations.

**Basis of Presentation**

The unaudited condensed consolidated financial statements of EVERTEC have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. The preparation of the accompanying unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed consolidated financial statements. Actual results could differ from these estimates.

Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted from these statements pursuant to the rules and regulations of the Securities and Exchange Commission and, accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the Audited Consolidated Financial Statements of the Company for the year ended December 31, 2023, included in the Company's 2023 Annual Report on Form 10-K. In the opinion of management, the accompanying unaudited condensed consolidated financial statements, prepared in accordance with GAAP, contain all adjustments necessary for a fair presentation. Intercompany accounts and transactions are eliminated in consolidation. Certain amounts from prior periods have been reclassified to conform to the current period presentation.

**Change in presentation**

During the second quarter of 2024, the Company elected to change the manner in which it presents cash flows associated with settlement activities from operating activities to financing activities within the condensed consolidated statements of cash flows. In connection with this change, the Company reclassified comparative amounts for the nine-month period ended September 30, 2023. Settlement cash and cash equivalents represents cash received from agents, payment networks, bank partners, merchants or direct consumers. In certain cases, the amounts may be invested into short-term, highly liquid investments from the time the funds are collected until payments are made to the applicable recipients. This change does not have an impact on the condensed consolidated balance sheet, the condensed consolidated statement of income and comprehensive income (loss) or on the condensed consolidated statement of changes in stockholders' equity.

The following table presents the effects of the change in presentation within the condensed consolidated statements of cash flows:

| | For the nine months ended September 30, 2023 | | |
|---|---|---|---|
| *(In Thousands)* | **As Previously Reported** | **Adjustment** | **As Adjusted** |
| **Cash flows from operating activities:** | | | |
| Accrued liabilities and accounts payable | 17,387 | (5,163) | 12,224 |
| **Net cash provided by operating activities** | 163,458 | (5,163) | 158,295 |
| **Cash flows from financing activities:** | | | |
| Settlement activities, net | — | 5,163 | 5,163 |
| **Net cash used in financing activities** | (68,852) | 5,163 | (63,689) |

**Note 2 – Business Acquisition**

***Acquisition of a Business***

On November 1, 2023, the Company completed the acquisition of 100% of the outstanding shares of Sinqia S.A. ("Sinqia"), a publicly held company incorporated and existing in accordance with the laws of the Federative Republic of Brazil. The Company completed the acquisition through its wholly-owned subsidiary, Evertec Brasil Informática S.A ("Evertec BR"). In accordance with ASC 805-10-25-15, Evertec is allowed a period, not to exceed 12 months from the acquisition date, to adjust the provisional amounts recognized for a business combination. During 2024, the Company adjusted the operating lease right-of-use asset, goodwill, long-term deferred tax asset, operating lease liability, deferred tax liability and other intangible assets as a result of additional information that became available during the period. The purchase price allocation based on the applicable exchange rate at the date of acquisition is as follows:

| *( In thousands)* | | Assets/Liabilities (at fair value) |
|---|---|---|
| Cash and cash equivalents | $ | 37,147 |
| Restricted cash | | 2,166 |
| Accounts receivable, net | | 9,989 |
| Prepaid expenses and other assets | | 5,975 |
| Property and equipment, net | | 3,618 |
| Operating lease right-of-use asset | | 3,191 |
| Preliminary Goodwill | | 341,801 |
| Equity securities, at fair value | | 9,035 |
| Long-term deferred tax asset | | 28,758 |
| Other intangible assets, net | | 289,540 |
| Other long-term assets | | 5,455 |
| Total assets acquired | $ | 736,675 |
| Accounts payable | | 13,241 |
| Accrued liabilities | | 40,775 |
| Operating lease liability | | 4,114 |
| Current portion of long-term debt | | 11,400 |
| Long-term debt | | 57,492 |
| Contract liability | | 7,356 |
| Deferred tax liability | | 76,150 |
| Other long-term liabilities | | 15,134 |
| Total liabilities assumed | $ | 225,662 |
| Redeemable noncontrolling interests | | 39,340 |
| Additional paid-in capital | | 471,673 |
| Total liabilities and equity | $ | 736,675 |

The following table details the major groups of intangible assets acquired and the weighted average amortization period for these assets:

| *(Dollar amounts in thousands)* | | Amount | Weighted-average life |
|---|---|---|---|
| Customer relationships | $ | 155,876 | 18 |
| Trademark | | 47,688 | 10 |
| Software packages | | 85,976 | 10 |
| Total | $ | 289,540 | 14 |

Refer to Note 4- *Goodwill and Other Intangible Assets* for detail of goodwill allocated by reportable segments. The goodwill is primarily attributed to selling the Company's products and services to Sinqia's client base, exporting Sinqia's products to other markets where the Company has presence and the assembled workforce. Currently, a portion of goodwill related to previous Sinqia acquisitions is deductible for income tax purposes on a statutory basis.

**Note 3 – Property and Equipment, net**

Property and equipment, net consisted of the following:

| *(Dollar amounts in thousands)* | Useful life in years | September 30, 2024 | December 31, 2023 |
|---|---|---|---|
| Buildings | 30 | $ 2,135 | $ 2,193 |
| Data processing equipment | 3 - 5 | 188,239 | 187,761 |
| Furniture and equipment | 3 - 20 | 10,410 | 10,281 |
| Leasehold improvements | 5 -10 | 5,301 | 4,876 |
| | | 206,085 | 205,111 |
| Less - accumulated depreciation and amortization | | (143,373) | (144,117) |
| Depreciable assets, net | | 62,712 | 60,994 |
| Land | | 1,466 | 1,459 |
| Property and equipment, net | | $ 64,178 | $ 62,453 |

Depreciation and amortization expense related to property and equipment for the three and nine months ended September 30, 2024 amounted to $5.8 million and $16.9 million, respectively, compared to $5.4 million and $15.9 million for the corresponding periods in 2023.

**Note 4– Goodwill and Other Intangible Assets**

The changes in the carrying amount of goodwill, allocated by operating segments, were as follows (see Note 15):

| *(In thousands)* | Payment Services - Puerto Rico & Caribbean | Latin America Payments and Solutions | Merchant Acquiring, net | Business Solutions | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2023 | $ 160,972 | $ 452,597 | $ 138,121 | $ 40,010 | $ 791,700 |
| Adjustment to goodwill from prior year acquisition | — | (1,352) | — | — | (1,352) |
| Foreign currency translation adjustments | — | (39,806) | — | — | (39,806) |
| Balance at September 30, 2024 | $ 160,972 | $ 411,439 | $ 138,121 | $ 40,010 | $ 750,542 |

Goodwill is tested for impairment on an annual basis as of August 31, or more often if events or changes in circumstances indicate there may be impairment. The Company may test for goodwill impairment using a qualitative or a quantitative analysis. In a qualitative analysis, the Company assesses whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount. In the quantitative analysis, the Company compares the estimated fair value of the reporting units to their carrying values, including goodwill. The Company performed a quantitative assessment as of August 31, 2024 for the Latin America Payments and Solutions reporting unit and performed a qualitative assessment for the Payments Services - Puerto Rico & Caribbean, Merchant Acquiring, net and Business Solutions reporting units. For the 2023 annual impairment test the quantitative assessment was followed for all the Company reporting units. Based on the analysis performed as of August 31, 2024 and August 31, 2023, the fair value of the reporting units exceed the carrying amounts of the reporting units. No impairment losses were recognized based on the assessment performed for the periods ended September 30, 2024 or 2023.

The carrying amount of other intangible assets at September 30, 2024 and December 31, 2023 was as follows:

| *(Dollar amounts in thousands)* | Useful life in years | September 30, 2024 Gross amount | Accumulated amortization | Net carrying amount |
|---|---|---|---|---|
| Customer relationships | 8 - 20 | $ 555,918 | $ (388,673) | $ 167,245 |
| Trademarks | 10 - 15 | 88,904 | (48,487) | $ 40,417 |
| Software packages | 3 - 10 | 536,261 | (303,494) | $ 232,767 |
| Non-compete agreement | 5 | 3,614 | (599) | $ 3,015 |
| Other intangible assets, net | | $ 1,184,697 | $ (741,253) | $ 443,444 |

| *(Dollar amounts in thousands)* | Useful life in years | December 31, 2023 Gross amount | Accumulated amortization | Net carrying amount |
|---|---|---|---|---|
| Customer relationships | 8 - 20 | $ 568,284 | $ (340,952) | $ 227,332 |
| Trademarks | 1 - 15 | 94,203 | (41,319) | 52,884 |
| Software packages | 3 - 10 | 510,898 | (274,610) | 236,288 |
| Non-compete agreement | 5 | 1,735 | (169) | 1,566 |
| Other intangible assets, net | | $ 1,175,120 | $ (657,050) | $ 518,070 |

Amortization expense related to other intangibles for the three and nine months ended September 30, 2024 amounted to $27.9 million and $84.2 million, respectively, compared to $16.6 million and $47.8 million for the corresponding periods in 2023.

The estimated amortization expense of the other intangible balances outstanding at September 30, 2024, for the remainder of 2024 and the years thereafter is as follows:

| *(In thousands)* | |
|---|---|
| Remaining 2024 | $ 26,889 |
| 2025 | 87,352 |
| 2026 | 74,160 |
| 2027 | 61,995 |
| 2028 | 49,658 |
| Thereafter | 143,390 |

**Note 5 – Debt and Short-Term Borrowings**

Debt at September 30, 2024 and December 31, 2023 was as follows:

| *(In thousands)* | September 30, 2024 | December 31, 2023 |
|---|---|---|
| 2027 Term A Loan bearing interest at a variable interest rate (SOFR plus applicable margin[1][2]) | $ 432,310 | $ 449,450 |
| 2030 Term B Loan bearing interest at a variable interest rate (SOFR plus applicable margin[1][3]) | 522,408 | 521,233 |
| Deferred consideration from Business Combinations | 11,422 | 19,467 |
| Note payable due September 1, 2030[1] | 7,110 | 7,403 |
| Total debt | $ 973,250 | $ 997,553 |

(1) Net of unaccreted discount and unamortized debt issue costs, as applicable.
(2) Subject to a minimum rate ("SOFR floor") of 0.00% plus applicable margin of 2.00% at September 30, 2024 and 1.50% at December 31, 2023.
(3) Subject to a SOFR floor of 0.50% plus applicable margin of 3.25% at September 30, 2024 and an applicable margin of 3.50% at December 31, 2023.

*Secured Credit Facilities*

On December 1, 2022, EVERTEC and EVERTEC Group, entered into a credit agreement with a syndicate of lenders and Truist Bank, as administrative agent and collateral agent, providing for (i) a $415.0 million term loan A facility that matures on December 1, 2027, and a $200.0 million revolving credit facility (the "Revolving Facility") that matures on December 1, 2027. On October 30, 2023, Evertec, EVERTEC Group and other Loan Parties (as defined in the Existing Credit Agreement) party thereto, entered into a first amendment (the "Amendment") to the credit agreement, dated as of December 1, 2022 (the "Existing Credit Agreement," and as amended by the Amendment, the "Amended Credit Agreement"), with a syndicate of lenders and Truist, as administrative agent and collateral agent. Under the Amended Credit Agreement, a syndicate of financial institutions and other lenders provided (i) additional term loan A commitments in the amount of $60.0 million and (ii) a new tranche of term loan B commitments in the amount of $600.0 million (the "TLB Facility," and together with the Incremental TLA Facility, the "Facilities"). The $600.0 million term loan B facility matures on October 30, 2030. Unless otherwise indicated, the terms and conditions detailed below apply to both the TLA facility and TLB facility. In the fourth quarter of 2023, the Company prepaid $60 million of the outstanding balance on TLB facility.

At September 30, 2024, the unpaid principal balance of the TLA Facility and TLB Facility were $435.6 million and $540.0 million, respectively. The additional borrowing capacity for the Revolving Facility at September 30, 2024 was $194.0 million, considering letters of credit issued. The Company issues letters of credit against the Revolving Facility which reduce the additional borrowing capacity of the Revolving Facility.

*Deferred Consideration from Business Combinations*

As part of the Company's merger and acquisition activities, the Company may enter into agreements by which a portion of the purchase price is financed directly by the seller. At September 30, 2024 and December 31, 2023, the unpaid principal balance of these agreements amounted to $11.4 million and $19.5 million, respectively. Obligations bear interest at rates ranging from 2% to 12% with maturities ranging from October 2024 through March 2027. The current portion of the deferred consideration is included in accounts payable and the long-term portion is included in other long-term liabilities on the Company's unaudited condensed consolidated balance sheet.

*Note Payable*

In September 2023, EVERTEC Group entered into a non-interest bearing financing agreement amounting to $10.1 million to purchase software and maintenance which the Company recorded on a discounted basis using an implied interest of 6.9%. As of September 30, 2024, the outstanding principal balance of the note payable on a discounted basis was $7.1 million. The current portion of the note is included in accounts payable and the long-term portion is included in other long-term liabilities on the Company's unaudited condensed consolidated balance sheet.

*Interest Rate Swaps*

As of September 30, 2024, the Company has four interest rate swap agreements which convert a portion of the interest rate payments on the Company's Term Loan Facilities from variable to fixed. The interest rate swaps are used to hedge the market risk from changes in interest rates corresponding with the Company's variable rate debt. The interest rate swaps are designated as cash flow hedges and are considered highly effective. Cash flows from the interest rate swaps are included in the accrued liabilities and accounts payable line item in the Company's unaudited condensed consolidated statements of cash flows. Changes in the fair value of the interest rate swaps are recognized in other comprehensive income (loss) until the gains or losses are reclassified to earnings. Gains or losses reclassified to earnings are presented within interest expense in the accompanying condensed consolidated statements of income and comprehensive income (loss).

| Swap Agreement | Effective date | Maturity Date | Notional Amount | Variable Rate | Fixed Rate |
|---|---|---|---|---|---|
| 2018 Swap | April 2020 | November 2024 | $250 million | 1-month SOFR | 2.929% |
| 2023 Swap | November 2024 | December 2027 | $250 million | 1-month SOFR | 3.375% |
| 2024 Swap | March 2024 | October 2027 | $150 million | 1-month SOFR | 4.182% |
| 2024 Swap | March 2024 | October 2027 | $150 million | 1-month SOFR | 4.172% |

At September 30, 2024, the carrying amount of the derivatives included on the Company's unaudited condensed consolidated balance sheet was an asset of $0.7 million and a liability of $9.0 million. At December 31, 2023, the carrying amount of the derivatives included on the Company's unaudited condensed consolidated balance sheet was an asset of $4.4 million and a liability of $0.9 million. The fair value of these derivatives are estimated using Level 2 inputs in the fair value hierarchy on a recurring basis. Refer to Note 8 for disclosure of gains (losses) recorded on cash flow hedging activities.

During the three and nine months ended September 30, 2024, the Company reclassified gains of $2.5 million and $6.6 million, respectively, from accumulated other comprehensive income (loss) into interest expense compared to gains of $1.6 million and

$4.0 million, respectively, for the corresponding periods in 2023. Based on expected SOFR rates, the Company expects to reclassify gains of $1.3 million from accumulated other comprehensive (loss) income into interest expense over the next 12 months.

**Note 6 – Financial Instruments and Fair Value Measurements**

*Recurring Fair Value Measurements*

The following table presents assets and liabilities measured at fair value on a recurring basis at September 30, 2024 and December 31, 2023:

| *(In thousands)* | September 30, 2024 | | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|---|
| | Level 2 | Level 3 | Measured at NAV | Total | Level 2 | Level 3 | Total |
| Financial assets: | | | | | | | |
| Debt securities AFS | $ 1,726 | $ — | $ — | $ 1,726 | $ 2,095 | $ — | $ 2,095 |
| Equity securities | — | — | 5,287 | 5,287 | 6,447 | 2,966 | 9,413 |
| Interest rate swaps | 749 | — | — | 749 | 4,385 | — | 4,385 |
| Financial liabilities: | | | | | | | |
| Interest rate swaps | 9,001 | — | — | 9,001 | 900 | — | 900 |

*Debt Securities Available for Sale ("AFS")*

Costa Rica Government Obligations are held by a trust in the Costa Rica National Bank as a collateral requirement for settlement activities. The Company may substitute securities as needed but must maintain certain levels of collateral based on transaction volumes. No debt securities were purchased or sold during the nine-month period ended September 30, 2024. For the nine month period ended September 30, 2023, the Company purchased $1.0 million in debt securities that were classified as available-for-sale. No debt securities were sold during the same period. Debt securities amounting to $0.4 million and $1.0 million matured during the nine month period ended September 30, 2024 and 2023, respectively. A provision for credit losses was not required for either September 30, 2024 or 2023.

The fair value of debt securities is estimated based on observable inputs through corroboration with market data at the measurement date, therefore classified as a Level 2 asset within the fair value hierarchy.

*Interest rate swaps*

The fair value of the Company's interest rate swaps are estimated using Level 2 inputs under the fair value hierarchy. Refer to Note 5 for additional information related to the derivative instruments.

*Equity Securities*

The fair value of the equity securities was calculated based on enterprise value to revenue multiples ranging from 0.4x to 8.3x, therefore classified as a Level 3 asset within the fair value hierarchy. During the nine-month period ended September 30, 2024, the Company sold equity securities with a carrying value of $5.5 million classified as Level 3 assets within the fair value hierarchy. In connection with this sale, the Company realized a gain of $2.5 million, recognized through other income, net. At September 30, 2024, the Company no longer holds equity securities classified as Level 3. The fair value of the equity securities was $3.0 million at December 31, 2023. At December 31, 2023, mutual funds classified as equity securities, were registered with the securities and exchange commission in Brazil and were broker traded and therefore classified as Level 2.

The following table presents the changes in equity securities classified as Level 3 assets:

| *(In thousands)* | Equity Securities |
|---|---|
| Balance at December 31, 2023 | $ 2,966 |
| Disposition of equity securities | (5,487) |
| Change in fair value of equity securities, recognized through Other income, net | 2,521 |
| Balance at September 30, 2024 | $ — |

There were no transfers in or out of Level 3 during the nine month period ended September 30, 2024 or September 30, 2023.

*Equity Securities Measured at Net Asset Value (NAV)*

At September 30, 2024, the Company holds mutual funds classified as equity securities on the Company's unaudited condensed consolidated balance sheet that are measured at fair value using the NAV per share, or its equivalent, as a practical expedient. Mutual funds consist of investments in venture capital strategies and start-ups with a focus on privately held technology companies. The NAV is based on the fair value of the underlying net assets owned by the mutual funds and the relative interest of each participating investor in the fair value of the underlying assets.

*Financial assets and liabilities not measured at fair value*

The following table presents the carrying value and estimated fair value for financial instruments at September 30, 2024 and December 31, 2023:

| | September 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| *(In thousands)* | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial liabilities: | | | | |
| 2027 Term A Loan Facility | $ 432,310 | $ 436,115 | $ 449,450 | $ 452,337 |
| 2030 Term B Loan Facility | $ 522,408 | $ 540,675 | $ 521,240 | $ 539,325 |

The fair value of the term loans at September 30, 2024 and December 31, 2023 was obtained using prices provided by third party service providers. Their pricing is based on various inputs such as market quotes, recent trading activity in a non-active market or imputed prices. These inputs are considered Level 3 inputs under the fair value hierarchy. Also, the pricing may include the use of an algorithm that could take into account movements in the general high yield market, among other variants. The secured term loans are not accounted for at fair value in the balance sheet.

**Note 7 – Redeemable Noncontrolling Interests**

At September 30, 2024, redeemable noncontrolling interests ("RNCI") consist of interests in consolidated subsidiaries for which the Company has entered into separate option contracts by which the Company has the right to purchase the remaining non-controlling interests through a call option and the non-controlling interest holder has the right to sell the non-controlling interest to the Company through a put option. The following table summarizes the terms of the issued options:

| | Percentage of redeemable noncontrolling interest | Earliest exercise date | Formula of redemption value |
|---|---|---|---|
| Homie Do Brasil Informatica | 40% | April 1, 2025 | Variable multiple of gross sales dependent upon EBITDA margin and gross sales attained times percentage of ownership |
| Rosk Software S.A. | 49% | March 15, 2025 | Variable multiple of gross sales dependent upon EBITDA margin attained times percentage of ownership |
| Compliasset Software e Solucoes Digitais LTDA. | 40% | March 15, 2026 | Variable multiple of net sales dependent upon EBITDA margin attained plus net debt times percentage of ownership |
| Lote45 Participacoes S.A. | 48% | January 1, 2027 | Variable multiple of net sales dependent upon EBITDA margin attained plus net debt minus BRL$10.0 million times percentage of ownership |

Given certain provisions within the option contracts, the Company has classified the RNCI as mezzanine equity on the Company's unaudited condensed consolidated balance sheets. RNCI are adjusted quarterly, if necessary, to their estimated redemption value. Adjustments to the redemption value impact stockholders' equity. The following table presents changes in RNCI:

| *(In thousands)* | Redeemable noncontrolling interests |
|---|---|
| Balance at December 31, 2023 | $ 36,968 |
| Net income attributable non-controlling interests | 1,830 |
| Adjustment of redeemable non-controlling interests to redemption value | 695 |
| Distributions from redeemable non-controlling interests | (294) |
| Foreign currency translation adjustments | 572 |
| Balance at September 30, 2024 | $ 39,771 |

**Note 8 – Equity**

*Accumulated Other Comprehensive Income (Loss)*

The following table provides a summary of the changes in the balances of accumulated other comprehensive income (loss) for the nine months ended September 30, 2024:

| *(In thousands)* | Foreign Currency Translation Adjustments | Cash Flow Hedges | Unrealized Gains (Losses) on Debt Securities AFS | Total |
|---|---|---|---|---|
| Balance - December 31, 2023, net of tax | $ 14,847 | $ 3,336 | $ 26 | $ 18,209 |
| Other comprehensive loss before reclassifications | (75,473) | (1,939) | (4) | (77,416) |
| Effective portion reclassified to net income | — | (6,616) | — | (6,616) |
| Balance - September 30, 2024, net of tax | $ (60,626) | $ (5,219) | $ 22 | $ (65,823) |

*Share Repurchase*

On March 6, 2024, the Company entered into an accelerated share repurchase agreement (the “ASR”) with Bank of America, N.A. to repurchase an aggregate of $70 million of the Company’s common stock, par value $0.01 per share. In connection with

the launch of the ASR, on March 8, 2024, the Company paid Bank of America, N.A., an aggregate of $70 million and received approximately 1.5 million shares of the Company's common stock.

On July 9, 2024, the Company completed the ASR transaction. In connection with the settlement of the ASR, the Company received 467,362 shares, in addition to the 1,516,793 shares received in March. No cash was exchanged as part of the settlement of the ASR. All of the shares received as part of the ASR were retired.

**Note 9 – Share-based Compensation**

*Long-term Incentive Plan ("LTIP")*

During the three months ended March 31, 2022, 2023 and 2024, the Compensation Committee (the "Compensation Committee") of the Company's Board of Directors ("Board") approved grants of restricted stock units ("RSUs") to executives and certain employees pursuant to the 2022 LTIP, 2023 LTIP and 2024 LTIP, respectively, all under the terms of the Company's 2022 Equity Incentive Plan. Under the LTIPs, the Company granted RSUs to eligible participants as time-based awards and/or performance-based awards.

The vesting of the RSUs is dependent upon service and/or performance conditions as defined in the award agreements. Employees that received time-based awards with service conditions are entitled to receive a specific number of shares of the Company's common stock on the vesting date if the employee provides services to the Company through the vesting date. Time-based awards generally vest over a period of three years in substantially equal installments commencing on the grant date and ending on February 25 of each year for the 2022 LTIP, February 24 of each year for the 2023 LTIP and February 28 of each year for the 2024 LTIP. In 2022 and 2023, the Company also granted time-based awards with a three year service vesting period which will cliff vest on February 25, 2025 and February 24, 2026, respectively.

For the performance-based awards under the 2022 LTIP, 2023 LTIP, and 2024 LTIP, the Compensation Committee established adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA") as the primary performance measure while maintaining focus on total shareholder return through the use of a market-based total shareholder return ("TSR") performance modifier. The Adjusted EBITDA measure is based on annual Adjusted EBITDA targets and can result in a payout between 0% and 200%, depending on the performance level. The TSR modifier adjusts the shares earned based on the Adjusted EBITDA performance upwards or downwards (+/- 25%) based on the Company's relative TSR at the end of the three-year performance period as compared to the companies in the Russell 2000 Index. The Adjusted EBITDA performance measure will be calculated for the one-year period commencing on January 1 of the year of the grant and ending on December 31 of the same year, relative to the goals set by the Compensation Committee for this same period. The shares earned will be subject to an additional two-year service vesting period and will vest on February 25, 2025 for the 2022 LTIP, February 24, 2026 for the 2023 LTIP and February 28, 2027 for the 2024 LTIP. Unless otherwise specified in the award agreement, or in an employment agreement, awards are forfeited if the employee voluntarily ceases to be employed by the Company prior to vesting.

The following table summarizes nonvested RSUs activity for the nine months ended September 30, 2024:

| Nonvested RSUs | Shares | Weighted-average grant date fair value |
|---|---|---|
| Nonvested at December 31, 2023 | 1,799,012 | $ 39.42 |
| Granted | 1,153,892 | 36.79 |
| Vested | (785,000) | 39.31 |
| Forfeited | (142,084) | 36.32 |
| Nonvested at September 30, 2024 | 2,025,820 | $ 38.66 |

For the three and nine months ended September 30, 2024, the Company recognized $7.4 million and $22.4 million of share-based compensation expense, compared with $6.7 million and $18.8 million for the corresponding periods in 2023.

As of September 30, 2024, the maximum unrecognized cost for RSUs was $46.8 million. The cost is expected to be recognized over a weighted average period of 2.1 years.

**Note 10 – Revenues**

*Disaggregation of Revenue*

The Company disaggregates revenue from contracts with customers into primary geographical markets, nature of the products and services, and timing of transfer of goods and services. The Company's operating segments are determined by the nature of the products and services the Company provides and the primary geographical markets in which the Company operates. Revenue disaggregated by segment is discussed in Note 15, *Segment Information.*

In the following tables, revenue for each segment, excluding intersegment revenues, is disaggregated by timing of revenue recognition for the periods indicated.

| | Three months ended September 30, 2024 | | | | |
|---|---|---|---|---|---|
| *(In thousands)* | Payment Services - Puerto Rico & Caribbean | Latin America Payments and Solutions | Merchant Acquiring, net | Business Solutions | Total |
| **Timing of revenue recognition** | | | | | |
| Products and services transferred at a point in time | $ 42 | $ 1,258 | $ — | $ 766 | $ 2,066 |
| Products and services transferred over time | 34,645 | 69,310 | 45,437 | 60,337 | $ 209,729 |
| | $ 34,687 | $ 70,568 | $ 45,437 | $ 61,103 | $ 211,795 |

| | Three months ended September 30, 2023 | | | | |
|---|---|---|---|---|---|
| *(In thousands)* | Payment Services - Puerto Rico & Caribbean | Latin America Payments and Solutions | Merchant Acquiring, net | Business Solutions | Total |
| **Timing of revenue recognition** | | | | | |
| Products and services transferred at a point in time | $ 107 | $ 581 | $ — | $ 2,396 | $ 3,084 |
| Products and services transferred over time | 34,302 | 41,128 | 40,557 | 54,127 | 170,114 |
| | $ 34,409 | $ 41,709 | $ 40,557 | $ 56,523 | $ 173,198 |

| | Nine months ended September 30, 2024 | | | | |
|---|---|---|---|---|---|
| *(In thousands)* | Payment Services - Puerto Rico & Caribbean | Latin America Payments and Solutions | Merchant Acquiring, net | Business Solutions | Total |
| **Timing of revenue recognition** | | | | | |
| Products and services transferred at a point in time | $ 152 | $ 2,811 | $ — | $ 4,894 | $ 7,857 |
| Products and services transferred over time | 103,292 | 207,414 | 133,855 | 176,673 | $ 621,234 |
| | $ 103,444 | $ 210,225 | $ 133,855 | $ 181,567 | $ 629,091 |

| (In thousands) | Nine months ended September 30, 2023 | | | | |
|---|---|---|---|---|---|
| | Payment Services - Puerto Rico & Caribbean | Latin America Payments and Solutions | Merchant Acquiring, net | Business Solutions | Total |
| **Timing of revenue recognition** | | | | | |
| Products and services transferred at a point in time | $ 345 | $ 1,834 | $ — | $ 6,053 | $ 8,232 |
| Products and services transferred over time | 100,651 | 105,917 | 122,152 | 163,136 | 491,856 |
| | $ 100,996 | $ 107,751 | $ 122,152 | $ 169,189 | $ 500,088 |

Revenue concentration with a single customer, Popular, as a percentage of total revenues for the quarters ended September 30, 2024 and 2023 was approximately 32% and 34%, respectively. For the nine months ended September 30, 2024 and 2023 this percentage was approximately 31% and 36%, respectively. Accounts receivable from Popular at September 30, 2024 and December 31, 2023 amounted to $42.1 million and $40.5 million, respectively.

*Contract Balances*

The following table provides information about contract assets from contracts with customers for the nine months ended September 30, 2024 and the year ended December 31, 2023.

| (In thousands) | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Balance at beginning of period | $ 13,917 | $ 4,749 |
| Services transferred to customers | 15,878 | 28,165 |
| Transfers to accounts receivable | (18,469) | (18,997) |
| Balance at end of period | $ 11,326 | $ 13,917 |

The current portion of contract assets is recorded as part of prepaid expenses and other assets, and the long-term portion is included in other long-term assets in the unaudited condensed consolidated balance sheets.

Accounts receivable, net at September 30, 2024 amounted to $131.1 million. Contract liability and contract liability - long term at September 30, 2024 amounted to $23.0 million and $56.7 million, respectively, and may arise when consideration is received or due in advance from customers prior to performance. The contract liability is mainly comprised of upfront fees for implementation or set up activities, including fees charged in pre-production periods in connection with hosting services. During the three and nine months ended September 30, 2024, the Company recognized revenue of $6.2 million and $21.3 million, respectively, that was included in the contract liability at December 31, 2023. During the three and nine months ended September 30, 2023, the Company recognized revenue of $4.2 million and $12.9 million, respectively, that was included in the contract liability at December 31, 2022.

*Transaction price allocated to the remaining performance obligations*

The estimated aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially satisfied at September 30, 2024 was $816.9 million, which is expected to be recognized over the next 1 to 6 years. This amount consists of minimums on certain master services agreements, professional service fees for implementation or set up activities related to managed services and maintenance services typically recognized over the life of the contract, and professional service fees for customizations or development of on-premise licensing agreements, which are recognized over time based on inputs relative to the total expected inputs to satisfy a performance obligation.

**Note 11 – Current Expected Credit Losses**

*Allowance for Current Expected Credit Losses*

Trade receivables from contracts with customers are financial assets analyzed by the Company under the expected credit loss model. To measure expected credit losses, trade receivables are grouped based on shared risk characteristics (i.e., the relevant

industry sector and customer's geographical location) and days past due (i.e., delinquency status), while considering the following:

- Customers in the same geographical location share similar risk characteristics associated with the macroeconomic environment of their country.
- The Company has two main industry sectors: private and governmental. The private pool is comprised mainly of leading financial institutions, merchants and corporations, while the governmental pool is comprised of government agencies. The governmental customers possess different risk characteristics than private customers because although all invoices are due 30 days after issuance, governmental customers usually pay within 60 to 90 days after issuance (i.e., approximately 30 to 60 more days than private customers).
- The expected credit loss rate is likely to increase as receivables move to older aging buckets. The Company used the following aging categories to estimate the risk of delinquency status: (i) 0 days past due; (ii) 1-30 days past due; (iii) 31-60 days past due; (iv) 61-90 days past due; and (v) over 90 days past due.

The credit losses of the Company's trade receivables have been low historically and most balances are collected within one year. Therefore, the Company determined that the expected loss rates should be calculated using the historical loss rates adjusted by macroeconomic factors. The historical rates are calculated for each of the aging categories used for pooling trade receivables. To determine the collected portion of each bucket, the collection time of each trade receivable is identified, to estimate the proportion of outstanding balances per aging bucket that ultimately will not be collected. This is used to determine the expectation of losses based on the history of uncollected trade receivables once the specific past due period is surpassed. The historical rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables by applying a country risk premium as the forward-looking macroeconomic factor. Specific reserves are established for certain customers for which collection is doubtful.

*Rollforward of the Allowance for Expected Current Credit Losses*

The following table provides information about the allowance for expected current credit losses on trade receivables for the nine months ended September 30, 2024 and the year ended December 31, 2023

| *(In thousands)* | September 30, 2024 | December 31, 2023 |
|---|---|---|
| Balance at beginning of period | $ 4,010 | $ 2,159 |
| Current period provision for expected credit losses | 638 | 2,218 |
| Write-offs | (1,816) | (384) |
| Recoveries of amounts previously written-off | 1 | 17 |
| Balance at end of period | $ 2,833 | $ 4,010 |

The Company does not have a delinquency threshold for writing-off trade receivables. The Company has a formal process for the review and approval of write-offs.

Impairment losses on trade receivables are presented as net impairment losses within cost of revenue, exclusive of depreciation and amortization in the unaudited condensed consolidated statements of income and comprehensive income (loss). Subsequent recoveries of amounts previously written-off, when applicable, are credited against the allowance for expected current credit losses within accounts receivable, net on the unaudited condensed consolidated balance sheets.

**Note 12 – Income Tax**

The components of income tax expense for the three and nine months ended September 30, 2024 and 2023, respectively, consisted of the following:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| *(In thousands)* | 2024 | 2023 | 2024 | 2023 |
| Current tax provision | $ 8,658 | $ 8,166 | $ 23,375 | $ 21,037 |
| Deferred tax benefit | (6,951) | (13,024) | (20,275) | (16,491) |
| Income tax expense (benefit) | $ 1,707 | $ (4,858) | $ 3,100 | $ 4,546 |

The Company conducts operations in Puerto Rico, the United States, and certain countries in Latin America. As a result, the income tax expense includes the effect of taxes paid to the government of Puerto Rico as well as foreign jurisdictions. The following table presents the components of income tax expense for the three and nine months ended September 30, 2024 and 2023, and its segregation based on location of operations:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| *(In thousands)* | **2024** | **2023** | **2024** | **2023** |
| **Current tax provision** | | | | |
| Puerto Rico | $ 1,575 | $ 1,851 | $ 3,905 | $ 5,626 |
| United States | 99 | 80 | 228 | 138 |
| Foreign countries | 6,984 | 6,235 | 19,242 | 15,273 |
| Total current tax provision | $ 8,658 | $ 8,166 | $ 23,375 | $ 21,037 |
| **Deferred tax benefit** | | | | |
| Puerto Rico | $ (3,659) | $ (11,169) | $ (10,984) | $ (11,593) |
| United States | (2) | 34 | — | 38 |
| Foreign countries | (3,290) | (1,889) | (9,291) | (4,936) |
| Total deferred tax benefit | $ (6,951) | $ (13,024) | $ (20,275) | $ (16,491) |

Taxes payable to foreign countries by EVERTEC's subsidiaries is paid by such subsidiary and the corresponding liability and expense will be presented in EVERTEC's consolidated financial statements.

As of September 30, 2024, the Company had $155.8 million of unremitted earnings from foreign subsidiaries, compared to $137.0 million as of December 31, 2023. The Company has not recognized a deferred tax liability on undistributed earnings for the Company's foreign subsidiaries because these earnings are intended to be indefinitely reinvested.

As of September 30, 2024, the gross deferred tax asset amounted to $77.6 million and the gross deferred tax liability amounted to $84.5 million, compared to $65.4 million and $100.9 million, respectively, as of December 31, 2023. As of September 30, 2024, and December 31, 2023, there is a valuation allowance against the gross deferred tax asset of approximately $5.6 million and $4.6 million, respectively.

The Company estimates that it is reasonably possible that the liability for uncertain tax position created from acquisitions in foreign jurisdictions will decrease by approximately $2.7 million in the next 12 months as a result of the expiration of the statute of limitations.

Income tax expense differs from the amount computed by applying the Puerto Rico statutory income tax rate to the income before income taxes as a result of the following:

| | Nine months ended September 30, | |
|---|---|---|
| *(In thousands)* | **2024** | **2023** |
| Computed income tax at statutory rates | $ 28,954 | $ 27,231 |
| Differences in tax rates due to multiple jurisdictions | 3,832 | 3,034 |
| Effect of income subject to tax-exemption grant | (28,926) | (24,697) |
| Unrecognized tax expense | (1,098) | 103 |
| Excess tax benefits on share-based compensation | (494) | 11 |
| Tax credits for research and development activities | — | (884) |
| Other, net | 832 | (252) |
| Income tax expense | $ 3,100 | $ 4,546 |

**Note 13 – Net Income Per Common Share**

The reconciliation of the numerator and the denominator of net income per common share is as follows:

| *(In thousands, except per share information)* | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 |
|---|---|---|---|---|
| Net income available to EVERTEC, Inc.'s common shareholders | $ 24,678 | $ 10,036 | $ 72,558 | $ 68,243 |
| Weighted average common shares outstanding | 63,944,132 | 64,648,542 | 64,512,868 | 64,886,551 |
| Weighted average potential dilutive common shares [1] | 774,997 | 1,130,717 | 804,080 | 819,045 |
| Weighted average common shares outstanding - assuming dilution | 64,719,129 | 65,779,259 | 65,316,948 | 65,705,596 |
| Net income per common share - basic | $ 0.39 | $ 0.16 | $ 1.12 | $ 1.05 |
| Net income per common share - diluted | $ 0.38 | $ 0.15 | $ 1.11 | $ 1.04 |

(1) Potential common shares consist of common stock issuable under RSUs awards using the treasury stock method.

On February 15, 2024, April 18, 2024 and July 18, 2024, respectively the Company's Board declared quarterly cash dividends of $0.05 per share of common stock, which was paid on March 15, 2024, June 7, 2024 and September 6, 2024, respectively to stockholders' of record on February 27, 2024, April 29, 2024 and July 29, 2024, respectively.

**Note 14 – Commitments and Contingencies**

EVERTEC is a defendant in a number of legal proceedings arising in the ordinary course of business. Based on the opinion of legal counsel and other factors, management believes that the final disposition of these matters will not have a material adverse effect on the business, results of operations, financial condition, or cash flows of the Company. The Company has identified certain claims in which a loss may be incurred, but in the aggregate the loss would be inconsequential. For other claims, where the proceedings are in an initial phase, the Company is unable to estimate the range of possible loss, if any, but at this time, management believes that any loss related to such claims will not be material.

**Note 15 – Segment Information**

The Company operates in four business segments: Payment Services - Puerto Rico & Caribbean, Latin America Payments and Solutions, Merchant Acquiring, and Business Solutions.

The Payment Services - Puerto Rico & Caribbean segment revenues are composed of revenues related to providing access to the ATH debit network and other card networks to financial institutions, including related services such as authorization, processing, management and recording of ATM and point of sale ("POS") transactions, and ATM management and monitoring. The segment revenues also include revenues from card processing services (such as credit and debit card processing, authorization and settlement and fraud monitoring and control to debit or credit issuers), payment processing services (such as payment and billing products for merchants, businesses and financial institutions), ATH Movil (person-to-person) and ATH Business (person-to-merchant) digital transactions and EBT (which principally consist of services to the government of Puerto Rico for the delivery of benefits to participants). For ATH debit network and processing services, revenues are primarily driven by the number of transactions processed. Revenues are derived primarily from network fees, transaction switching and processing fees, and the leasing of POS devices. For card issuer processing, revenues are primarily dependent upon the number of cardholder accounts on file, transactions and authorizations processed, the number of cards embossed and other processing services. For EBT services, revenues are primarily derived from the number of beneficiaries on file.

The Latin America Payments and Solutions segment revenues consist of revenues related to providing access to the ATH network of ATMs and other card networks to financial institutions, including related services such as authorization, processing, management and recording of ATM and POS transactions, and ATM management and monitoring. The segment revenues also include revenues from card processing services (such as credit and debit card processing, authorization and settlement and fraud monitoring and control to debit or credit issuers), payment processing services (such as payment and billing products for merchants, businesses and financial institutions), as well as licensed software solutions for risk and fraud management and card payment processing. For network and processing services, revenues are primarily driven by the number of transactions processed. Revenues are derived primarily from transaction switching, processing fees, and the leasing of POS devices. For card issuer processing, revenues are primarily dependent upon the number of cardholder accounts on file, transactions and authorizations processed, the number of cards embossed, and other processing services. Solutions revenues consist of (a) licensing, support and maintenance ("subscription"), implementation and customization of software used to provide financial products in areas such as core banking, credit, investments, payments, foreign exchange, mutual funds, pension funds and consortium, in addition to software used to execute processes such as digital onboarding, digital signature and digital collection; and (b) outsourcing of mission critical IT services. Revenues are based on monthly fixed fees and, in several cases, variable fees based on usage.

The Merchant Acquiring segment consists of revenues from services that allow merchants to accept electronic methods of payment. In the Merchant Acquiring segment, revenues include a discount fee and membership fees charged to merchants, debit network fees and rental fees from POS devices and other equipment, net of credit card interchange and assessment fees charged by credit cards associations (such as VISA or MasterCard) or payment networks. The discount fee is generally a percentage of the transaction value. EVERTEC also charges merchants for other services that are unrelated to the number of transactions or the transaction value.

The Business Solutions segment consists of revenues from a full suite of business process management solutions in various product areas such as core bank processing, network hosting and management, IT professional services, business process outsourcing, item processing, cash processing, and fulfillment. Core bank processing and network services revenues are derived in part from a recurrent fixed fee and from fees based on the number of accounts on file (i.e., savings or checking accounts, loans, etc.), server capacity usage or computer resources utilized. Revenues from other processing services within the Business Solutions segment are generally volume-based and depend on factors such as the number of accounts processed. In addition, EVERTEC is a reseller of hardware and software products and these resale transactions are generally non-recurring.

In addition to the four operating segments described above, management identified certain functional cost areas that operate independently and do not constitute businesses in themselves. These areas could neither be concluded as operating segments nor could they be combined with any other operating segments. Therefore, these areas are aggregated and presented within the "Corporate and Other" category in the financial statements alongside the operating segments. The Corporate and Other category consists of corporate overhead expenses, intersegment eliminations, certain leveraged activities and other non-operating and miscellaneous expenses that are not included in the operating segments. The overhead and leveraged costs relate to activities such as:

- marketing,
- corporate finance and accounting,
- human resources,
- legal,
- risk management functions,
- internal audit,
- corporate debt related costs,
- non-operating depreciation and amortization expenses generated as a result of merger and acquisition activity,
- intersegment revenues and expenses, and
- other non-recurring fees and expenses that are not considered when management evaluates financial performance at a segment level

The Chief Operating Decision Maker ("CODM") reviews the operating segments separate financial information to assess performance and to allocate resources. Management evaluates the operating results of each of its operating segments based upon revenues and Adjusted EBITDA. Adjusted EBITDA is defined as EBITDA further adjusted to exclude certain non-cash unrealized items and unusual expenses such as: share-based compensation, restructuring related expenses, fees and expenses from corporate transactions such as M&A activity and financing, equity investment income net of dividends received, and the impact from unrealized gains and losses on foreign currency remeasurement for assets and liabilities in non-functional currency. Adjusted EBITDA, as it relates to operating segments, is presented in conformity with ASC Topic 280, *Segment Reporting*, given that it is reported to the CODM for purposes of allocating resources. Segment asset disclosure is not used by the CODM

as a measure of segment performance since the segment evaluation is driven by revenues and Adjusted EBITDA. As such, segment assets are not disclosed in the notes to the unaudited condensed consolidated financial statements.

The following tables set forth information about the Company's operations by its four business segments for the periods indicated:

| | Three Months Ended September 30, 2024 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Payment Services - Puerto Rico & Caribbean | Latin America Payments and Solutions | Merchant Acquiring, net | Business Solutions | Corporate and Other [1] | Total |
| Revenues | $ 52,755 | $ 76,029 | $ 45,437 | $ 61,103 | $ (23,529) | $ 211,795 |
| Operating costs and expenses | 33,144 | 70,857 | 29,231 | 42,347 | (5,325) | 170,254 |
| Depreciation and amortization | 7,599 | 14,152 | 1,217 | 5,614 | 5,078 | 33,660 |
| Non-operating income (expenses) | 149 | (482) | — | 166 | 543 | 376 |
| EBITDA | 27,359 | 18,842 | 17,423 | 24,536 | (12,583) | 75,577 |
| Compensation and benefits [2] | 758 | 1,349 | 775 | 928 | 3,785 | 7,595 |
| Transaction, refinancing and other [3] | 296 | (627) | 29 | 40 | 3,367 | 3,105 |
| Loss (gain) on foreign currency remeasurement [4] | (61) | 1,176 | — | — | (3) | 1,112 |
| Adjusted EBITDA | $ 28,352 | $ 20,740 | $ 18,227 | $ 25,504 | $ (5,434) | $ 87,389 |

(1) Corporate and Other consists of corporate overhead, certain leveraged activities, other non-operating expenses and intersegment eliminations. Intersegment revenue eliminations predominantly reflect the $14.4 million processing fee from Payments Services - Puerto Rico & Caribbean to Merchant Acquiring, intercompany software developments and transaction-processing of $5.5 million from Latin America Payments and Solutions to both Payment Services- Puerto Rico & Caribbean and Business Solutions, and transaction-processing and monitoring fees of $3.7 million from Payment Services - Puerto Rico & Caribbean to Latin America Payments and Solutions.
(2) Primarily represents share-based compensation and severance payments.
(3) Primarily represents fees and expenses associated with corporate transactions as defined in the Credit Agreement and the elimination of unrealized earnings from equity investments, net of dividends received.
(4) Represents non-cash unrealized gains (losses) on foreign currency remeasurement for assets and liabilities denominated in non-functional currencies.

| | Three Months Ended September 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Payment Services - Puerto Rico & Caribbean | Latin America Payments and Solutions | Merchant Acquiring, net | Business Solutions | Corporate and Other [1] | Total |
| Revenues | $ 51,600 | $ 46,155 | $ 40,557 | $ 56,522 | $ (21,636) | $ 173,198 |
| Operating costs and expenses | 28,402 | 38,608 | 26,997 | 40,643 | (1,014) | 133,636 |
| Depreciation and amortization | 6,203 | 4,898 | 1,078 | 4,478 | 5,262 | 21,919 |
| Non-operating income (expenses) | 110 | (2,148) | — | 69 | (28,712) | (30,681) |
| EBITDA | 29,511 | 10,297 | 14,638 | 20,426 | (44,072) | 30,800 |
| Compensation and benefits [2] | 663 | 859 | 662 | 696 | 4,090 | 6,970 |
| Transaction, refinancing and other [3] | 269 | 3,451 | — | — | 34,363 | 38,083 |
| (Gain) loss on foreign currency remeasurement [4] | (87) | 2,885 | — | — | 8 | 2,806 |
| Adjusted EBITDA | $ 30,356 | $ 17,492 | $ 15,300 | $ 21,122 | $ (5,611) | $ 78,659 |

(1) Corporate and Other consists of corporate overhead, certain leveraged activities, other non-operating expenses and intersegment eliminations. Intersegment revenue eliminations predominantly reflect the $13.5 million processing fee from Payments Services - Puerto Rico & Caribbean to Merchant Acquiring, intercompany software developments and transaction-processing of $4.4 million from Latin America Payments and Solutions to both Payment Services - Puerto Rico & Caribbean and Business Solutions, and transaction-processing and monitoring fees of $3.7 million from Payment Services - Puerto Rico & Caribbean to Latin America Payments and Solutions.

(2) Primarily represents share-based compensation and severance payments.
(3) Primarily represents fees and expenses associated with corporate transactions as defined in the Credit Agreement, the foreign currency swap loss and the elimination of unrealized earnings from equity investments, net of dividends received.
(4) Represents non-cash unrealized gains (losses) on foreign currency remeasurement for assets and liabilities denominated in non-functional currencies.

| | Nine months ended September 30, 2024 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Payment Services - Puerto Rico & Caribbean | Latin America Payments and Solutions | Merchant Acquiring, net | Business Solutions | Corporate and Other [1] | Total |
| Revenues | $ 159,985 | $ 224,914 | $ 133,855 | $ 181,567 | $ (71,230) | $ 629,091 |
| Operating costs and expenses | 95,829 | 221,241 | 87,531 | 120,461 | (13,675) | 511,387 |
| Depreciation and amortization | 22,357 | 45,460 | 3,859 | 13,802 | 15,573 | 101,051 |
| Non-operating income | 431 | 3,627 | — | 456 | 2,072 | 6,586 |
| EBITDA | 86,944 | 52,760 | 50,183 | 75,364 | (39,910) | 225,341 |
| Compensation and benefits [2] | 2,227 | 4,501 | 2,269 | 2,619 | 11,570 | 23,186 |
| Transaction, refinancing and other fees [3] | 1,019 | (6,015) | 243 | 329 | 4,351 | (73) |
| (Gain) loss on foreign currency remeasurement [4] | (128) | 3,291 | — | — | 1 | 3,164 |
| Adjusted EBITDA | $ 90,062 | $ 54,537 | $ 52,695 | $ 78,312 | $ (23,988) | $ 251,618 |

(1) Corporate and Other consists of corporate overhead, certain leveraged activities, other non-operating expenses and intersegment eliminations. Intersegment revenue eliminations predominantly reflect the $43.2 million processing fee from Payments Services - Puerto Rico & Caribbean to Merchant Acquiring, intercompany software developments and transaction-processing of $14.7 million from Latin America Payments and Solutions to both Payment Services- Puerto Rico & Caribbean and Business Solutions, and transaction-processing and monitoring fees of $13.4 million from Payment Services - Puerto Rico & Caribbean to Latin America Payments and Solutions.
(2) Primarily represents share-based compensation and severance payments.
(3) Primarily represents fees and expenses associated with corporate transactions as defined in the Credit Agreement, the elimination of realized gains from equity securities and the elimination of unrealized earnings from equity investments, net of dividends received.
(4) Represents non-cash unrealized gains (losses) on foreign currency remeasurement for assets and liabilities denominated in non-functional currencies.

| | Nine months ended September 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands)* | Payment Services - Puerto Rico & Caribbean | Latin America Payments and Solutions | Merchant Acquiring, net | Business Solutions | Corporate and Other [1] | Total |
| Revenues | $ 150,824 | $ 120,548 | $ 122,152 | $ 169,188 | $ (62,624) | $ 500,088 |
| Operating costs and expenses | 85,019 | 101,586 | 81,302 | 118,653 | (897) | 385,663 |
| Depreciation and amortization | 18,178 | 13,002 | 3,357 | 13,436 | 15,707 | 63,680 |
| Non-operating income (expenses) | 590 | (3,643) | 308 | 667 | (27,902) | (29,980) |
| EBITDA | 84,573 | 28,321 | 44,515 | 64,638 | (73,922) | 148,125 |
| Compensation and benefits [2] | 2,033 | 2,510 | 2,054 | 2,226 | 12,693 | 21,516 |
| Transaction, refinancing and other fees [3] | 850 | 3,704 | — | — | 38,741 | 43,295 |
| (Gain) loss on foreign currency remeasurement [4] | (41) | 7,372 | — | — | 6 | 7,337 |
| Adjusted EBITDA | $ 87,415 | $ 41,907 | $ 46,569 | $ 66,864 | $ (22,482) | $ 220,273 |

(1) Corporate and Other consists of corporate overhead, certain leveraged activities, other non-operating expenses and intersegment eliminations. Intersegment revenue eliminations predominantly reflect the $39.9 million processing fee from Payments Services - Puerto Rico & Caribbean to Merchant Acquiring, intercompany software developments and transaction-processing of $12.8 million from Latin America Payments and Solutions to both Payment Services - Puerto Rico & Caribbean and Business Solutions, and transaction-processing and monitoring fees of $9.9 million from Payment Services - Puerto Rico & Caribbean to Latin America Payments and Solutions.
(2) Primarily represents share-based compensation and severance payments.
(3) Primarily represents fees and expenses associated with corporate transactions as defined in the Credit Agreement, the foreign currency swap loss and the elimination of unrealized earnings from equity investments, net of dividends received.
(4) Represents non-cash unrealized gains (losses) on foreign currency remeasurement for assets and liabilities denominated in non-functional currencies

The reconciliation of consolidated net income to EBITDA is as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| *(In thousands)* | 2024 | 2023 | 2024 | 2023 |
| Net Income | $ 25,202 | $ 9,956 | $ 74,112 | $ 68,069 |
| Add: | | | | |
| Income tax (benefit) expense | 1,707 | (4,858) | 3,100 | 4,546 |
| Interest expense, net | 15,008 | 3,783 | 47,078 | 11,830 |
| Depreciation and amortization | 33,660 | 21,919 | 101,051 | 63,680 |
| Total EBITDA | $ 75,577 | $ 30,800 | $ 225,341 | $ 148,125 |

**Note 16 – Supplemental Statement of Cash Flows Information**

Supplemental statement of cash flows information is as follows:

| | Nine months ended September 30, | |
|---|---|---|
| *(In thousands)* | 2024 | 2023 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest | 55,024 | 16,737 |
| Cash paid for income taxes | 17,917 | 29,692 |
| **Supplemental disclosure of non-cash activities:** | | |
| Payable due to vendor related to equipment and software acquired | 5,129 | 4,207 |
| Right-of-use assets obtained in exchange for operating lease liabilities | 2,925 | — |
| Non-cash investing activities | | |
| Capital contribution in-kind to investment in equity investee | 6,000 | |
| Trade-in of equipment | 2,193 | — |
| Non-cash financing activities | | |
| Payable due to vendor related to licenses acquired | — | 7,911 |

Reconciliation of cash, cash equivalents, restricted cash and cash included in settlement assets as presented on the cash flow statement was as follows:

| | September 30, | |
|---|---|---|
| *(In thousands)* | 2024 | 2023 |
| Cash and cash equivalents | 275,359 | 177,821 |
| Restricted cash | 25,663 | $ 20,607 |
| Cash and cash equivalents included in settlement assets | 25,260 | 17,118 |
| Cash, cash equivalents, restricted cash and cash included in settlement assets | 326,282 | 215,546 |

**Note 17 – Subsequent Events**

On October 17, 2024, the Board declared a regular quarterly cash dividend of $0.05 per share on the Company's outstanding shares of common stock. The dividend is expected to be paid on December 6, 2024 to stockholders of record as of the close of business on October 28, 2024. The Board anticipates declaring this dividend in future quarters on a regular basis; however future declarations of dividends are subject to the Board's approval and may be adjusted as business needs or market conditions change.

During October 2024 the Company received formal approval from the government of Puerto Rico for research and development tax credits claimed pertaining to taxable years 2018 and 2019. Subsequent to this approval the Company sold these credits realizing a gain of $8.9 million.

On October 31, 2024, the Company signed and closed an agreement to acquire 100% of the share capital of Grandata, Inc (" Grandata"). Grandata is a data analytics company operating in Mexico that specializes in leveraging behavioral data to provide

credit risk insights, with a focus on underbanked populations. This transaction enhances the Company's existing product offering.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") covers: (i) the results of operations for the three and nine months ended September 30, 2024 and 2023 and (ii) the financial condition as of September 30, 2024. You should read the following discussion and analysis in conjunction with the audited consolidated financial statements (the "Audited Consolidated Financial Statements") and related notes for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K as filed with the SEC on February 29, 2024 and with the unaudited condensed consolidated financial statements (the "Unaudited Condensed Consolidated Financial Statements") and related notes appearing elsewhere herein. This MD&A contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those indicated in the forward-looking statements. See "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions associated with these statements.*

*Except as otherwise indicated or unless the context otherwise requires, (a) the terms "EVERTEC," "we," "us," "our," "our Company" and "the Company" refer to EVERTEC, Inc. and its subsidiaries on a consolidated basis and, (b) the term "EVERTEC Group" refers to EVERTEC Group, LLC and its predecessor entities and their subsidiaries on a consolidated basis. EVERTEC Inc.'s subsidiaries include Holdings, EVERTEC Group; EVERTEC Dominicana, SAS; Evertec Chile Holdings SpA; Evertec Chile SpA; Evertec Chile Global SpA; Evertec Chile Servicios Profesionales SpA; Tecnopago España SL; Paytrue S.A.; Caleidon; S.A.; Evertec Brasil Solutions Informática S.A.; EVERTEC Panamá, S.A.; EVERTEC Costa Rica, S.A. ("EVERTEC CR"); Zunify Payments Ltda; EVERTEC Guatemala, S.A.; Evertec Colombia, SA;, EVERTEC USA, LLC; OPG Technology Corp.; Evertec Placetopay, SAS ("PlacetoPay"); BBR Chile, SpA and BBR Perú, S.A.C., (collectively "BBR"); Paysmart Pagamentos Eletronicos Ltda, Issuer Holding Ltda. and Issuer Instituição de Pagamentos Ltda (collectively "paySmart"); EVERTEC México Servicios de Procesamiento, S.A. de C.V.; Sinqia S.A.,Torq. Inovação Digital Ltda, Sinqia Tecnologia Ltda., Homie do Brasil Informática S.A., Rosk Software S.A., Lote 45 Participações S.A., and Compliasset S.A. (collectively "Sinqia"). Neither EVERTEC nor EVERTEC Intermediate Holdings, LLC conducts any operations other than with respect to its indirect or direct ownership of EVERTEC Group.*

**Executive Summary**

EVERTEC is a leading full-service transaction-processing business and financial technology provider in Latin America, Puerto Rico, and the Caribbean, providing a broad range of merchant acquiring, payment services and business solutions. According to the September 2022 Nilson Report, we are one of the largest merchant acquirers in Latin America based on total number of transactions and we believe we are the largest merchant acquirer in the Caribbean. We operate across 26 countries out of 20 offices, including our headquarters in Puerto Rico. We own and operate the ATH network, which we believe is one of the leading personal identification number ("PIN") debit networks in Latin America. We process over six billion transactions annually through a system of electronic payment networks in Puerto Rico and Latin America and a comprehensive suite of services for core banking, cash processing, and fulfillment in Puerto Rico. Additionally, we offer technology outsourcing and payment transactions fraud monitoring to all the regions we serve. We serve a diversified customer base of leading financial institutions, merchants, corporations, and government agencies with "mission-critical" technology solutions that enable them to issue, process and accept transactions securely. We believe our business is well-positioned to continue to expand across the fast-growing Latin America region.

We are differentiated, in part, by our diversified business model, which enables us to provide our varied customer base with a broad range of transaction-processing services from a single source across numerous channels and geographic markets. We believe this capability provides several competitive advantages that will enable us to continue to penetrate our existing customer base with complementary new services, win new customers, develop new sales channels, and enter new markets. We believe these competitive advantages include:

- Our ability to provide competitive products;
- Our ability to provide in one package a range of services that traditionally had to be sourced from different vendors;
- Our ability to serve customers with disparate operations in several geographies with technology solutions that enable them to manage their business as one enterprise; and
- Our ability to capture and analyze data across the transaction-processing value chain and use that data to provide value-added services that are differentiated from those offered by pure-play vendors that serve only one portion of the transaction-processing value chain (such as only merchant acquiring or payment services).

Our broad suite of services spans the entire transaction-processing value chain and includes a range of front-end customer-facing solutions such as the electronic capture and authorization of transactions at the point-of-sale for both card present transactions and card not present transactions, as well as back-end support services such as the clearing and settlement of transactions and account reconciliation for card issuers. These include: (i) merchant acquiring services, which enable POS and

e-commerce merchants to accept and process electronic methods of payment such as debit, credit, prepaid and EBT cards; (ii) payment processing services, which enable financial institutions and other issuers to manage, support and facilitate the processing for credit, debit, prepaid, automated teller machines ("ATM") and EBT card programs; and (iii) business process management solutions, which provide "mission-critical" technology solutions such as core bank processing, as well as IT outsourcing and cash management services to financial institutions, corporations and governments. We provide these services through scalable, end-to-end technology platforms that we manage and operate in-house and that generate significant operating efficiencies that enable us to maximize profitability.

We sell and distribute our services primarily through a proprietary direct sales force with established customer relationships. We continue to pursue joint ventures and merchant acquiring alliances. We benefit from an attractive business model, the hallmarks of which are recurring revenue, scalability, significant operating margins and moderate capital expenditure requirements. Our revenue is predominantly recurring in nature because of the mission-critical and embedded nature of the services we provide. In addition, we generally enter into multi-year contracts with our customers. We believe our business model should enable us to continue to grow our business organically in the primary markets we serve without significant incremental capital expenditures.

**2024 Developments**

On March 4, 2024, the Board of Directors (the "Board") of Evertec approved an increase to Evertec's existing share repurchase authorization to permit future repurchases of up to an aggregate of $220 million worth of shares of the Company's common stock, par value $0.01 per share, by December 31, 2025. Under the repurchase program, the Company may repurchase shares in the open market, through accelerated share repurchase programs, Rule 10b5-1 plans, or in privately negotiated transactions.

On March 6, 2024, the Company entered into an accelerated share repurchase agreement (the "ASR") with Bank of America, N.A. to repurchase an aggregate of $70 million of the Company's common stock, par value $0.01 per share, which was completed on July 9, 2024. The Company received a total of 1,984,155 shares in connection with this transaction. All of the shares received as part of the ASR were retired.

**Factors and Trends Affecting the Results of Our Operations**

The ongoing migration from cash and paper methods of payment to electronic payments continues to benefit the transaction- processing industry globally. We continue to believe that the penetration of electronic payments in the markets in which we operate is significantly lower relative to the U.S. market, which, together with the ongoing shift from cash and paper methods of payment to electronic payments will continue to generate growth opportunities for our business. For example, currently the adoption of banking products, including electronic payments, in the Latin America and Caribbean region is lower relative to the mature U.S. and European markets. We believe that the unbanked and underbanked population in our markets will continue to shrink, and therefore drive incremental penetration and growth of electronic payments in Puerto Rico and other Latin America regions. We also benefit from the outsourcing of technology systems and processes trend for financial institutions and government. Many medium- and small-size institutions in the Latin America markets in which we operate have outdated systems and updating these IT legacy systems is financially and logistically challenging, which presents a business opportunity for us.

In recent years, consumer preference has accelerated its shift away from cash and paper payment methods, noting increased demand for omni-channel payment services that facilitate cashless and contactless transactions. The markets in which we operate, particularly Latin America and the Caribbean, continue to grow and consumer preference is driving an increase for electronic payments usage. Latin America is one of the fastest-growing mobile markets globally, with a growing base of tech-savvy customers that demonstrate a preference for credit cards, digital wallets, contactless payments, and other value-added offerings. The region's fintech sector is driving change via new contactless payment technology, which is becoming a popular alternative to cash payments. We continue to believe that the attractive characteristics of our markets and our position across multiple services and sectors will continue to drive growth and profitability in our businesses.

Our payment businesses also generally experience moderate increased activity during the traditional holiday shopping periods and around other nationally recognized holidays, which follow consumer spending patterns.

Finally, our financial condition and results of operations are, in part, dependent on the economic and general conditions of the geographies in which we operate. Rising interest rates, inflationary pressures, foreign currency fluctuations and economic uncertainty in the markets in which we operate may affect consumer confidence, which could result in a decrease in consumer spending and an impact to our financial results.

*Relationship with Popular*

On September 30, 2010, EVERTEC Group entered into a 15-year MSA, and several related agreements with Popular. On July 1, 2022, we modified and extended the main commercial agreements with Popular, including a 10-year extension of the Merchant Acquiring Independent Sales Organization Agreement, a 5-year extension of the ATH Network Participation Agreement and a 3-year extension of the MSA (as amended, the "A&R ISO Agreement"). The A&R ISO Agreement, which defines our merchant acquiring relationship with Popular, now includes revenue sharing provisions with Popular. The MSA modifications also include the elimination of the exclusivity requirement, the inclusion of annual MSA minimums through September 30, 2028, a 10% discount on certain MSA services beginning in October of 2025 and adjustments to the CPI pricing escalator clause. On the same date, we also sold to Popular certain assets in exchange for 4.6 million shares of EVERTEC common stock owned by Popular (collectively with the contract amendments, the "Popular Transaction"). On August 15, 2022, through a secondary offering, Popular sold its remaining shares of EVERTEC common stock. EVERTEC is no longer deemed a subsidiary of Popular under the Bank Holding Company Act. Popular continues to be the Company's largest customer and for the nine months ended September 30, 2024 approximately 31% of our revenues were generated from this relationship.

**Results of Operations**

*Comparison of the three months ended September 30, 2024 and 2023*

| *In thousands* | Three months ended September 30, 2024 | 2023 | Variance | |
|---|---|---|---|---|
| **Revenues** | $ 211,795 | $ 173,198 | $ 38,597 | 22 % |
| **Operating costs and expenses** | | | | |
| Cost of revenues, exclusive of depreciation and amortization | 102,497 | 81,280 | 21,217 | 26 % |
| Selling, general and administrative expenses | 34,097 | 30,437 | 3,660 | 12 % |
| Depreciation and amortization | 33,660 | 21,919 | 11,741 | 54 % |
| Total operating costs and expenses | 170,254 | 133,636 | 36,618 | 27 % |
| Income from operations | $ 41,541 | $ 39,562 | $ 1,979 | 5 % |

*Revenues*

Total revenue for the three months ended September 30, 2024 was $211.8 million, an increase of 22% compared with $173.2 million in the prior year period, reflecting organic growth across all of the Company's segments as well as the contribution from the Sinqia acquisition completed in the fourth quarter of 2023. Merchant acquiring revenue benefited from an improvement in spread and sales volume growth. Payments Puerto Rico revenue reflected continued growth in ATH Movil Business and increased transaction volumes. Latin America revenue benefited from the Sinqia acquisition contribution as well as continued organic growth across the region. Latin America revenue also benefited from better than expected volumes in our GetNet Chile relationship, which resulted in the recognition of a one-time incremental $1.8 million in revenue, compared with the one-time $6.3 million recognized in the prior year period. Business Solutions revenue reflected increases from completed projects, primarily for Popular.

*Cost of Revenues*

Cost of revenues, exclusive of depreciation and amortization, for the three months ended September 30, 2024 amounted to $102.5 million, an increase of $21.2 million or 26% when compared to the same period in the prior year. This increase was primarily related to the increase in personnel costs, mostly due to the addition of Sinqia headcount, as well as an increase in cloud services and professional fees.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses for the three months ended September 30, 2024 amounted to $34.1 million, an increase of $3.7 million or 12% when compared to the same period in the prior year. This increase was mainly driven by an increase in personnel costs, primarily related to the addition of Sinqia headcount and an increase in equipment expenses, partially offset by lower professional fees.

*Depreciation and Amortization*

Depreciation and amortization expense for the three months ended September 30, 2024 amounted to $33.7 million, an increase of $11.7 million or 54% when compared to the same period in the prior year. This increase was primarily driven by an increase in amortization of intangible assets created in connection with the Sinqia acquisition.

*Non-Operating Expenses*

| *In thousands* | Three months ended September 30, 2024 | 2023 | Variance | |
|---|---|---|---|---|
| Interest income | $ 3,696 | $ 1,926 | $ 1,770 | 92 % |
| Interest expense | (18,704) | (5,709) | (12,995) | 228 % |
| Loss on foreign currency remeasurement | (1,112) | (2,806) | 1,694 | (60)% |
| Loss on foreign currency swap | — | (29,225) | 29,225 | (100)% |
| Earnings from equity method investments | 1,099 | 1,197 | (98) | (8)% |
| Other income, net | 389 | 153 | 236 | 154 % |
| Total non-operating expenses | $ (14,632) | $ (34,464) | $ 19,832 | (58)% |

Non-operating expenses for the three months ended September 30, 2024 decreased by $19.8 million to $14.6 million when compared to the same period in the prior year. The decrease was mainly related to the impact in the prior year of the loss on foreign currency swap of $29.2 million, an increase in interest income of $1.8 million and a decrease in foreign currency remeasurement loss of $1.7 million. This impact was partially offset by an increase in interest expense resulting from the incremental debt raised to finance the Sinqia acquisition.

*Income Tax Expense*

| *In thousands* | Three months ended September 30, 2024 | 2023 | Variance | |
|---|---|---|---|---|
| Income tax expense (benefit) | $ 1,707 | $ (4,858) | $ 6,565 | (135)% |

Income tax expense for the three months ended September 30, 2024 amounted to $1.7 million, compared to an income tax benefit in the prior year quarter of $4.9 million. The effective tax rate for the period was 6.3%, compared with (95.3%) in the comparable 2023 period. The increase in the effective tax rate was primarily driven by the foreign currency hedge loss of $29.2 million in the prior year, which created a deferred tax benefit of $10.9 million, treated as a discrete item, partially offset by the impact of higher interest expense resulting from the incremental debt raised as part of the Sinqia acquisition.

*Comparison of the nine months ended September 30, 2024 and 2023*

| *In thousands* | Nine months ended September 30, 2024 | 2023 | Variance | |
|---|---|---|---|---|
| **Revenues** | $ 629,091 | $ 500,088 | $ 129,003 | 26 % |
| **Operating costs and expenses** | | | | |
| Cost of revenues, exclusive of depreciation and amortization | 302,426 | 238,149 | 64,277 | 27 % |
| Selling, general and administrative expenses | 107,910 | 83,834 | 24,076 | 29 % |
| Depreciation and amortization | 101,051 | 63,680 | 37,371 | 59 % |
| Total operating costs and expenses | 511,387 | 385,663 | 125,724 | 33 % |
| Income from operations | $ 117,704 | $ 114,425 | $ 3,279 | 3 % |

*Revenues*

Total revenues for the nine months ended September 30, 2024 was $629.1 million, an increase of 26% compared with $500.1 million in the same period in the prior year. The revenue increase was primarily driven by the same factors explained above for the quarter in addition to growth across several lines of business in the Business Solutions segment.

*Cost of Revenues*

Cost of revenues for nine months ended September 30, 2024 amounted to $302.4 million, an increase of $64.3 million or 27% when compared to the same period in the prior year. The increase during the nine month period was primarily driven by the same factors explained above for the quarter as well as an increase in costs of sales in connection with the increase in revenues from Business Solutions.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses for nine months ended September 30, 2024 amounted to $107.9 million, an increase of $24.1 million or 29% when compared to the same period in the prior year. This increase was mainly driven by the same factors explained above for the quarter as well as an increase in equipment expenses partially offset by lower professional fees.

*Depreciation and Amortization*

Depreciation and amortization expense for the nine months ended September 30, 2024 amounted to $101.1 million, an increase of $37.4 million or 59% when compared to the same period in the prior year. This increase was primarily driven by the same factors explained above for the quarter as well as amortization expense for intangibles created as part of the paySmart acquisition and an increase in software amortization for internally developed software.

*Non-Operating Expenses*

| *In thousands* | Nine months ended September 30, 2024 | 2023 | Variance | |
|---|---|---|---|---|
| Interest income | 10,274 | 5,162 | $ 5,112 | 99 % |
| Interest expense | (57,352) | (16,992) | (40,360) | 238 % |
| Loss on foreign currency remeasurement | (3,164) | (7,337) | 4,173 | (57)% |
| Loss on foreign currency swap | — | (29,225) | 29,225 | (100)% |
| Earnings of equity method investment | 3,266 | 3,828 | (562) | (15)% |
| Other income, net | 6,484 | 2,754 | 3,730 | 135 % |
| Total non-operating expenses | $ (40,492) | $ (41,810) | $ 1,318 | (3)% |

Non-operating expenses for the nine months ended September 30, 2024 decreased by $1.3 million to $40.5 million when compared to the same period in the prior year. The decrease was mainly related to the loss on foreign currency swap in the prior year of $29.2 million, an increase in interest income of $5.1 million, a decrease in foreign currency losses from remeasurement of $4.2 million and an increase in other income of $3.7 million mainly related to gain on the sale of equity securities, partially offset by an increase of $40.4 million in interest expense resulting from the incremental debt raised to finance the Sinqia acquisition.

*Income Tax Expense*

| *In thousands* | Nine months ended September 30, 2024 | 2023 | Variance | |
|---|---|---|---|---|
| Income tax expense | $ 3,100 | $ 4,546 | $ (1,446) | (32)% |

Income tax expense for the nine months ended September 30, 2024 amounted to $3.1 million relatively flat when compared to the same period in the prior year. The effective tax rate for the period was 4.0%, compared with 6.3% in the comparable 2023 period. The decrease in the effective tax rate is driven by the higher interest expense resulting from the incremental debt raised as part of the Sinqia acquisition, coupled with the reversal of a potential liability for uncertain tax positions as a result of the expiration of the statute of limitation, partially offset by the foreign currency hedge loss of $29.2 million in the prior year, which created a deferred tax benefit of $10.9 million.

**Segment Results of Operations**

The Company operates in four business segments: Payment Services - Puerto Rico & Caribbean, Latin America Payments and Solutions, Merchant Acquiring, and Business Solutions.

The Payment Services - Puerto Rico & Caribbean segment revenues are composed of revenues related to providing access to the ATH debit network and other card networks to financial institutions, including related services such as authorization, processing, management and recording of ATM and POS transactions, and ATM management and monitoring. The segment revenues also include revenues from card processing services (such as credit and debit card processing, authorization and settlement and fraud monitoring and control to debit or credit issuers), payment processing services (such as payment and billing products for merchants, businesses and financial institutions), ATH Movil (person-to-person) and ATH Business (person-to-merchant) digital transactions and EBT (which principally consist of services to the government of Puerto Rico for the delivery of benefits to participants). For ATH debit network and processing services, revenues are primarily driven by the number of transactions processed. Revenues are derived primarily from network fees, transaction switching and processing fees, and the leasing of POS devices. For card issuer processing, revenues are primarily dependent upon the number of cardholder accounts on file, transactions and authorizations processed, the number of cards embossed and other processing services. For EBT services, revenues are primarily derived from the number of beneficiaries on file.

The Latin America Payments and Solutions segment payment revenues consist of revenues related to providing access to the ATH network of ATMs and other card networks to financial institutions, including related services such as authorization, processing, management and recording of ATM and POS transactions, and ATM management and monitoring. The segment revenues also include revenues from card processing services (such as credit and debit card processing, authorization and settlement and fraud monitoring and control to debit or credit issuers), payment processing services (such as payment and billing products for merchants, businesses and financial institutions), as well as licensed software solutions for risk and fraud management and card payment processing. For network and processing services, revenues are primarily driven by the number of transactions processed. Revenues are derived primarily from transaction switching, processing fees, and the leasing of POS devices. For card issuer processing, revenues are primarily dependent upon the number of cardholder accounts on file, transactions and authorizations processed, the number of cards embossed, and other processing services. Solution revenues consist of (a) licensing, support and maintenance (“subscription”), implementation and customization of software used to provide financial products in areas such as core banking, credit, investments, payments, foreign exchange, mutual funds, pension funds and consortium, in addition to software used to execute processes such as digital onboarding, digital signature and digital collection; and (b) outsourcing of mission critical IT services. Revenues are based on monthly fixed fees and, in several cases, variable fees based on usage.

The Merchant Acquiring segment consists of revenues from services that allow merchants to accept electronic methods of payment. In the Merchant Acquiring segment, revenues include a discount fee and membership fees charged to merchants, debit network fees and rental fees from POS devices and other equipment, net of credit card interchange and assessment fees charged by credit cards associations (such as VISA or MasterCard) or payment networks. The discount fee is generally a percentage of the transaction value. EVERTEC also charges merchants for other services that are unrelated to the number of transactions or the transaction value.

The Business Solutions segment consists of revenues from a full suite of business process management solutions in various product areas such as core bank processing, network hosting and management, IT professional services, business process outsourcing, item processing, cash processing, and fulfillment. Core bank processing and network services revenues are derived in part from a recurrent fixed fee and from fees based on the number of accounts on file (i.e., savings or checking accounts, loans, etc.), server capacity usage or computer resources utilized. Revenues from other processing services within the Business Solutions segment are generally volume-based and depend on factors such as the number of accounts processed. In addition, EVERTEC is a reseller of hardware and software products and these resale transactions are generally non-recurring.

In addition to the four operating segments described above, management identified certain functional cost areas that operate independently and do not constitute businesses in themselves. These areas could neither be concluded as operating segments nor could they be combined with any other operating segments. Therefore, these areas are aggregated and presented within the “Corporate and Other” category in the financial statements alongside the operating segments. The Corporate and Other category consists of corporate overhead expenses, intersegment eliminations, certain leveraged activities and other non-operating and miscellaneous expenses that are not included in the operating segments. The overhead and leveraged costs relate to activities such as:

- marketing,
- corporate finance and accounting,
- human resources,
- legal,

- risk management functions,
- internal audit,
- corporate debt related costs,
- non-operating depreciation and amortization expenses generated as a result of merger and acquisition activity,
- intersegment revenues and expenses, and
- other non-recurring fees and expenses that are not considered when management evaluates financial performance at a segment level

The Chief Operating Decision Maker ("CODM") reviews the operating segments separate financial information to assess performance and to allocate resources. Management evaluates the operating results of each of its operating segments based upon revenues and Adjusted EBITDA. Adjusted EBITDA is defined as EBITDA further adjusted to exclude certain non-cash unrealized items and unusual expenses such as: share-based compensation, restructuring related expenses, fees and expenses from corporate transactions such as M&A activity and financing, equity investment income net of dividends received, and the impact from non-cash unrealized gains and losses on foreign currency remeasurement for assets and liabilities in non-functional currency. Adjusted EBITDA, as it relates to operating segments, is presented in conformity with ASC Topic 280, *Segment Reporting*, given that it is reported to the CODM for purposes of allocating resources. Segment asset disclosure is not used by the CODM as a measure of segment performance since the segment evaluation is driven by revenues and Adjusted EBITDA. As such, segment assets are not disclosed in the notes to the unaudited condensed consolidated financial statements.

The following tables set forth information about the Company's operations by its four business segments for the periods indicated below.

*Comparison of the three months ended September 30, 2024 and 2023*

*Payment Services - Puerto Rico & Caribbean*

| | Three months ended September 30, | |
|---|---|---|
| *In thousands* | **2024** | **2023** |
| Revenues | $52,755 | $51,600 |
| Adjusted EBITDA | 28,352 | 30,356 |
| Adjusted EBITDA Margin | 53.7 % | 58.8 % |

Payment Services - Puerto Rico & Caribbean segment revenues for the three months ended September 30, 2024 increased by $1.2 million to $52.8 million when compared to the same period in the prior year. The increase in revenues was primarily driven by continued growth from ATH Movil, primarily ATH Business, as well as increase in POS transactions partially offset by lower issuing services revenue, mainly driven by lower active accounts. Adjusted EBITDA decreased by $2.0 million to $28.4 million. This decrease was primarily driven by the prior year recovery of previously recorded operational losses, and the impact from lower transactions being processed for Latin America.

*Latin America Payments and Solutions*

| | Three months ended September 30, | |
|---|---|---|
| *In thousands* | **2024** | **2023** |
| Revenues | $76,029 | $46,155 |
| Adjusted EBITDA | 20,740 | 17,492 |
| Adjusted EBITDA Margin | 27.3 % | 37.9 % |

Latin America Payments and Solutions segment revenues for the three months ended September 30, 2024 increased by $29.9 million to $76.0 million when compared to the same period in the prior year. Revenues benefited from the Sinqia acquisition contribution as well as continued organic growth across the region. The segment also benefited from better than expected volumes in our GetNet Chile relationship which resulted in the recognition of a one-time incremental $1.8 million in revenue, compared with the one-time $6.3 million recognized during prior year. Adjusted EBITDA increased by $3.2 million when compared to the same period in the prior year driven by the impact from the Sinqia acquisition, which contributes at a lower margin partially offset by the impact of the one-time $6.3 million adjustment for GetNet Chile in the prior year, compared with the one-time $1.8 million in the current year, which is 100% accretive to margin.

*Merchant Acquiring*

| | Three months ended September 30, | |
|---|---|---|
| *In thousands* | **2024** | **2023** |
| Revenues | $45,437 | $40,557 |
| Adjusted EBITDA | 18,227 | 15,300 |
| Adjusted EBITDA Margin | 40.1 % | 37.7 % |

Merchant Acquiring segment revenues for the three months ended September 30, 2024 increased by $4.9 million to $45.4 million when compared to the same period in the prior year. The revenue increase was primarily driven by an improvement in spread and sales volume growth. Adjusted EBITDA increased by $2.9 million to $18.2 million driven by the increase in revenues partially offset by higher processing costs from the Payment Services - Puerto Rico & Caribbean segment, an increase in the costs associated with the revenue sharing agreements and an increase in operational losses.

*Business Solutions*

| | Three months ended September 30, | |
|---|---|---|
| *In thousands* | **2024** | **2023** |
| Revenues | $61,103 | $56,522 |
| Adjusted EBITDA | 25,504 | 21,122 |
| Adjusted EBITDA Margin | 41.7 % | 37.4 % |

Business Solutions segment revenues for the three months ended September 30, 2024 increased by $4.6 million to $61.1 million as compared to the prior year period. This increase was primarily driven by completed projects, mainly for Popular. Adjusted EBITDA increased by $4.4 million to $25.5 million as compared to the prior year period primarily driven by the higher revenues partially offset by higher programming and equipment expenses.

*Comparison of the nine months ended September 30, 2024 and 2023*

*Payment Services - Puerto Rico & Caribbean*

| | Nine months ended September 30, | |
|---|---|---|
| *In thousands* | **2024** | **2023** |
| Revenues | $159,985 | $150,824 |
| Adjusted EBITDA | 90,062 | 87,415 |
| Adjusted EBITDA Margin | 56.3 % | 58.0 % |

Payment Services - Puerto Rico & Caribbean segment revenues for the nine months ended September 30, 2024 increased by $9.2 million to $160.0 million when compared to the same period in the prior year. The revenue increase was primarily related to the same drivers described for the quarter in addition to increases in transaction-processing and monitoring services provided to the Latin America Payments and Solutions segment. Adjusted EBITDA increased by $2.6 million to $90.1 million. This increase was primarily driven by the same factors explained above for the quarter as well as higher professional services.

*Latin America Payments and Solutions*

| | Nine months ended September 30, | |
|---|---|---|
| *In thousands* | **2024** | **2023** |
| Revenues | $224,914 | $120,548 |
| Adjusted EBITDA | 54,537 | 41,907 |
| Adjusted EBITDA Margin | 24.2 % | 34.8 % |

Latin America Payments and Solutions segment revenues for the nine months ended September 30, 2024 increased by $104.4 million to $224.9 million when compared to the same period in the prior year. The revenue increase was primarily related to the same drivers described for the quarter and the revenue contribution from the paySmart acquisition completed in the first quarter of 2024. Adjusted EBITDA increased by $12.6 million when compared to the same period in the prior year driven by the same factors explained above for the quarter.

*Merchant Acquiring*

| | Nine months ended September 30, | |
|---|---|---|
| *In thousands* | **2024** | **2023** |
| Revenues | $133,855 | $122,152 |
| Adjusted EBITDA | 52,695 | 46,569 |
| Adjusted EBITDA Margin | 39.4 % | 38.1 % |

Merchant Acquiring segment revenues for the nine months ended September 30, 2024 increased by $11.7 million to $133.9 million when compared to the same period in the prior year. The revenue increase was primarily related to the same drivers described for the quarter. Adjusted EBITDA increased by $6.1 million as compared to the prior year period driven by the same factors explained above for the quarter.

*Business Solutions*

| | Nine months ended September 30, | |
|---|---|---|
| *In thousands* | **2024** | **2023** |
| Revenues | $181,567 | $169,188 |
| Adjusted EBITDA | 78,312 | 66,864 |
| Adjusted EBITDA Margin | 43.1 % | 39.5 % |

Business Solutions segment revenues for the nine months ended September 30, 2024 increased by $12.4 million to $181.6 million as compared to the prior year period. This increase was primarily driven by the same factors described for the quarter. Adjusted EBITDA increased by $11.4 million to $78.3 million as compared to the prior year period. This increase was primarily driven by the higher revenues partially offset by higher cost of sale and professional services.

**Liquidity and Capital Resources**

As of September 30, 2024, there were no material changes to our primary short-term and long-term requirements for liquidity and capital resources as disclosed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operation" of our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 29, 2024. Our principal source of liquidity is cash generated from operations, and our primary liquidity requirements are the funding of working capital needs, capital expenditures, acquisitions, dividend payments, share repurchases and debt service. We also have a $200.0 million Revolving Facility, of which $194.0 million was available for borrowing as of September 30, 2024. The Company issues letters of credit against our Revolving Facility which reduce our availability of funds to be drawn.

As of September 30, 2024, we had cash and cash equivalents of $275.4 million, of which $214.0 million resides in our subsidiaries located outside of Puerto Rico for purposes of (i) funding the respective subsidiary's current business operations and (ii) funding potential future investment outside of Puerto Rico. We intend to reinvest these funds outside of Puerto Rico, and based on our liquidity forecast, we will not need to repatriate this cash to fund the Puerto Rico operations or to meet debt-service obligations. However, if in the future we determine that we no longer need to maintain cash balances within our foreign subsidiaries, we may elect to distribute such cash to the Company in Puerto Rico. Distributions from the foreign subsidiaries to Puerto Rico may be subject to tax withholding and other tax consequences. Additionally, our credit agreement imposes certain restrictions on the distribution of dividends from subsidiaries.

Our primary use of cash is for operating expenses, working capital requirements, capital expenditures, acquisitions, dividend payments, share repurchases, debt service, and other transactions as opportunities present themselves.

Based on our current level of operations, we believe our existing cash flows from operations and the available secured Revolving Facility will be adequate to meet our liquidity needs for at least the next twelve months from the date of this Report. However, our ability to fund future operating expenses, dividend payments, capital expenditures, mergers and acquisitions, and our ability to make scheduled payments of interest, to pay principal on or refinance our indebtedness and to satisfy any other of our present or future debt obligations will depend on our future operating performance, which may be affected by general economic, financial and other factors beyond our control.

| *(In thousands)* | Nine months ended September 30, 2024 | 2023 |
|---|---|---|
| Cash provided by operating activities | $ 184,897 | $ 158,295 |
| Cash used in investing activities | (65,462) | (105,433) |
| Cash used in financing activities | (130,281) | (63,689) |
| Effect of foreign exchange rate on cash, cash equivalents and restricted cash | (6,596) | 10,716 |
| Net decrease in cash, cash equivalents and restricted cash | $ (17,442) | $ (111) |

Net cash provided by operating activities for the nine months ended September 30, 2024 was $184.9 million compared to $158.3 million for the same period in the prior year, an increase of $26.6 million as the Company continues to effectively manage working capital and benefits from cash generated at Sinqia.

Net cash used in investing activities for the nine months ended September 30, 2024 was $65.5 million compared to $105.4 million for the same period in the prior year, this decrease was primarily related to the acquisition of Paysmart completed in the first quarter of the prior year for $22.9 million and the purchase of equity securities in connection with the Sinqia transaction amounting to $26.5 million in the prior year, partially offset by an increase in additions to software and purchases of property, plant and equipment of $19.2 million and the proceeds from the sale of equity securities of $6.1 million.

Net cash used in financing activities for the nine months ended September 30, 2024 was $130.3 million compared to $63.7 million for the same period in the prior year. The increase in cash used in financing activities was primarily driven by an increase in share repurchases of $58.7 million including the impact of the ASR, cash used to pay down other financing agreements of $7.0 million, a $4.0 million increase in withholding taxes paid on share-based compensation and $3.7 million paid in other financing activities partially offset by cash used to pay down the Revolving Facility for $14.0 million in the prior year.

*Capital Resources*

Our principal capital expenditures are for hardware and computer software (purchased and internally developed) and additions to our property and equipment. During the nine months ended September 30, 2024 and 2023, we invested approximately $69.8 million and $50.6 million in our capital resources, respectively. Generally, we fund capital expenditures with cash generated from operations and, if necessary, borrowings under our Revolving Facility.

***Dividend Payments***

On February 15, 2024, April 18, 2024 and July 18, 2024, respectively, the Board declared quarterly cash dividends of $0.05 per share of common stock, which were paid on March 15, 2024, June 7, 2024 and September 6, 2024 to stockholders of record as of the close of business on February 27, 2024, April 29, 2024 and July 29, 2024.

On October 17, 2024, our Board declared a regular quarterly cash dividend of $0.05 per share on the Company's outstanding shares of common stock. The dividend is expected to be paid on December 6, 2024 to stockholders of record as of the close of business on October 28, 2024. The Board anticipates declaring this dividend in future quarters on a regular basis; however future declarations of dividends are subject to the Board's approval and may be adjusted as business needs or market conditions change.

***Financial Obligations***

*Secured Credit Facilities*

On December 1, 2022, EVERTEC and EVERTEC Group, entered into a credit agreement with a syndicate of lenders and Truist Bank, as administrative agent and collateral agent, providing for (i) a $415.0 million term loan A facility that matures on December 1, 2027, and a $200.0 million revolving credit facility (the "Revolving Facility") that matures on December 1, 2027. On October 30, 2023, Evertec, EVERTEC Group and other Loan Parties (as defined in the Existing Credit Agreement) party thereto, entered into a first amendment (the "Amendment") to the credit agreement, dated as of December 1, 2022 (the "Existing Credit Agreement," and as amended by the Amendment, the "Amended Credit Agreement"), with a syndicate of lenders and Truist, as administrative agent and collateral agent. Under the Amended Credit Agreement, a syndicate of financial institutions and other lenders provided (i) additional term loan A commitments in the amount of $60.0 million and (ii) a new

tranche of term loan B commitments in the amount of $600.0 million (the "TLB Facility," and together with the Incremental TLA Facility, the "Facilities"). The $600.0 million term loan B facility matures on October 30, 2030. Unless otherwise indicated, the terms and conditions detailed below apply to both TLA facility and TLB facility. In the fourth quarter of 2023, the Company prepaid $60 million of the outstanding balance on TLB facility.

At September 30, 2024, the unpaid principal balance of the TLA Facility and TLB Facility were $435.6 million and $540.0 million, respectively. The additional borrowing capacity for the Revolving Facility at September 30, 2024 was $194.0 million, considering letters of credit issued. The Company issues letters of credit against the Revolving Facility which reduce the additional borrowing capacity of the Revolving Facility.

*Deferred consideration from Business Combinations*

As part of the Company's merger and acquisition activities, the Company may enter into agreements by which a portion of the purchase price is financed directly by the seller. At September 30, 2024 and December 31, 2023, the unpaid principal balance of these agreements amounted to $11.4 million and $19.5 million, respectively. Obligations bear interest at rates ranging from 2% to 12% with maturities ranging from October 2024 through March 2027. The current portion of the deferred consideration is included in accounts payable and the long-term portion is included in other long-term liabilities on the Company's unaudited condensed consolidated balance sheet.

*Notes Payable*

In September 2023, EVERTEC Group entered into a non-interest bearing financing agreement amounting to $10.1 million to purchase software and maintenance which the Company recorded on a discounted basis using an implied interest of 6.9%. As of September 30, 2024, the outstanding principal balance of the note payable on a discounted basis was $7.1 million. The current portion of the note is included in accounts payable and the long-term portion is included in other long-term liabilities on the Company's unaudited condensed consolidated balance sheet.

*Interest Rate Swaps*

As of September 30, 2024, the Company has four interest rate swap agreements, which convert a portion of the interest rate payments on the Company's Term Loan Facilities from variable to fixed. The interest rate swaps are used to hedge the market risk from changes in interest rates corresponding with the Company's variable rate debt. The interest rate swaps are designated as cash flow hedges and are considered highly effective. Cash flows from the interest rate swaps are included in the accrued liabilities and accounts payable line item in the Company's unaudited condensed consolidated statements of cash flows. Changes in the fair value of the interest rate swaps are recognized in other comprehensive income (loss) until the gains or losses are reclassified to earnings. Gains or losses reclassified to earnings are presented within interest expense in the accompanying condensed consolidated statements of income and comprehensive income (loss).

| Swap Agreement | Effective date | Maturity Date | Notional Amount | Variable Rate | Fixed Rate |
|---|---|---|---|---|---|
| 2018 Swap | April 2020 | November 2024 | $250 million | 1-month SOFR | 2.929% |
| 2023 Swap | November 2024 | December 2027 | $250 million | 1-month SOFR | 3.375% |
| 2024 Swap | March 2024 | October 2027 | $150 million | 1-month SOFR | 4.182% |
| 2024 Swap | March 2024 | October 2027 | $150 million | 1-month SOFR | 4.172% |

As of September 30, 2024, the carrying amount of the derivatives included on the Company's unaudited condensed consolidated balance sheet was an asset of $0.7 million and a liability of $9.0 million. As of December 31, 2023, the carrying amount of the derivatives included on the Company's consolidated balance sheet was an asset of $4.4 million and a liability of $0.9 million. The fair value of these derivatives is estimated using Level 2 inputs in the fair value hierarchy on a recurring basis. Refer to Note 8 to the Unaudited Condensed Consolidated Financial Statements for disclosure of gains (losses) recorded on cash flow hedging activities.

During the three and nine months ended September 30, 2024 the Company reclassified gains of $2.5 million and $6.6 million, respectively, from accumulated other comprehensive income (loss) into interest expense compared to gains of $1.6 million and $4.0 million, respectively, for the corresponding periods in 2023. Based on expected SOFR rates, the Company expects to reclassify gains of $1.3 million from accumulated other comprehensive (loss) income into interest expense over the next 12 months.

***Covenant Compliance***

As of September 30, 2024, the total secured net leverage ratio was 2.24 to 1.00. As of the date of filing of this Report, no event has occurred that constitutes an Event of Default or Default.

In this Report, we refer to the term "Adjusted EBITDA" to mean EBITDA as so defined and calculated in a substantially consistent manner for purposes of determining compliance with the total secured net leverage ratio based on the financial information for the last twelve months at the end of each quarter.

*Net Income Reconciliation to EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per common share (Non-GAAP Measures)*

The non-GAAP measures referenced in this Report are supplemental measures of the Company's performance and are not required by, or presented in accordance with, accounting principles generally accepted in the United States of America ("GAAP"). They are not measurements of the Company's financial performance under GAAP and should not be considered as alternatives to total revenue, net income or any other performance measures derived in accordance with GAAP or as alternatives to cash flows from operating activities, as indicators of operating performance or as measures of the Company's liquidity. In addition to GAAP measures, management uses these non-GAAP measures to focus on the factors the Company believes are pertinent to the daily management of the Company's operations and believes that they are also frequently used by analysts, investors and other stakeholders to evaluate companies in our industry. These measures have certain limitations in that they do not include the impact of certain expenses that are reflected in our condensed consolidated statements of operations that are necessary to run our business. Other companies, including other companies in our industry, may not use these measures or may calculate these measures differently than as presented herein, limiting their usefulness as comparative measures.

Reconciliations of the non-GAAP measures to the most directly comparable GAAP measure are included below. These non-GAAP measures include EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per common share, each as defined below.

**EBITDA** is defined as earnings before interest, taxes, depreciation and amortization.

**Adjusted EBITDA** is defined as EBITDA further adjusted to exclude certain non-cash items and unusual expenses such as: share-based compensation, restructuring related expenses, fees and expenses from corporate transactions such as M&A activity and financing, equity investment income net of dividends received, and the impact from unrealized gains and losses on foreign currency remeasurement for assets and liabilities in non-functional currency. This measure is reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing their performance. For this reason, Adjusted EBITDA, as it relates to the Company's segments, is presented in conformity with Accounting Standards Codification 280, *Segment Reporting*, and is excluded from the definition of non-GAAP financial measures under the Securities and Exchange Commission's Regulation G and Item 10(e) of Regulation S-K. The Company's presentation of Adjusted EBITDA is substantially consistent with the equivalent measurements that are contained in the secured credit facilities in testing EVERTEC Group's compliance with covenants therein such as the secured leverage ratio. Adjusted EBITDA Margin is defined as Adjusted EBITDA as a percentage of total revenues.

**Adjusted Net Income** is defined as Adjusted EBITDA less: operating depreciation and amortization expense, defined as GAAP Depreciation and amortization less amortization of intangibles related to acquisitions such as customer relationships, trademarks; cash interest expense defined as GAAP interest expense, less GAAP interest income adjusted to exclude non-cash amortization of debt issue costs, premium and accretion of discount; income tax expense which is calculated on adjusted pre-tax income using the applicable GAAP tax rate, adjusted for uncertain tax positions, tax true-ups, windfall from share-based compensation, unrealized gains and losses from foreign currency remeasurement, among others; and non-controlling interests, net of amortization for intangibles created as part of the purchase.

**Adjusted Earnings per common share** is defined as Adjusted Net Income divided by diluted shares outstanding.

The Company uses Adjusted Net Income to measure the Company's overall profitability because the Company believes it better reflects the comparable operating performance by excluding the impact of the non-cash amortization and depreciation that was created as a result of merger and acquisition activity. In addition, in evaluating EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per common share, you should be aware that in the future the Company may incur expenses such as those excluded in calculating them.

A reconciliation of net income to EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per common share is provided below:

| *(In thousands, except per share information)* | Three months ended September 30, 2024 | Three months ended September 30, 2023 | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 | Twelve months ended September 30, 2024 |
|---|---|---|---|---|---|
| **Net income** | **$ 25,202** | **$ 9,956** | 74,112 | 68,069 | **$ 85,919** |
| Income tax expense | 1,707 | (4,858) | 3,100 | 4,546 | 4,031 |
| Interest expense, net | 15,008 | 3,783 | 47,078 | 11,830 | 59,057 |
| Depreciation and amortization | 33,660 | 21,919 | 101,051 | 63,680 | 130,992 |
| **EBITDA** | **75,577** | **30,800** | **225,341** | **148,125** | **279,999** |
| Equity income [1] | 1,929 | 1,834 | (238) | (797) | (1,386) |
| Compensation and benefits [2] | 7,595 | 6,970 | 23,186 | 21,516 | 30,982 |
| Transaction, refinancing and other [3] | 1,176 | 36,249 | 165 | 44,092 | 9,618 |
| Loss on foreign currency remeasurement [4] | 1,112 | 2,806 | 3,164 | 7,337 | 4,103 |
| **Adjusted EBITDA** | **87,389** | **78,659** | **251,618** | **220,273** | **323,316** |
| Operating depreciation and amortization [5] | (16,293) | (13,061) | (45,732) | (38,265) | (60,380) |
| Cash interest expense, net [6] | (13,908) | (3,755) | (43,749) | (11,575) | (56,460) |
| Income tax expense [7] | (1,234) | (9,447) | (3,298) | (25,855) | (6,481) |
| Non-controlling interest [8] | (535) | 50 | (1,601) | 96 | (1,954) |
| **Adjusted net income** | **$ 55,419** | **$ 52,446** | **$ 157,238** | **$ 144,674** | **$ 198,041** |
| **Net income per common share (GAAP):** | | | | | |
| Diluted | $ 0.38 | $ 0.15 | $ 1.11 | $ 1.04 | |
| **Adjusted Earnings per common share (Non-GAAP):** | | | | | |
| Diluted | $ 0.86 | $ 0.80 | $ 2.41 | $ 2.20 | |
| **Shares used in computing adjusted earnings per common share:** | | | | | |
| Diluted | 64,719,129 | 65,779,259 | 65,316,948 | 65,705,596 | |

1) Represents the elimination of non-cash equity earnings from our equity investments, net of dividends received.
2) Primarily represents share-based compensation and severance payments.
3) Represents fees and expenses associated with corporate transactions as defined in the Credit Agreement, recorded as part of selling, general and administrative expenses, the elimination of realized gains from the change in fair market value of equity securities and the foreign currency swap loss.
4) Represents non-cash unrealized gains (losses) on foreign currency remeasurement for assets and liabilities denominated in non-functional currencies.
5) Represents operating depreciation and amortization expense, which excludes amounts generated as a result of merger and acquisition activity.
6) Represents interest expense, less interest income, as they appear on the condensed consolidated statements of income and comprehensive income (loss), adjusted to exclude non-cash amortization of the debt issue costs, premium and accretion of discount.
7) Represents income tax expense calculated on adjusted pre-tax income using the applicable GAAP tax rate, adjusted for certain discrete items.
8) Represents the non-controlling equity interests, net of amortization for intangibles created as part of the purchase.

**Critical Accounting Estimates**

Our consolidated financial statements are prepared in accordance with GAAP. In connection with the preparation of our financial statements, we are required to make estimates and assumptions about future events and apply judgments that affect the reported amounts of certain assets and liabilities, and in some instances, the reported amounts of revenues and expenses during the period. We base our assumptions, estimates, and judgments on historical experience, current events, and other factors that management believes to be relevant at the time our condensed consolidated financial statements are prepared. However, because future events are inherently uncertain and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. For a description of the Company's critical accounting estimates, refer to "Part II—Item 7-Management's Discussion and Analysis of Financial Condition and Results of

Operations-Critical Accounting Estimates" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the SEC on February 29, 2024.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risks arising from our normal business activities. These market risks principally involve the possibility of changes in interest rates that will adversely affect the value of our financial assets and liabilities or future cash flows and earnings, foreign currency exchange risk that may result in unfavorable foreign currency translation adjustments and inflation. Market risk is the potential loss arising from adverse changes in market rates and prices. The following analysis provides quantitative and qualitative information regarding these risks.

***Interest Rate Risks***

Interest rate risk is highly sensitive due to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control.

We issued floating-rate debt which is subject to fluctuations in interest rates. Our secured credit facilities accrue interest at variable rates and are subject to a floor or a minimum rate. Based upon a sensitivity analysis of our outstanding debt on September 30, 2024, a hypothetical 100 basis point increase in interest rates over our floor on our debt balances outstanding as of September 30, 2024, under the secured credit facilities, would increase our annual interest expense by approximately $4.3 million. The impact on future interest expense as a result of future changes in interest rates will depend largely on the gross amount of our borrowings at that time.

As of September 30, 2024, the Company has four interest rate swap agreements which convert a portion of the interest rate payments on the Company's Term Loan Facilities from variable rate debt to fixed.

The interest rate swap exposes us to credit risk in the event that the counterparty to the swap agreement does not or cannot meet its obligations. The notional amount is used to measure interest to be paid or received and does not represent the amount of exposure to credit loss. The loss would be limited to the amount that would have been received, if any, over the remaining life of the swap. The counterparties to the swaps are major U.S. based financial institution and we expect all counterparties to be able to perform its obligations under the swaps. We use derivative financial instruments for hedging purposes only and not for trading or speculative purposes.

See Note 5 of the Unaudited Condensed Consolidated Financial Statements for additional information related to the secured credit facilities.

***Foreign Exchange Risk***

We conduct business in certain countries in Latin America for which we have determined that the functional currency is other than the U.S. dollar. Given this, our operating results are exposed to volatility due to fluctuations in exchange rates for the countries' functional currencies. Non-functional currency transactions are remeasured into the functional currency which results in a foreign exchange gain or loss recorded through Other income (expenses). For the three and nine months ended September 30, 2024, the Company recognized non-cash unrealized foreign currency remeasurement losses of $1.1 million and $3.2 million, respectively, compared to losses of $2.8 million and $7.3 million, respectively for the same periods in 2023. For subsidiaries whose functional currency is other than the U.S. dollar, their assets and liabilities are translated into U.S. dollars at exchange rates at the balance sheet date, and revenues and expenses are translated using average exchange rates in effect during the period. The resulting foreign currency translation adjustments are reported in accumulated other comprehensive (loss) income in the condensed consolidated balance sheets. As of September 30, 2024, the Company had $60.6 million in an unfavorable foreign currency translation adjustment as part of accumulated other comprehensive (loss) income compared with a favorable foreign currency translation adjustment of $14.8 million as of December 31, 2023.

**Inflation Risk**

While it is difficult to accurately measure the impact of inflation on our results of operations and financial condition, we believe the effects of inflation, if any, on our historical results of operations and financial condition have been immaterial. General inflation in the geographies in which we operate has risen to levels that have not been experienced in recent years, however, inflation has historically had a minimal net effect on our operating results given that overall inflation has been offset by sales and cost reduction actions. Rising prices for input costs, including wages and benefits, occupancy and general administrative costs, could potentially have a negative impact on our results of operations and financial condition which may not be readily

recoverable from our customers. In addition, inflation has driven a rising interest rate environment, which has had an adverse effect on our cost of funding, as well as led to enhanced volatility on foreign currency exchange rates. While we proactively try to mitigate these rising costs, we may not be able to fully offset these impacts, which could result in negative effect on our results of operation. Thus, we cannot assure you that our results of operations and financial condition will not be materially impacted by inflation in the future.

**Item 4. Controls and Procedures**

***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Report. Based upon their evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2024, the Company's disclosure controls and procedures were effective.

***Changes in Internal Control Over Financial Reporting***

We completed the Sinqia acquisition on November 1, 2023 (see Note 2 of the Notes to the Unaudited Condensed Consolidated Financial Statements). We excluded Sinqia's disclosure controls and procedures that are subsumed by its internal control over financial reporting from the scope of management's assessment of the effectiveness of the Company's disclosure controls and procedures. This exclusion is in accordance with the SEC Staff's general guidance that an assessment of a recently acquired business may be omitted from the scope of management's assessment for one year following the acquisition. We are in and will continue with the process of integrating Sinqia into our overall internal control environment. We believe that we have taken the necessary steps to monitor and maintain appropriate internal control over financial reporting during this ongoing integration.

Except as described above, there have been no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

We are defendants in various lawsuits or arbitration proceedings arising in the ordinary course of business. Management believes, based on the opinion of legal counsel and other factors, that the aggregated liabilities, if any, arising from such actions will not have a material adverse effect on the financial condition, results of operations and the cash flows of the Company.

### Item 1A. Risk Factors

There have been no material changes to the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 29, 2024. For a discussion of the potential risks and uncertainties related to us, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes repurchases of the Company's common stock in the three month period ended September 30, 2024:

| Period | Total number of shares purchased | Average price paid per share | Total number of shares purchased as part of a publicly announced program (1) | Approximate dollar value of shares that may yet be purchased under the program |
|---|---|---|---|---|
| 9/1/2024-9/30/2024 | 374,091 | 32.86 | 374,091 | |
| | 374,091 | $ 32.86 | 374,091 | $ 137,700,000 |

(1) On March 4, 2024, the Company announced that its Board approved an increase to the current stock repurchase program, authorizing the purchase of up to an aggregate of $220 million of the Company's common stock and an extension to the expiration of the program to December 31, 2025. Under the repurchase program, the Company may repurchase shares in the open market, through accelerated share repurchase programs, Rule 10b5-1 plans, or in privately negotiated transactions, subject to business opportunities and other factors.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

**Item 6. Exhibits**

| | |
|---|---|
| 3.1 | Third Amended and Restated Certificate of Incorporation of EVERTEC, Inc., dated as of May 25, 2023 (incorporated by reference to Exhibit 3.1 of EVERTEC, Inc.'s Current Report on Form 8-K filed on June 1, 2023, File No. 001-35872). |
| 3.2 | Amended and Restated Bylaws of EVERTEC, Inc., dated as of May 25, 2023 (incorporated by reference to Exhibit 3.2 of EVERTEC, Inc.'s Current Report on Form 8-K filed on June 1, 2023, File No. 001-35872). |
| 31.1* | CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1** | CEO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2** | CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS XBRL* | Inline Instance document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH XBRL* | Inline Taxonomy Extension Schema |
| 101.CAL XBRL* | Inline Taxonomy Extension Calculation Linkbase |
| 101.DEF XBRL* | Inline Taxonomy Extension Definition Linkbase |
| 101.LAB XBRL* | Inline Taxonomy Extension Label Linkbase |
| 101.PRE XBRL* | Inline Taxonomy Extension Presentation Linkbase |
| 104* | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

* Filed herewith.
** Furnished herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EVERTEC, Inc.
(Registrant)

Date: November 8, 2024

By: /s/ Morgan Schuessler
Morgan Schuessler
Chief Executive Officer (Principal Executive Officer)

Date: November 8, 2024

By: /s/ Joaquin A. Castrillo-Salgado
Joaquin A. Castrillo-Salgado
Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)