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EVERTEC, Inc. (EVTC)

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, everyone and welcome to EVERTEC's First Quarter 2026 Earnings Conference Call. Today's conference call is being recorded. At this time, I would like to turn the call over to Loyda Montes Santiago of Investor Relations. Please go ahead.

Loyda Montes Santiago

Investor Relations, EVERTEC, Inc.

Thank you, and good afternoon. With me today are Mac Schuessler, our President and Chief Executive Officer; and Karla Cruz-Jusino, Chief Financial Officer.

Before we begin, I would like to remind everyone that this call may contain forward-looking statements and should be considered in conjunction with cautionary statements contained in our earnings release and the company's most recent periodic SEC report. During today's call, management will provide certain information that will constitute non-GAAP financial measures, under SEC rules, such as constant currency revenue, adjusted EBITDA, adjusted net income, and adjusted earnings per common share. Reconciliations to GAAP measures and certain additional information are also included in today's earnings release and related supplemental slides, which are available in the Investor Relations section of our company's website at www.everttecinc.com.

I will now hand over the call to Mac.

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

Thanks, Loyda, and good afternoon, everyone. I'm pleased to announce strong first quarter results that demonstrate continued execution against our strategic priorities and momentum across our core markets. Today,

I'll begin with an overview of our M&A framework and how it is translating into value creation across our portfolio, including the closing of the Dimensa acquisition and an update on Sinqia and Tecnobank. Each of these reflects a different phase of the same strategy acquiring, integrating, and scaling high-quality assets. I'll then review our Q1 performance before turning the call over to Karla for a more detailed discussion of our financial results.

Let me start by outlining how we think about M&A. Our framework is a disciplined approach built around a clearly defined set of criteria. First, we focus on scalable assets with transferable capabilities, which allow us to drive efficient growth, while minimizing incremental cost and simplifying integration. Second, client overlap and regional footprint are also key considerations. We look to expand our services with the right financial institutions and retailers, while leveraging the attractive growth characteristics of businesses with core operations across Latin America.

Finally, we prioritize high quality revenue and strong underlying economics, emphasizing profitable business models supported by recurring or volume-based revenue with clear opportunities for accelerating growth and expanding margin over time. Consistent with that framework, I'm pleased to announce that we have successfully closed our previously announced acquisition of Dimensa. Strategically, this acquisition represents an important step forward, positioning us amongst the largest financial SaaS providers in the market. Dimensa adds a meaningful set of new client relationships, strengthens existing key partnerships and significantly expands our opportunities within the region, as we continue to build a comprehensive one stop shop portfolio of services.

This acquisition simultaneously supports growth and efficiency, reinforcing our leadership in existing markets, while expanding our presence into new segments. From a financial perspective, Dimensa is expected to be neutral to slightly accretive in 2026, reflecting integration timing and financing cost. We anticipate realizing synergies beginning in 2027, which should further enhance the earnings contribution over time. On a pro forma basis and inclusive of the synergies, the acquisition multiple compares favorably with EVERTEC's current valuation. Given we are only days into the acquisition, our near-term focus is integration, execution and building momentum through 2026 and beyond, as we expect Dimensa to become an increasingly important contributor to our growth as we move forward.

Turning to Sinqia, integration priorities remain focused on operational discipline, product rationalization and go-to market effectiveness. The commercial pipeline remains balanced between new customer wins and cross-sell opportunities, supported by our expanded product offering and modernization of existing platforms and the complementary acquisitions we have completed across Brazil. While the competitive environment remains active, our scale, local expertise and increasingly integrated offering continued to differentiate us. As we look ahead, our focus remains on driving operational efficiency and positioning the business for sustained margin improvement over time.

Lastly, Tecnobank continues to validate our M&A strategy in Brazil, strengthening our local scale and capabilities while demonstrating our ability to integrate founder-led platforms and position that for sustainable growth, reinforcing confidence in our ability to execute strategic acquisitions in the region.

Now turning to slide 7, I'll cover some highlights from our first quarter results. Revenue for the quarter was approximately \$247.9 million, an increase of 8% compared to the prior year, driven in part by the full contribution from the Tecnobank acquisition, as well as organic growth across most of the company's segments. On a constant-currency basis, revenue also reflected the continued stability in the underlying business momentum, with approximately 5% year-over-year growth.

Adjusted EBITDA for the quarter was approximately \$97 million, up 9% year-over-year. Adjusted EBITDA margin was 39.1% consistent with the prior year, despite headwinds from the 10% discount to Popular and unfavorable foreign exchange dynamics. This performance reflects our continued focus on disciplined cost management and operational efficiency.

Adjusted EPS was approximately \$0.90, an increase of 3% from the prior year, driven by strong adjusted EBITDA growth and a lower share count reflecting the impact of the share repurchases completed during the current and prior year.

From a capital allocation perspective, during the quarter, we paid approximately \$3.1 million in dividends and repurchased approximately 700,000 shares for a total of \$20 million. We exited the quarter with approximately \$130 million remaining on our share repurchase program, providing us flexibility going forward. Our liquidity remains strong at approximately \$460 million as of March 31, allowing us to execute on the Dimensa acquisition.

Let me now provide an update on Puerto Rico beginning on slide 8. Merchant Acquiring revenue grew 2% year-over-year, driven by higher sales volume, despite a modest decline in spread that was consistent with our expectations. Payment Services Puerto Rico grew 6% year-over-year, driven by transaction growth and continued strength in ATH Movil, primarily ATH Movil Business. Business Solutions revenue declined approximately \$6 million or 9% year-over-year, primarily reflecting the 10% discount to Popular, as well as a one-time hardware and software sale executed during the prior year period.

Overall, economic conditions in Puerto Rico continues to remain stable, with positive trends in total employment and strong tourism performance. The unemployment rate remained at 5.6%, while consumer spending continue to demonstrate strength and stability.

Turning to slide 9, in Latin America, revenue increased 32% year-over-year on a reported basis. Tecnobank delivered a strong full quarter contribution in Q1, supporting revenue and EBITDA growth in Latin America and reinforcing the reacceleration we have been seeing in Brazil. We also benefited from the continued organic growth across the region, including contribution from recent client wins. Results also benefited from a \$6.8 million foreign exchange tailwind, primarily in Brazil.

On a constant-currency basis, our Latin America business grew 24% compared to the prior year. In summary, we're pleased with our first quarter performance and the continued progress across our strategic initiatives. Our diversification into Latin America continues to drive growth. Our Puerto Rico business remains resilient, and our disciplined M&A strategy continues to deliver tangible results. We remain focused on sustainable organic growth, disciplined capital allocation, and long-term value creation.

With that, I will now turn the call over to Karla, who will provide more details on our Q1 results and discuss our updated outlook for the remainder of 2026.

Karla M. Cruz-Jusino

Executive Vice President & Chief Financial Officer, EVERTEC, Inc.

Thank you, Mac, and good afternoon, everyone. Turning to slide 11, I'll begin with a review of EVERTEC's first quarter results. Total revenue for the quarter was \$247.9 million, an increase of approximately 8% compared to the prior year, driven by organic growth across most of our segments and the contribution from Tecnobank, which closed on October 1 of last year. On a constant-currency basis, revenue growth would have been approximately 5%, with reported results this quarter benefiting from favorable foreign currency fluctuations, primarily in Brazil.

Adjusted EBITDA for the quarter increased to \$97 million, up 9% year-over-year, with a 39.1% margin consistent with the prior year, despite several known headwinds during the period. These headwinds included the full impact of the 10% discount to Popular, as well as higher-than-anticipated unfavorable foreign exchange dynamics, particularly in countries where our contracts are denominated in US dollars, while our expenses are in their local currency, including Uruguay and Costa Rica. Our ability to maintain margin stability in this environment reflects continued execution against our cost discipline initiative and a strong focus on operational efficiency across the organization. We continue to actively manage expenses while supporting growth initiatives which have allowed us to absorb this headwind and deliver consistent profitability.

Adjusted net income was \$56 million, broadly consistent with the \$36.3 million in the prior year, reflecting strong adjusted EBITDA performance. This resulted in solid bottom line stability despite the anticipated increase in the adjusted effective tax rate to 10.9% for the quarter, driven by the continued growth in our Latin America operations, which are subject to higher statutory tax rates. Results also reflect a higher operating depreciation and amortization, as well as the impact of the 25% non-controlling interest from the Tecnobank acquisition.

Adjusted EPS was \$0.90, an increase of approximately 3% from the prior year, reflecting adjusted net income results and the benefit of a lower share count from repurchases completed during the current and prior periods.

Moving to slide 12, I will now cover our first quarter results by segment, beginning with Merchant Acquiring. Net revenue increased approximately 2% year-over-year to \$48.4 million. Sales volume and transactions both grew approximately 4%, with growth driven by new high volume merchants, as well as from existing customers. As expected, we did see a modest decline in spread, reflecting a change in the mix consistent with more recent trends, which was partially offset by higher non-transactional revenues from pricing initiatives implemented in the third quarter of prior year.

Adjusted EBITDA for the segment was \$19.5 million, with an adjusted EBITDA margin of 40.3%, down approximately 240 basis points from the prior year. The margin decline was primarily driven by higher processing costs related to CPI increases in our Payment Puerto Rico segment. Overall performance continues to demonstrate stable demand and healthy underlying transaction activity.

On slide 13 are the results for the Payment Services Puerto Rico and Caribbean segment. Revenue for the quarter was \$58.4 million, an increase of approximately 6% year-over-year. Growth was driven by the continued strong performance in ATH Movil, particularly ATH Movil Business, which delivered double-digit growth in both volumes and transactions. We also saw solid growth in POS transaction, which increased approximately 8% year-over-year, supporting the overall segment performance.

Results also benefited from higher services provided to our Latin America segment reflecting organic growth and new client activity. These were partially offset by the 10% discount to Popular. Adjusted EBITDA was \$34.7 million, an increase of approximately 11% from the prior year, with an adjusted EBITDA margin of 59.4%, an increase of approximately 240 basis points.

Margin expansion was driven by incremental revenues, including increased volumes across Merchant Acquiring and Latin America. Overall, the segment delivered strong year-over-year growth and continue to demonstrate its ability to scale.

Turning to slide 14, I'll cover our results for Latin America Payments and Solutions, which was the largest contributor to revenue and EBITDA growth during the quarter. Revenue for the quarter was \$110.3 million, an increase of approximately 32% year-over-year. Currency tailwinds in the quarter benefited segment growth by

approximately \$6.8 million or 8%, mainly driven by the appreciation of the Brazilian real. On a constant-currency basis, revenue growth for the segment would have been approximately 24%.

Growth was driven by the full quarter contribution from the Tecnobank acquisition, continued strength in Brazil, solid performance from Grandata, and overall organic growth across the region. These were partially offset by the attrition impact from the MELI relationship, which will anniversary in the second quarter and pricing actions to extend key client contracts. On a reported basis, adjusted EBITDA was \$32.8 million, an increase of approximately 32% from the prior year, with an adjusted EBITDA margin of 29.7% in line with prior year.

Adjusted EBITDA benefited from strong revenue growth but was partially offset by foreign currency headwinds from the higher-than-anticipated appreciation in markets such as Uruguay and Chile. Overall results reflect strong execution across the region, positioning the segment well for the remainder of the year.

Moving to slide 15, are the results for our Business Solutions segment. Revenue for the quarter was \$59.5 million, representing a decrease of about 79% from the prior year. This decline was in line with our expectation and was primarily attributable to the 10% discount to Popular that began in October of prior year, as well as a non-recurring hardware and software sale completed during the prior year quarter.

Adjusted EBITDA was \$21.6 million, slightly below the prior year, reflecting the impact of the 10% discount to Popular. Adjusted EBITDA margin increased approximately 240 basis points to 36.3%, mainly driven by lower expenses associated with the prior year one-time hardware and software sale, which came in at lower margins, as well as lower operating costs tied to non-recurring projects executed in the prior year quarter and cost saving initiatives implemented within the segment. Overall, segment profitability remained resilient, with margin expansion reflecting disciplined cost management and the absence of prior year one-time items.

Moving to slide 16, you will see a summary of our corporate and other expenses. Adjusted EBITDA was negative \$11.7 million for the quarter, representing 4.7% of total revenue, slightly below our expectations. Moving to slide 17, I'll now review our cash flow performance. We continue to effectively manage our working capital generating net cash from operating activities of \$31.2 million during the quarter. Capital expenditures were \$22.7 million for the quarter, reflecting ongoing investments to continue modernizing our platforms and enhancing our information security capabilities.

During the first quarter, we paid down approximately \$6 million in debt and returned approximately \$23.1 million to shareholders through share repurchases and dividends. We repurchased 683,000 shares for \$20 million during the quarter. And as of March 31, we had approximately \$130 million remaining under our authorized share repurchase program available through December 31, 2027. Our ending cash balance for the quarter, excluding cash in settlement assets was \$314.5 million, a decrease of approximately \$17.3 million compared to year-end 2025.

Turning to slide 18, our net debt position at quarter end was \$826.2 million, comprised of \$1.1 billion in total loan and short-term debt, offset by \$290.9 million of unrestricted cash. Our weighted average interest rate was approximately 6%, a decrease of approximately 55 basis points year-over-year, reflecting the benefit from debt repricing actions executed during the prior year and lower interest rates.

Our net debt to trailing 12 months adjusted EBITDA was approximately 2.15 times compared to 2.04 times a year ago, remaining at the lower end of our target leverage range of 2 to 3 times. This continues to reflect our disciplined approach to capital allocation and balance sheet management. As of March 31, and prior to closing

the Dimensa acquisition, our total liquidity, which excludes restricted cash and includes available borrowing capacity was \$460.3 million, slightly above the prior year.

Turning now to our outlook for 2026 on slide 19. Based on our first quarter performance and the closing of the Dimensa acquisition, we are increasing our full year expectation. For 2026, we now expect reported revenue to be in the range of \$1.073 billion to \$1.085 billion, representing growth of 15.1% to 16.4% year-over-year. This outlook includes approximately 135 basis points of foreign currency tailwinds, driven primarily by the current appreciation of the Brazilian real relative to the 2025 monthly average exchange rate.

On a constant-currency basis, we now expect revenues for 2026 to grow between 13.8% to 15%, an increase from our prior constant-currency range of 8.7% to 10%. This outlook reflects two primary factors, the inclusion of Dimensa following its closing and the continued solid performance across our existing businesses, which remains largely in line with the assumptions we previously shared.

Starting with the legacy business, we continue to have a positive outlook supported by sustained momentum across payments, resilient performance in Puerto Rico, and continued growth across key Latin American markets. We are seeing consistent execution against our commercial and operational priorities, driven by a strong pipeline and disciplined cost management. As a result, our underlying assumptions for the core business remains intact and in several areas are tracking modestly ahead of our initial expectations.

With respect to Dimensa, the updated outlook reflects the incremental value contribution from the acquisition. Dimensa strengthens our position in Latin America and aligns closely with our long-term strategic priorities. While the business currently operates at a modestly lower margin profile than our Latin America segment average, it has scale and strategic adjacencies that we expect will enhance our growth profile over time. For 2026, we are not assuming any synergies as we expect the majority of cost and scale benefits to begin materializing in 2027 and beyond.

At the segment level for Merchant Acquiring, we continue to expect mid-single-digit growth in 2026, supported by stable transaction activities, sales volume and the implementation of key merchants. In Payments Puerto Rico and Caribbean, we also continue to expect mid single-digit growth driven by continued strength in ATH Movil and POS volume, including processing services provided to the Latin America segment, partially offset by the impact of the Popular discount. For Latin America Payments and Solutions, we now expect revenue to grow in the high-30s on a reported basis and mid-30s on a constant currency basis.

Finally, in Business Solutions, we continue to expect revenue to decline in the low-to mid-single digits, reflecting the anticipated reset following the Popular discount. Adjusted EPS is now expected to grow between 6.6% and 9.9% from the \$3.62 reported for 2025, or between 5.2% and 8.6% on a constant-currency basis. This outlook assumes an adjusted EBITDA margin of 39% to 40%. The updated range reflects the higher anticipated contribution from Latin America, while continuing to incorporate the operating discipline and cost initiatives we have discussed in prior quarters.

From an earnings perspective, our updated guidance assumes that Dimensa will be EPS neutral to slightly accretive in 2026, reflecting the balance between operating contributions, incremental interest expense and integration timing. Below the line, our outlook reflects the post transaction capital structure, financing costs, and related tax considerations. We continue to expect our effective tax rate to remain within a range of approximately 11% to 12% for the full year.

Capital expenditures are also expected to remain at approximately \$90 million. In addition, we expect to continue returning capital to shareholders through dividends and when appropriate, share repurchases. Overall, our increased 2026 outlook reflects confidence in the performance of our existing business and the strategic and financial contribution of Dimensa, while our focus in 2026 remains on integration and execution, we continue to see meaningful, long-term value creation opportunities.

In summary, we delivered a solid first quarter, increased our full year outlook, and remain well-positioned to execute against our priorities for 2026, supported by a strong balance sheet, disciplined capital allocation and continued focus on execution.

With that operator, please open the line for questions.

QUESTION AND ANSWER SECTION

Operator: Yes, thank you. We will now begin the question-and-answer session. [Operator Instructions] And the first question comes from Madison Suhr with Raymond James.

Madison Suhr

Analyst, Raymond James & Associates, Inc.

Q

Hey, good afternoon. Appreciate you taking the questions. I just wanted to start here on the updated outlook. Appreciate the color on the expected EPS impact from Dimensa, but just as we think about the \$40 million raise to the midpoint of revenue, can you give us a more detailed sense of how much of that is driven by the deal versus some of those other factors you talked about?

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

A

Hey, Madison, thanks for the question. This is Mac. Look, we're not – we don't break that out, as you know, historically. But let me give you a little bit of color on Dimensa just since you asked. Look, we're incredibly excited about the deal because this year it'll be neutral to accretive and our leverage ratio will still be 2.4 or less. And in 2026, we have no synergies baked in. So what you're seeing in the guide doesn't include synergies which we think we'll realize in 2027 and 2028, which make the deal even more valuable.

Look, it's mostly 95% of it's recurring revenue and it gets us into two verticals we're not in today, insurance and risk. And then it also helps us double down on funds and bank. So, we think there are a lot of synergies not only in expense side, but also on the revenue side. But we can't really break out the specifics on the numbers for the deal.

Madison Suhr

Analyst, Raymond James & Associates, Inc.

Q

Okay, I appreciate that and I appreciate the extra color. And then just a quick follow-up here on the corporate revenue headwind. So it grew pretty meaningfully year-over-year. Can you just provide some color on what drove this in the quarter? And then to the extent you can give any expectations, is this kind of the right run rate you're thinking about for the year or do you expect it to kind of step down as we progress throughout the year? Thanks, guys.

Karla M. Cruz-Jusino

Executive Vice President & Chief Financial Officer, EVERTEC, Inc.

A

Yeah, corporate revenue is impacted by obviously intercompany transactions, which we have called out as part of some of the growth on some of our segments. So that is the expected, I'm going to say, run rate as we think about the next couple of quarters.

Operator: Very good.

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

A

Madison, did we lose you?

Madison Suhr

Analyst, Raymond James & Associates, Inc.

Q

No, that was all. Thanks. Thank you, guys. Appreciate it.

Operator: Very good. Thanks. And the next question comes from Jamie Friedman with Susquehanna.

James E. Friedman

Analyst, Susquehanna Financial Group LLLP

Q

Hi, I'm sorry about the background noise, but I just wanted to know, Mac, in terms of your prepared remarks and the observation on slide 4 about the transferability of the acquired assets. Could you elaborate on that? In particular, the transferability like in which use cases have you had the most success so far in transferring the assets, either regionally or other verticals?

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

A

Yeah. So what I would say is, I mean, there's a couple of pieces to this. One I'm thinking of specifically, a lot of what we've done in Brazil is we think is primarily focused on the current market. We do have some products that we've exported, but it's been limited. PayStudio is the platform, PlacetoPay is a platform, RiskCenter is a platform that we've localized throughout the region. That's what Santander is running on, that's what Banco de Chile is running on, Grupo Aval, and even BCR now in Costa Rica.

So those are some of the platforms we've regionalized. What I would say in Brazil, we've done a good job of leveraging the platforms across from a cross-sell perspective. So if you look at this deal right now, so I said earlier, they have four verticals, two of those verticals we're not in. So they're in the insurance business. They have about 65% of the market. So a lot of the – and with insurance companies, they're dealing with the brokers, they're dealing with the underwriters, they're dealing with the consumers. And then they also have a risk management product for financial institutions. So we're able to cross-sell back and forth our products to their insurance and risk customers and vice versa.

On the fund side, we have a similar product where we have very different customers. So we have the mid-sized banks and they have the larger banks. And you talk about sort of being able to transfer capabilities. We think we can take LOTE45, which is one of our products that we acquired with Sinqia, and we can bolt that on to the Dimensa product. So that's where we can take these products in Brazil and bolt them together because Dimensa

has a set of clients we don't have and then we have a capability they don't have. So we can sort of broaden the value proposition.

So in that concept of transferability and platforms we can leverage across deals. We have those that we can leverage across the region, which are a lot of the payment products. And then within Brazil, we can combine some of these products that we have between Sinqia and Dimensa and Tecnobank and then there's huge transferable sort of Rolodexes and integrations we can do to make these products work together.

James E. Friedman

Analyst, Susquehanna Financial Group LLLP

That's great answer. And then I wanted to ask about at a higher level about the prospects of inflation, maybe for Mac or for Karla. Some of the other payments companies are talking about it. So, could you share your perspective on how inflation impacts the business, whether it's wage inflation or gas inflation or any commentary at a high level on inflation would be helpful? Thank you.

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

I mean, look, there are multiple impacts like anybody's business. The good thing is that some of our businesses, some of the payments businesses are actually tied to the size of the ticket. So if there is inflation in some of our merchant acquiring businesses, we actually get the lift in that, right. So we actually see incremental revenue. And then also some of our contracts, particularly with the bank, are tied to CPI. There's – the way that interacts and plays is there's a formula, but in some ways we benefit from inflation.

But just like any other business, when there're inflation and it has impacts to our costs, those are costs we have to absorb. I do think we've demonstrated when we have significant cost increases across our base, whether it's the \$18 million discount we had to pass to Popular or inflation in general, we've done a good job of managing it and keeping it at our margins at about the 40% level.

James E. Friedman

Analyst, Susquehanna Financial Group LLLP

Thank you so much.

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

Yeah, thanks.

Operator: Thank you. And the next question comes from Vasu Govil with KBW.

Vasundhara Govil

Analyst, Keefe, Bruyette & Woods, Inc.

Hi. Thank you for taking my questions. Mac, maybe first, a high level one for you on AI. Just given the market's focus on potential for AI to reshape software economics. I'm curious how you think about that potential risk and if you are seeing sort of an appetite among financial institutions in Latin America to embed AI into their own workflows? Just curious how that might affect you.

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

A

Yeah, great question, Vasu, thanks. So, what I would say is we are pretty bullish on AI generally, not just around software development, but around the enterprise generally. I'll sort of walk you through how we think about it. I mean, this year we've been very focused on appropriate governance and experimentation to see where we think the biggest benefits are. And there's sort of three areas we think we're going to see a big impact, and that's not baked into 2026 guidance. I think that's going to impact us in the future years.

Number one is efficiency. We think that we can – it'll change our cost structure and we can be much more efficient in certain areas. The second is in growth, right? The ability to add new features, to improve our products so that we can grow faster. And the third is in quality, right? So the ability to have better quality and better SLAs because artificial intelligence is helping how we manage service.

I'll give you two examples because what we've done is experimentation across the organization. And I personally have done some deep dives to understand the impacts to not just software development, but to all of the functions across the company. And what we're finding right now is there's a lot of benefit accruing at the individual level, right, because different departments are experimenting, but we're not seeing it sort of aggregate at the corporate level. And that'll be our focus in 2027 and 2028.

Two examples; one is incident management, I talked about quality. Our PlacetoPay product, which is our online gateway, is using artificial intelligence to manage incidents. So if there's a system problem or there's an issue with the system, we can resolve the issue 5 to 8 times faster using artificial intelligence. So that's better quality for our customers. It keeps our systems up and running in a more durable way. So we see real quality improvement. [indiscernible] (00:31:40) talked about chatbot and customer service, that's the obvious piece. But incident management is something that people don't typically think about.

On the growth perspective, and our Risk Center product, which is the product that people use to monitor fraud, we're actually using artificial intelligence to make it easier for our users to interact with the software so that they don't have to know all the different formulas and ways to actually build logic, right? Because they use rules and logic to help determine if a transaction is fraudulent. But they can use artificial intelligence with just normal language to create those rules and to create rules more quickly. And what we're seeing is when we do that, they're seeing 40% less alerts. That means they're not seeing false positives. And then they're actually seeing a 20% increase in fraud detection because the tools are easier to use, artificial intelligence is flagging fraud more quickly.

So, we're seeing real use cases, Vasu, across all those areas. So, we do think that it's going to help us from a margin perspective, but we also think it's going to help us grow faster and it's also going to improve our quality of delivering and maintaining our services.

Vasundhara Govil

Analyst, Keefe, Bruyette & Woods, Inc.

Q

That's helpful. And it doesn't sound like you think it's a big threat in terms of banks using AI themselves to disrupt some of the software products you might be offering today?

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

A

No, I mean, look, we, I mean, I understand that theory with some software companies and technology companies, but we're processing financial transactions where there's reconciliation involved, there's settlement between financial institutions, there's risk management products. So we think the products that we provide, we'll be able to provide them more quickly and more cost effectively. But we actually think it's a catalyst and a tailwind for our business. We don't think it's something that's going to – I personally don't see it as negative. I see it as quite the opposite.

Vasundhara Govil

Analyst, Keefe, Bruyette & Woods, Inc.

Thank you. That's very helpful color. And if I may ask a follow-up on the Banco de Chile partnership. I think last quarter you had mentioned it's now operational. Just how is that tracking relative to your internal expectations? And how long before it ramps up to its full run rate? How should we think about the revenue potential, I guess, relative to the Santander relationship today? Thank you.

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

Great question. So what I would say is we've announced a couple deals that we've talked about on the previous calls and those are going as expected. Any sort of benefits we see in 2026 are already baked into the guidance. But all of the projects that we've announced as far as new clients are going as anticipated.

Vasundhara Govil

Analyst, Keefe, Bruyette & Woods, Inc.

Thank you very much.

Operator: Thank you. And the next question comes from Nate Svensson with Deutsche Bank.

Nate Svensson

Analyst, Deutsche Bank Securities, Inc.

Hey, guys, thanks for the question. I'm going to ask a follow-up on Dimensa and I totally get you don't break out the inorganic contribution. So maybe I wanted to ask a different way about some of the historical performance. I think if you look at the disclosures from the former owner of Dimensa, they have given some numbers for 2025 and 2024 in Brazilian reals. I just wanted to confirm whether there is any sort of accounting considerations with net or gross revenue or anything like that we need to keep in mind when looking at the historicals. And then also, if you look at the 2024 to 2025 growth rate that they had disclosed was pretty healthy. I don't know if you know if that's all organic. I think Dimensa in the past had maybe benefited from some inorganic tuck-ins, so maybe a better sense of how Dimensa had been performing and leaving aside what exactly is baked into the guide for 2026?

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

Yes. So what I would say about Dimensa is very similar to Sinqia, some of their growth was M&A. So when you look at their historical numbers, they include some M&A and they did have some softness in their business a couple of years ago, just like we did because of the general circumstances in Brazil, sort of after [indiscernible] (00:35:33), people were much more cautious about IT spend. And they also had some legacy platforms that were outdated. What, we believe so, because I think the important thing is going forward right, we think, number one,

there's some cost synergies that are pretty meaningful that we will take out in 2027. Again, that's not even included in 2026.

And number two, we do think that we've talked to clients and they're actually excited about us acquiring this asset because they want us to do with Dimensa what we've done with Sinqia, and that's modernizing the platforms so that they can grow with the business. And they're looking forward to doing sort of having multiple relationships with a vendor like Sinqia. Like I said earlier, we think there are a lot of cross-sell opportunities, Dimensa has some of the biggest banks in the funds business. We can bolt on LOTE45 to actually provide other capabilities using some of our other products. So, we think the revenue synergies and the growth tailwind that we'll have by combining these products, modernizing them and cross-selling are pretty compelling for the deal.

Nate Svensson

Analyst, Deutsche Bank Securities, Inc.

Got it, helpful, especially the 2024 softness at Dimensa very similar to what you're seeing in Sinqia. So that makes a ton of sense. I guess the other maybe higher level one just on capital allocation, right. So you've done a bunch of acquisitions here, leverage still in a healthy spot. But when you look at sort of where the stock is trading in valuation and the I guess the \$130 million or so you still have on the repurchase authorization, how are we or how should we think about the prioritization of leaning in to that share buyback authorization, more buybacks versus paying down debt versus other opportunities out there to continue building out the business, especially in Latin America? Are there prospects, sort of potential attractive deals that you're looking at? Just how should we think about the priority of each of those in 2026?

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

Great question. Look, I mean, couple of things. One is we just bought Dimensa, right? And we just bought Tecnobank. So we're very focused on integrating those and that is a key priority for us. As you know, if you follow the story, I mean, we're now close to a little over 45%, closer to 46% of our revenue is outside of Puerto Rico. And a lot of that has been M&A. So we will continue to focus on M&A. We continue to have a healthy pipeline. But right now we're focused on Dimensa, Tecnobank. And then we believe that the stock is, as you can tell by our previous buyback, is – we're opportunistic. We do understand the stock price is low compared to where it's been over the last year or two. And so we will continue to balance that as we look at capital allocation. But right now, we're going to focus on the deals we have and continue to consider buying stock.

Nate Svensson

Analyst, Deutsche Bank Securities, Inc.

Thanks, Mac. I appreciate it.

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

Yeah, thank you.

Operator: Thank you. And the next question comes from Cris Kennedy with William Blair.

Cristopher Kennedy

Analyst, William Blair & Co. LLC

Yeah, good afternoon. Thanks for taking the question. You provided some good updates on the economy in Puerto Rico. Any comments or observations on some of the markets outside of Puerto Rico that you can talk about, given the macro uncertainties?

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

A

Yes. So we wouldn't have anything specific to call out. What we would say is we still are confident in 2026 and even with some of the things that are going on in the different markets, we don't see anything that we would specifically call out.

Cristopher Kennedy

Analyst, William Blair & Co. LLC

Q

Okay, understood. And then, Mac, last call you talked about one of the biggest pipelines for the company. Just can you just talk about kind of how the conversion of the pipelines are progressing? Thank you.

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

A

Yeah, no, great question. So, I mean, we talked about and we still – so we're flipping out to the organic side. Like I said, we posted some pretty big deals, right. Banco de Chile, Grupo Aval [indiscernible] (00:39:22) was one of the other deals we've talked about. We still have a very healthy organic pipeline and we're optimistic this year that we'll continue to have wins that we can announce throughout the year.

Cristopher Kennedy

Analyst, William Blair & Co. LLC

Q

Great. Thanks for taking the questions.

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

A

Thanks, Chris.

Operator: Thank you. And that does conclude the question-and-answer session. I would like to turn the floor to management for any closing comments.

Morgan M. Schuessler

President, Chief Executive Officer & Director, EVERTEC, Inc.

I want to thank everybody for joining the call tonight. Again, we look forward to seeing you at conferences and speaking to you individually over the coming quarter. Everybody, have a good night. Thank you.

Operator: Thank you. That concludes today's conference. Thank you for attending today's presentation. You may now disconnect your lines.

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