

Sinqia Acquisition & Q2 Preliminary Results

July 20, 2023

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Forward-looking Statements

Certain statements in this presentation constitute “forward-looking statements” within the meaning of, and subject to the protection of, the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of EVERTEC to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements preceded by, followed by, or that otherwise include the words “believes,” “expects,” “anticipates,” “intends,” “projects,” “estimates,” and “plans” and similar expressions of future or conditional verbs such as “will,” “should,” “would,” “may,” and “could” are generally forward-looking in nature and not historical facts. Any statements that refer to expectations or other characterizations of future events, circumstances or results are forward-looking statements, including expectations that the expanded revolving facility will provide the Company with greater flexibility to execute on its strategic imperatives with a continued focus on M&A. Various factors that could cause actual future results and other future events to differ materially from those estimated by management include, but are not limited to: the Company’s reliance on its relationship with Popular, Inc. (“Popular”) for a significant portion of its revenues pursuant to the Company’s second amended and restated Master Services Agreement ("MSA") with them, and to grow the Company’s merchant acquiring business; the Company’s ability to renew its client contracts on terms favorable to the Company, including but not limited to the current term and any extension of the MSA with Popular; the Company’s dependence on its processing systems, technology infrastructure, security systems and fraudulent payment detection systems, as well as on the Company’s personnel and certain third parties with whom it does business, and the risks to the Company’s business if its systems are hacked or otherwise compromised; the Company’s ability to develop, install and adopt new software, technology and computing systems; a decreased client base due to consolidations and failures in the financial services industry; the credit risk of the Company’s merchant clients, for which it 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; the Company’s 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 international, legal, tax, political, administrative or economic conditions; the geographical concentration of the Company’s business in Puerto Rico, including its business with the government of Puerto Rico and its instrumentalities, which are facing severe 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 the Company’s customer base, general consumer spending, the Company’s cost of operations and the Company’s ability to hire and retain qualified employees; operating an international business in Latin America and the Caribbean, in jurisdictions with potential political and economic instability; the impact of foreign exchange rates on operations; the Company’s ability to protect its intellectual property rights against infringement and to defend itself against claims of infringement brought by third parties; the Company’s 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; the Company’s level of indebtedness and restrictions contained in the Company’s debt agreements, including the secured credit facilities, as well as debt that could be incurred in the future; the Company’s ability to prevent a cybersecurity attack or breach to its information security; the possibility that the Company could lose its preferential tax rate in Puerto Rico; the possibility of future catastrophic hurricanes, earthquakes and other potential natural disasters affecting the Company’s main markets in Latin America and the Caribbean; and uncertainty related to the effect of the discontinuation of the London Interbank Offered Rate; the elimination of Popular's ownership of the Company's common stock; and the other factors set forth under "Part 1, Item 1A. Risk Factors," in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the Securities and Exchange Commission (the "SEC") on February 24, 2023, as any such factors may be updated from time to time in the Company’s 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.

Use of Non-GAAP Measures

This presentation will reference certain non-GAAP financial information. For a description and reconciliation of non-GAAP measures presented in this document, please see the appendix attached to this presentation or visit the Investor Relations section of the Evertec website at www.evertecinc.com.



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Our Strategic Transformation

Identified strategic imperatives since 2015

1. Invest in and improve service & infrastructure
2. Expand geographic footprint in Latin America through M&A
3. Accelerate product development and innovation
4. Strengthen BPOP relationship
5. Transform BPOP relationship & increase M&A agility
6. Growth through M&A

sinqia

Note: 1) Considers average of 1 EUR = 1,18 USD; 2) Total financial assets include total bank deposits, securities (listed shares, bonds, investment funds and other equities), insurance and pension funds; 3) Through EMBI;
Source: 4) Economist (EIU Report 2022); 5) UNCTAD; 6) World Bank Findex; 7) IBGE; OECD; Lit. Research; MB Associados; LCA; Allianz Research

Brazil market attractiveness

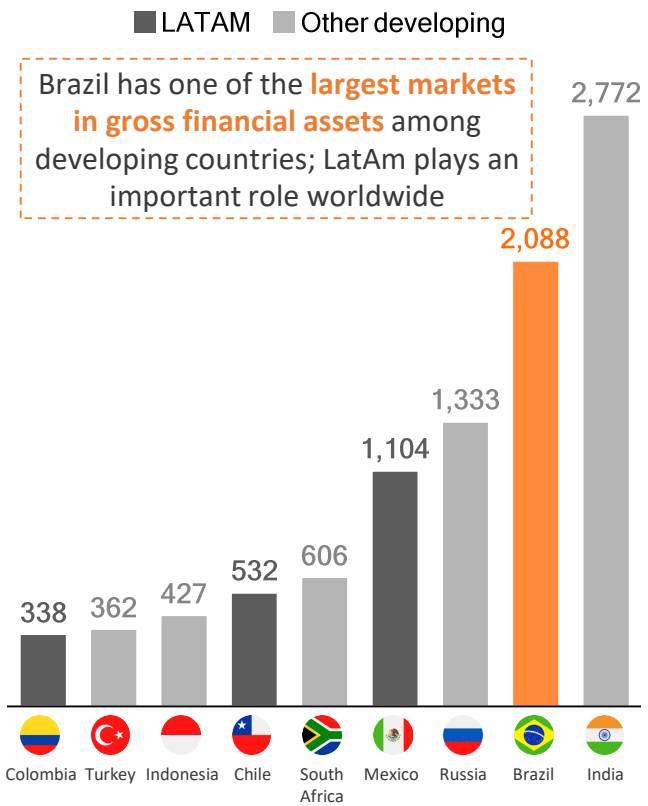
Brazil is a stable market, with a large and profitable Financial Services industry

Brazil has the fundamentals of a good geography for doing business

- Brazil **ranks high in democracy** vs. other emerging economies in the region[4]
- Institutions have **proven stability** and **plural legislative body**[7]
- Foreign capital % in economy is **significantly higher** than other emerging markets[5]
- Recent history of privatization, with **no recent nationalization** of private companies
- **Solid fundamentals** to enable a stable currency **exchange rate**[5]

Brazil has an attractive combination of lower risk, growth and size compared to other developing countries

Gross financial assets by country[2] (US$ B, 2021)[1]



Country highlights

Low perceived risk[3]

- Brazil is **2nd lowest risk country in LatAm,** surpassed only by Chile
- Perceived risk is **lower than the Global and LatAm** average

Fast growing market[6]

~2x Growth in #of **Bank accounts** from individuals in the last 5 years

~2x Growth of funds' **Assets Under Management** in the last 5 years

High banking penetration[6]

71% Average penetration in **developing countries**

84% of **Brazilians** have a bank account

Note: 1) Considers average of 1 EUR = 1,18 USD; 2) Total financial assets include total bank deposits, securities (listed shares, bonds, investment funds and other equities), insurance and pension funds; 3) Through EMBI;
Source: 4) Economist (EIU Report 2022); 5) UNCTAD; 6) World Bank Findex; 7) IBGE; OECD; Lit. Research; MB Associados; LCA; Allianz Research

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sinqia on a page

Sinqia is a leading player in the market for software for financial services

Key facts

Sinqia is a provider of **software solutions for financial institutions**

Sinqia is a publicly traded company in Brazil for **over 10 years**

With integrated solutions, it is a **leading player in the segment**

Has a successful track record of **24 acquisitions in the last 19 years**

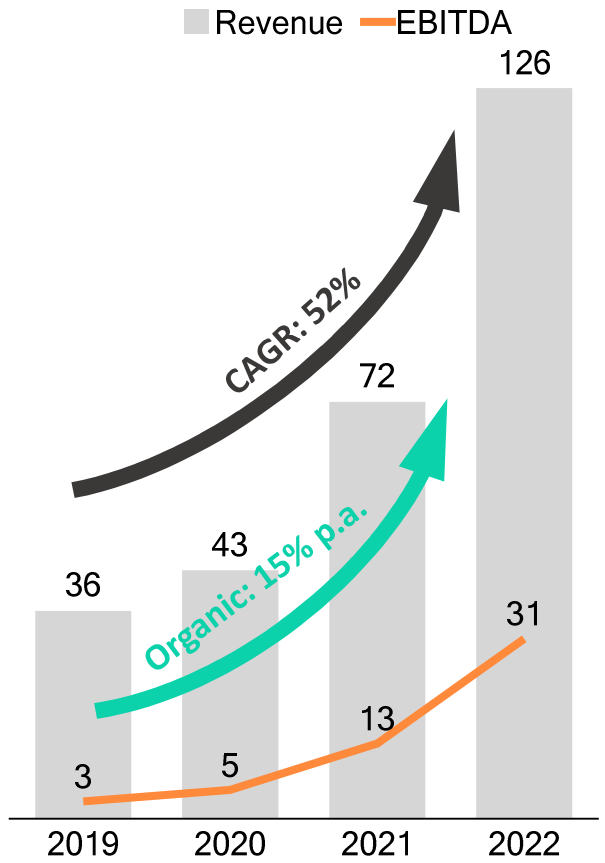
Diversified offering, playing in **4 different business verticals**

~85% Recurring revenue

$31M EBITDA 2022

2000+ Employees

Solid track record of Revenue and EBITDA growth ($M)[1]



Highlights

Client base

Largest client base in the market, with +900 clients

Diversified revenues

Largest client represents only 2.2%[4] of total revenues

Contracts

Volume and inflation-adjusted contracts

Analysts' coverage

Company covered by 6 key equity research firms[2]

Note: 1) Considers fixed FX rate of 1 USD = 4.90 BRL, as of 10th of July 2023; 2) Refers to 1Q2023 3) BTG Pactual, UBS, Credit Suisse, Itaú BBA, Auerbach Grayson & Co., Wright Reports; 4) Considers 1Q2023
Source: FactSet (4/13/2023); Company website and filings; News Clipping; Credit Bureau; EMIS

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Sinqia's businesses

Sinqia has solid businesses across 4 main verticals

% Share of net revenue[1]

Core vertical solutions

Sinqia | Banks — 19%

Complete **core-banking solutions** for both traditional and neobanks

+250 Clients:

7 of 10

largest banks in Brazil

Sinqia | Funds — 15%

Software solutions for the **asset management industry**

+340 Clients:

8 of 10

biggest fund administrators in Brazil

Sinqia | Pension — 22%

End-to-end management **solutions for private pension funds**

+170 Clients:

3 of 5

biggest pension funds in Brazil

Sinqia | Consortium — 17%

Integration **solutions for** all operational processes of **consortium administrators**

+120 Clients:

+70%

penetration in consortium quotas[2]

12% **Sinqia | Digital** — **Horizontal solution** resulting from the acquisition of Simply and FEPWeb. It **serves all segments through a SaaS business model**

15% **Sinqia | Services** — Horizontal solutions with **(i) Outsourcing of IT professionals** for analysis, development and maintenance of critical systems and processes **(ii) Technology & Consulting for** the development of **tailor-made projects** to certain customers

Note: Does not include Sinqia Services; (1) as of FY2022; (2) Sinqia clients comprise over 73% of registered consortium quotas in Brazil | Source: Company website and filings; ANBIMA; company internal data; ABAC

Banks

Addressable market for Banks is worth $ 0.8B in Brazil in 2022, and $ 0.9B in other LatAm countries

Key Sinqia's Solutions

- Core Banking
- Investments
- Credit
- Payments
- Foreign Exchange
- Service Channels
- Regulatory Modules

Serviceable Market

Banks | Brazil — **~$0.8B**

Banks | Others LatAm[1] — **~$0.9B**

Total Serviceable Banking Software Market — **~$1.7B**

Growth Drivers

Increase in banked population fueled growth in past years, and will continue to do so in the future, although at a lower pace

Outsourcing of core banking and new management modules/features to keep increasing in the coming years

Growing **relevance of digital banks**, which are typically more prone to outsource software solutions

Note: (1) Others LatAm include Chile, Colombia, Costa Rica and Mexico; (2) Considers fixed FX rate of 1 USD = 4.90 BRL, as of 10th of July 2023
Source: Gartner, Anbima, Bacen, Market participant interviews, LCA

Funds

Addressable market for Funds is worth $ 0.12B in Brazil in 2022, and $ 0.13B in other LatAm countries

Key Sinqia's Solutions

- Administrations
- Controllership
- Custody
- Distribution
- Risks
- Regulatory Modules

Serviceable Market

Funds | Brazil — **~$0.12B**

Funds | Others LatAm[1] — **~$0.13B**

Total Serviceable Funds Software Market — **~$0.25B**

Growth Drivers

Increasingly **educated population**, combined with easier access to digital banks and brokerages will continue to lead a **migration of individuals' investments** from savings accounts to funds and stocks

Number of **funds and AuM[2] to grow** in coming years, following the growth in number of individual invertors

Share of outsourced software solutions expected to slightly increase in some LatAm countries

Note: (1) Others LatAm include Chile, Colombia, Costa Rica and Mexico; (2) Considers fixed FX rate of 1 USD = 4.90 BRL, as of 10th of July 2023
Source: Gartner, Anbima, Bacen, Market participant interviews, LCA

Pension

Addressable market for Pension is worth $ 70M in Brazil in 2022, and $ 80M in other LatAm countries

Key Sinqia's Solutions

- Asset and liability management
- Service Channels
- ERP and regulatory modules

Serviceable Market

Pension | Brazil — **~$70M**

Pension | Others LatAm[1] — **~$80M[2]**

Total Serviceable Pension Software Market — **~$150M**

Growth Drivers

Number of **pension funds expected to remain constant** in the coming years

Average ticket per fund expected to increase due to AuM[2] concentration

Note: (1) Others LatAm include Chile, Colombia, Costa Rica and Mexico; (2) High-level estimate based on total Pension AuM across countries; Considers fixed FX rate of 1 USD = 4.90 BRL, as of 10th of July 2023
Source: Gartner, LCA, Abrapp, Bacen, OECD, Market participant interviews

Consortium

Addressable market for Consortium is worth $ 30M in Brazil in 2022, and not considered in Other LatAm

Key Sinqia's Solutions

- Group management
- Channels
- ERP and regulatory modules

Serviceable Market

Consortium | Brazil — **~$30M**

Consortium
Others LatAm[1] — **N/A**

Consortium is more restricted to Brazil; other geographies are not considered

Growth Drivers

Large growth of active members since 2019, mainly driven by higher interest rates and better product offering

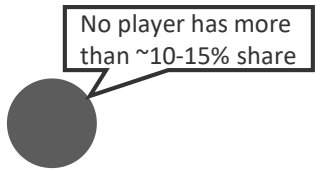
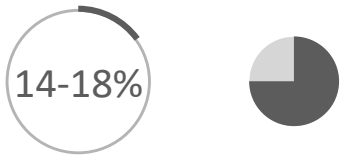
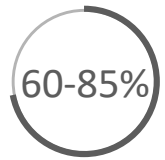
Lower credit availability and **high interest rates** to fuel growth in the future

Note: (1) Others LatAm include Chile, Colombia, Costa Rica and Mexico; (2) Considers fixed FX rate of 1 USD = 4.90 BRL, as of 10th of July 2023
Source: Gartner, Market participant interviews, LCA

Business opportunities

The company presents a solid position and attractive opportunities across all its main BUs

Core vertical solutions

	Banks	Funds	Pension	Consortium
Market overview	 *Market Share estimative*	 *Market Fragmentation*	 *Market Share estimative* *Market Fragmentation*	 *Market Share estimative*  *Market Fragmentation*	 *Market Share estimative* *Market Fragmentation*
Competitive positioning	**Top 3** **largest player**	**#2** **largest player**	**#1** **largest player**	**#1** **largest player**
	The only relevant player in all four markets			
Key Opportunities	**Inorganic growth** **International growth** in LatAm	**Inorganic growth** to create a one-stop shop platform **International** growth in LatAm	**Upsell** improving the platform value for clients **Inorganic growth** **Sustain leadership** in a growing market	**Upsell** improving the platform value for clients **Sustain leadership** in a growing market

Source: Lit. research; Market participants interviews; Sinqia's investor relations

Low → *High*

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Underlying markets

The deal will enable Evertec to tap into a much larger profit pool in LatAm



Company geographical presence:

- Sinqia's presence
- Evertec's presence

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Core in payments in LatAm

- Merchant acquiring
- Payments and card issuer processing
- Fraud Prevention

Payments profit pool LatAm[1]: ~$ 25B

sinqia

Core in four Financial services verticals in Brazil

- Banks
- Funds
- Pension
- Consortium

Four FS verticals profit pool Brazil[2]:~$ 75B

Future together

Taking:

Evertec payments solution to Brazil

&

Sinqia solutions to LatAm

Additional profit pool[3]: ~$ 120B

Total = ~$220B

Note: (1) Credit card and acquiring; (2) Loans, Checking account, Investments, and Consortiums; (3) Brazil: Credit card and acquiring. LatAm: Loans, Checking account, Investments, and Consortiums
Source: BACEN; Market Participant Interviews; ANBIMA; ABECS; SUSEP; LCA; Bain Analysis

Transaction Summary

Key terms of the proposed binding agreement for the acquisition of Sinqia

Purchase price and form

R$27.19[1]

Price per share

- **~24% premium** to the current price[2]

US$591mm[2]

Total Enterprise Value

- Equivalent to **R$2,835mm**



90% cash/ 10% equity

- 10% stock component (~1.2mm shares) to enable faster execution
- Increased and extended share authorization up to $150mm

Transaction structure



Merger of shares

- **Sinqia + Evertec BR** (Brazilian sub), upon the delivery of redeemable shares issued by Evertec BR to Sinqia's shareholders
- Sinqia to be a private and wholly owned sub



Simple majority

- Deal needs to be approved by shareholders with >50% of Sinqia's shares outstanding
- Evertec has an agreement with shareholders of approximately 40% of shares outstanding



Financing terms

- **Committed bank financing** of c.$600mm for this transaction

Timing



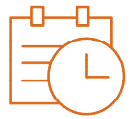
Shareholders meeting

- Notice to be sent early August subject to all requirements for meeting completed
- GSM to be held 30-45 days after notice.



Conditions

- Subject to customary closing conditions
- **No anti-trust approval needed**



Expected closing

- Transaction is expected **to close by the 4th quarter of 2023**

Note: (1) Subject to a ticking fee up to R$1.00 per share (2) At July 19, 2023

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Transaction financial impact

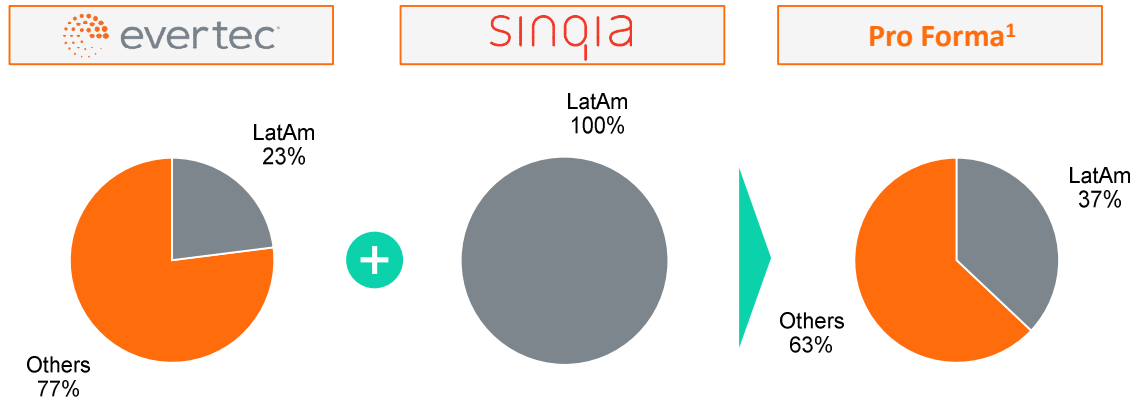
Combined entity will grow faster and be more geographic diverse, although with a slightly lower margin

Illustrative Acquisition Pro Forma Combination Analysis

Financial Highlights

- Enhances revenue growth and boosts our ability to execute in a high-growth region
- Meaningfully shifts our geographic concentration making LATAM approx. 37% of total revenue
- Expected to pressure run-rate Evertec Adjusted EBITDA margins as Sinqia comes in at lower contribution margin
- Expected to be break-even to accretive in ‘24 and accretive to ‘25
- Expected to be financed with a combination of cash on hand and $600M in committed financing
- Expect our leverage ratio to remain below 3x after closing

Illustrative Geographic Diversification Framework (‘23E Revenues)



Source: Company filings
Note: Values converted to USD based on the relevant FX rate for each period. Forward curve based on analysts’ median expectations compiled by the Brazilian Central Bank
1. Pro Forma split based on 2023E Evertec’s budget and Base Case projections for Surge
2. Considers no tax benefit from amortization of goodwill and intangibles

Preliminary earnings – 2Q actuals versus estimates

2Q23 Earnings

	2Q23 Estimate		
(in USD mm, except per share)	**Low**	**High**	**2Q22** *as recast*
Total Revenue	**$166**	**$167**	**$160.6**
Adjusted EBITDA	**$73**	**$74**	**$74.1**
Adjusted EBITDA margin	*44.0%*	*45%*	*46.1%*
GAAP EPS – Diluted	**$0.42**	**$0.45**	**$0.47**
Adjusted EPS	**$0.70**	**$0.72**	**$0.67**

2023 Outlook

FY2023 Outlook	Estimation range	
(in USD mm, except per share)	**Low**	**High**
Total Revenue	**$652**	**$658**
Growth, %	*5.4%*	*6.4%*
GAAP EPS – Diluted	**$1.82**	**$1.91**
Adjusted EPS	**$2.75**	**$2.83**
Growth, %	*9%*	*12%*
Capital Expenditures		**$70**
Assumptions:		
Adjusted EBITDA Margin	43%	44%
Tax Rate	16%	17%
Share Count to compute Adjusted EPS	65.5mm	65.5mm

Note: See Non-GAAP reconciliation summary in appendix (A)

Together, we are the Latin American fintech leader

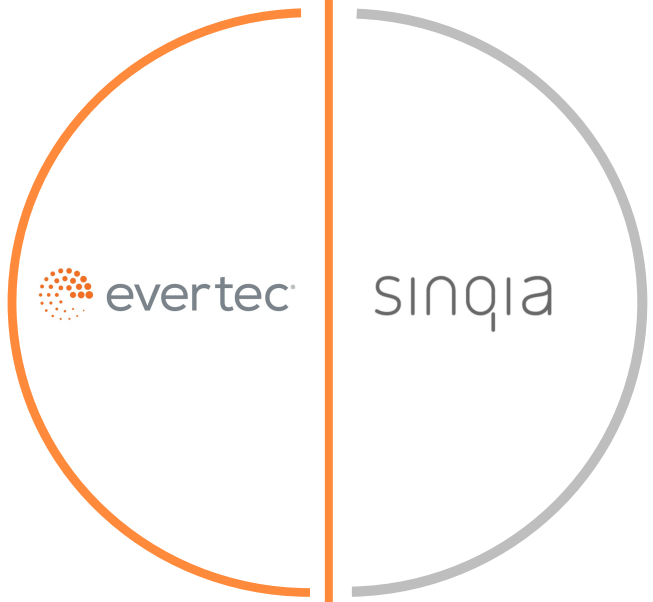
The deal will enable Evertec to expand its current business platform within the fintech space

Evertec

Powerful digital payments engine…

Evertec + Sinqia

…combined with modern software platform



Future together

Leading Financial Technology Platform with complete and robust solutions across LatAm

Evertec is uniquely positioned to create value with Sinqia:

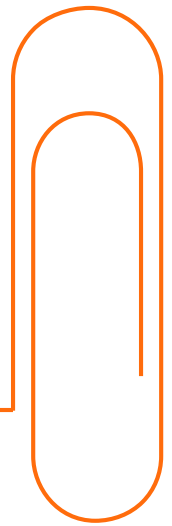
- *Successful track-record in regional expansions*
- *Complementary product offering enabling cross-sell with current clients*
- *Solid experience in combining and integrating businesses through M&A*
- *Expertise in running mission-critical FS software in large financial institutions*

What the future holds:

- *Faster-growing company*
- *Geographically more diversified*
- *New in-house tech solutions*
- *Higher recurring revenues*
- *Tapping into much larger profit pool*

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Appendix



Non-GAAP Reconciliation Summary

The non-GAAP measures referenced in this earnings release 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 at the end of this presentation. 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 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 position releases, tax true-ups, windfall from share-based compensation, unrealized gains and losses from foreign currency remeasurement, among others; and non-controlling interest which is the 35% non-controlling equity interest in Evertec Colombia, 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.



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Outlook Summary and Reconciliation to Non-GAAP Adjusted Earnings per Share

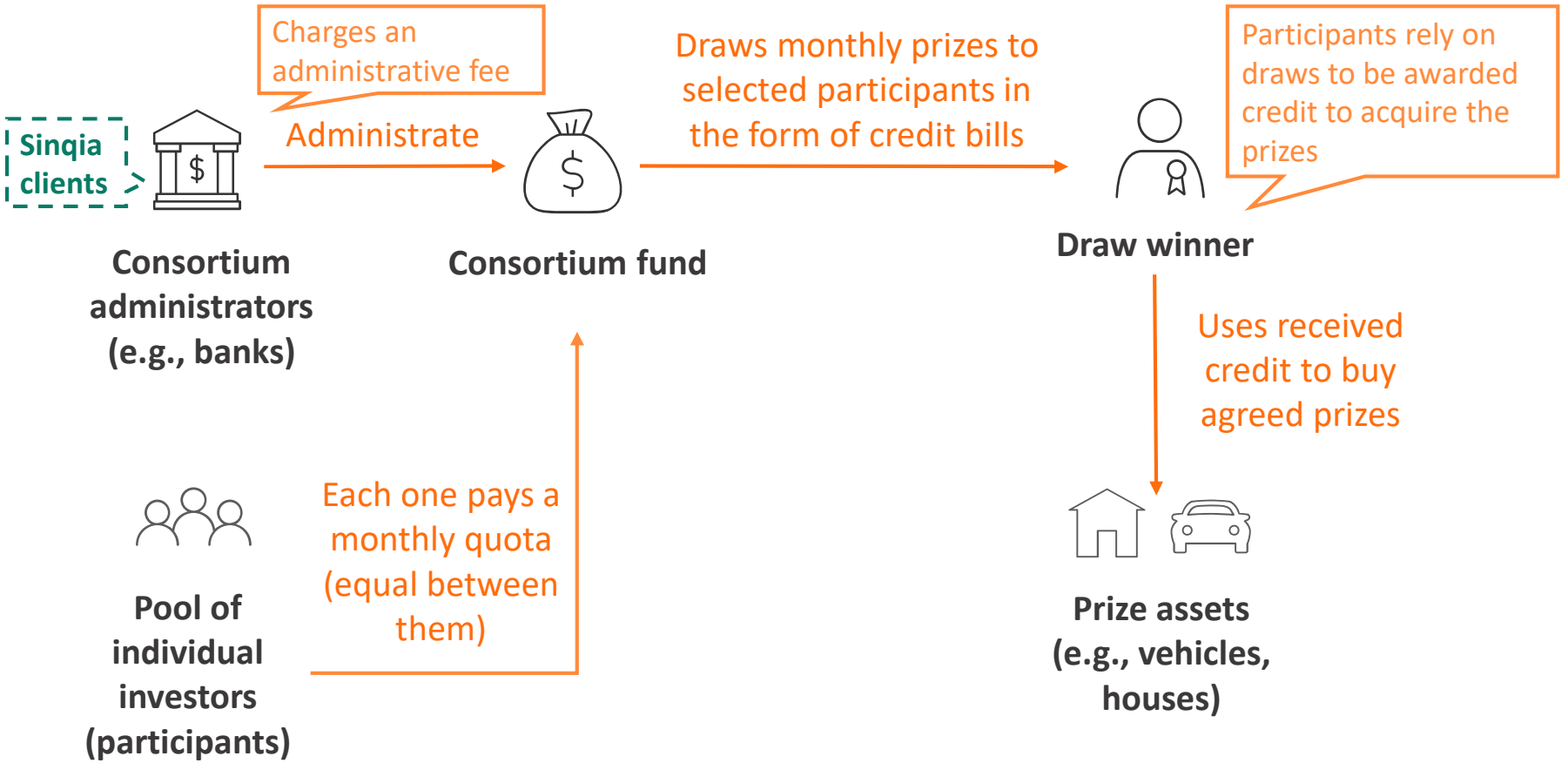
(Dollar amounts in millions, except share data)	2023 Outlook Low		2023 Outlook High	2022 (As recast)
Revenues	$652	to	$658	$618
Earnings per Share (EPS) (GAAP)	$1.82	to	$1.91	$3.45
Per share adjustment to reconcile GAAP EPS to Non-GAAP Adjusted EPS:				
Share-based comp, non-cash equity earnings and other [1]	0.56		0.56	(1.42)
Merger and acquisition related depreciation and amortization [2]	0.47		0.47	0.49
Non-cash interest expense [3]	0.01		0.01	0.01
Tax effect of non-gaap adjustments [4]	(0.18)		(0.19)	(0.10)
Loss (gain) of foreign currency remeasurement [5]	0.07		0.07	0.10
Total adjustments	0.93		0.92	($0.92)
Adjusted EPS (Non-GAAP)	$2.75	to	$2.83	$2.53
Shares used in computing adjusted earnings per share			65.5	69.3

1. Represents share-based compensation, the elimination of non-cash equity earnings from the Company's 19.99% equity investment in CONTADO, severance and other adjustments to reconcile GAAP EPS to non-GAAP EPS.
2. Represents depreciation and amortization expenses amounts generated as a result of M&A activity.
3. Represents non-cash amortization of the debt issue costs, premium and accretion of discount.
4. Represents income tax expense on non-GAAP adjustments using the applicable GAAP tax rate (anticipated at approximately 16% to 17%).
5. Represents non-cash unrealized gains (losses) on foreign currency remeasurement for assets and liabilities denominated in non-functional currencies.

Backup: Consortium model one-pager

The Consortium is an "auto-financing" model that relies on draws to select participants to receive the prizes, which are usually high-value assets such as vehicles or houses

Standard consortium model



Additional information

- **Consortium is an "auto-financing" model**, peculiar to the Brazilian market
- **Most Consortium administrators are banks or auto manufacturers.** Large retailers also have a stake in the market
- **Consortium participants can also bid to anticipate quotas** in order to acquire the prize, in an auction-like model