Risk Factors Comparison 2024-02-29 to 2023-02-24 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Readers should carefully consider, in connection with other information disclosed in this Annual Report on Form 10- K, the risks and uncertainties described below. The following discussion sets forth risks that we believe are material to our stockholders and prospective stockholders. The occurrence of any of the following risks might cause our stockholders to lose all or a part of their investment in our Company. ~~Additional risks and uncertainties not presently known to us or not believed by us to be material may also affect our business results, financial condition, results of operations, cash flows, the trading price of our common stock, and our ability to accomplish our strategic objectives.~~ Some statements contained in this ~~Annual~~ Report ~~on Form 10- K~~, including statements in the following risk factors section, constitute forward- looking statements. Please also refer to the section titled " Forward- Looking Statements " at the beginning of this ~~Annual~~ Report ~~on Form 10- K~~. Risks Related to Our Business Our services to Banco Popular, our largest customer, account for a significant portion of our revenues, and we expect that our services to Popular will continue to represent a significant portion of our revenues for the foreseeable future. Additionally, the elimination of Popular' s ownership of our common stock could **continue to** result in disruptions to relationships with customers and other business partners and adversely ~~affects~~ **affect** us. For the year ended December 31, ~~2022~~ **2023**, approximately ~~39~~ **35** % of our revenue was attributable to Banco Popular, a wholly **-** owned subsidiary of Popular. The ~~Amended and Restated Master Service Agreement (the "~~ A & R MSA ~~")~~ by and among Popular, Banco Popular de Puerto Rico and EVERTEC Group, is our most significant client contract, and was amended and restated to include **a** ~~terms~~ **term** ending in 2028. If Popular were to terminate or fail to ~~perform~~ **make required payments** under the A & R MSA, or our other material agreements with Popular, our revenues could be materially reduced and our profitability and cash flows could also be materially reduced, all of which would have a material adverse impact on our financial condition and results of operations. ~~Prior to closing the Popular Transaction on July 1, 2022, Popular owned approximately 17. 5 % of our common stock and historically had substantial influence over our policies and management. In connection with the closing of the Popular Transaction, Popular delivered 4. 6 million shares of Evertec common stock that were owned by Popular in exchange for certain assets of EVERTEC Group, and we also modified and extended certain commercial agreements with Banco Popular. Furthermore, effective as of July 1, 2022, the Stockholder Agreement, dated April 17, 2012, with Popular, which had granted them certain benefits as a shareholder of our Company, was terminated. On August 15, 2022, through a secondary offering, Popular sold its remaining shares of Evertec common stock and, as of the date of this Annual Report on Form 10- K, no longer holds any shares of our common stock. Evertec is no longer deemed a subsidiary of Popular under the Bank Holding Company Act.~~ There is no assurance that we will be able to realize the intended benefits of the Popular Transaction **, as the term is defined in the" Relationship with Popular" section**. Specifically, the Popular Transaction **has caused disruptions, and** could **continue to** cause disruptions **,** in our remaining businesses ~~or~~ **and has and could continue to** otherwise limit ~~the~~ **our** ability to compete for or perform certain contracts or services. The elimination of Popular' s holdings of our common stock and the corresponding termination ~~in~~ **of** Popular' s right to nominate directors to our Board of Directors may negatively impact our business relationship with Popular and increase the likelihood of a change of control of our Company ~~. Similarly, the elimination and the modification to commercial arrangements with Popular could have a material adverse effect on our business, financial condition, results of operations and cash flows, and the trading price of our common stock~~. If we are unable to maintain our merchant relationships and our alliance with Popular, our business may be materially adversely affected. Growth in our merchant acquiring business is derived primarily from acquiring new merchant relationships, new and enhanced product and service offerings, cross selling products and services into existing relationships, the shift of consumer spending to increased usage of electronic forms of payment, and the strength of our **existing commercial** relationship with Banco Popular. A substantial portion of our business is generated from our Amended and Restated Independent Sales Organization Sponsorship and Services Agreement (the " A & R ISO Agreement ") with Banco Popular, which was amended and restated on July 1, 2022, among other things, to extend its term to **end in** 2035. Banco Popular acts as a merchant referral source and provides sponsorship into the ATH, Visa, Discover and MasterCard networks for merchants, as well as card association sponsorship, clearing and settlement services. We provide transaction- processing and related functions. Both we and Popular, as alliance partners, may provide management, sales, marketing, and other administrative services to merchants **. Although Banco Popular is not our sole distribution channel, it is the most significant**. We rely on the continuing growth of our merchant relationships, which in turn is dependent upon our alliance with Banco Popular and other distribution channels. There can be no guarantee that this growth will continue and the loss or deterioration of these relationships, whether due to the termination of the A & R ISO Agreement or otherwise, could negatively impact our business and result in a material reduction of our revenue and income. If we are unable to renew or negotiate extensions for our A & R MSA with Popular, our A & R ISO Agreement with Banco Popular and our A & R ATH Network Participation Agreement with Banco Popular (together with its ATH Support Schedule, the " A & R BPPR ATH Agreement "), or if we are required to provide significant concessions to Popular or Banco Popular to secure extensions or otherwise, our ability to renegotiate our debt, **secure additional debt,** results of operations, financial condition and trading price of our common stock may be materially adversely affected ~~. We regularly discuss with Popular the terms of the A & R MSA and the services we provide Popular thereunder. Recent modifications under the existing A & R MSA include the elimination of the exclusivity requirement, the inclusion of annual MSA minimums through September 30, 2028, a 10 % fee discount on certain MSA services beginning in October of 2025 and adjustments to the CPI pricing escalator clause~~. We cannot be certain that we will be able to negotiate an extension to the **A & R** MSA upon its **current** expiration ~~on~~ **date, which** ~~its~~ **is** ~~terms~~

scheduled for 2028 . Even if we can negotiate an extension of the A & R MSA, any new master services agreement may be materially different from the existing A & R MSA. Further, Popular may require significant concessions from us with respect to pricing, services, and other key terms, both in respect of the current term and any future extension of the A & R MSA **. We regularly discuss with Popular the terms of the A & R MSA and the services we provide Popular thereunder and make modifications to such terms** . Any such events may materially and negatively impact our financial condition, results of operations and trading price of our common stock, as well as potentially limit our ability to renegotiate our debt. Our A & R ISO Agreement with Banco Popular, which sets our merchant acquiring relationship with Popular, now includes revenue sharing provisions with Popular. Banco Popular sponsors us as an independent sales organization with respect to certain credit card associations and is required to exclusively refer to us any merchant that inquires about the service, requests or otherwise evidences interest in merchant and other services. If the A & R ISO Agreement is not renewed, we will have to seek other card association sponsors, we will not benefit from Banco Popular referral of merchants and we may experience the loss of some merchants if Banco Popular itself enters the merchant acquiring business or agrees to sponsor another independent sales organization. Any of these events may negatively impact our financial condition and results of operations. **Under such agreements, among other things, we provide Banco Popular certain ATM and POS services in connection with our ATH network; we grant a license to use the ATH logo, word mark and associated trademarks; and Banco Popular agrees to support, promote, and market the ATH network and brand and to issue debit cards bearing the symbol of the ATH network. If one or both of the BPPR ATH Agreements are not extended, our ATH brand and network could be negatively impacted, and our financial condition and results of operations also be materially adversely affected.** The A & R MSA, A & R ISO Agreement, **and** A & R BPPR ATH Agreement, amended and restated ~~in~~ **on** July 1, 2022, have terms ending in 2028, 2035, and 2030, respectively ~~. Under such agreements, among other things, we provide Banco Popular certain ATM and POS services in connection with our ATH network; we grant a license to use the ATH logo, word mark and associated trademarks; and Banco Popular agrees to support, promote, and market the ATH network and brand and to issue debit cards bearing the symbol of the ATH network. If one or both of the BPPR ATH Agreements are not extended, our ATH brand and network could be negatively impacted, and our financial condition and results of operations materially adversely affected~~ . Our inability to renew or continue to maintain client contracts on favorable terms or at all may materially adversely affect our results of operations and financial condition. Our contracts with private clients generally run for a period of one to ~~five~~ **six** years **, and usually contain automatic renewal periods** . Our government contracts typically run for one year and do not include automatic renewal periods due to government procurement rules and related fiscal funding requirements. Our standard merchant contract has an initial term of up to three years, with automatic one- year renewal periods. At the end of the relevant contract term, clients can renew or renegotiate their contracts with us, but may also decide to engage one of our competitors to provide products and services. If we are not successful in achieving high renewal rates and / or contract terms that are favorable to us, our results of operations and financial condition may be adversely affected. We also depend on our payment processing clients to comply with their contractual obligations, applicable laws, regulatory requirements and credit card associations rules or standards. A client' s failure to comply with any such laws or requirements could force us to declare a breach of contract and terminate the client relationship. The termination of such contracts or relationships, as well as any inability to collect any damages caused, could have a material adverse effect on our business, financial condition, and results of operations. Additionally, any such failure by clients to comply could also result in fines, penalties or obligations imputed to EVERTEC, which could also have a material adverse effect on our business. We rely on our information technology ~~(" IT ")~~ systems, employees and certain suppliers and counterparties, and certain failures or disruptions in those systems or chains could materially adversely affect our operations **. We rely on computer systems, hardware, software, technology infrastructure, and online sites for both internal and external operations that are critical to our business (collectively," IT Systems"). For example, we use our IT Systems to connect with our clients, people, and others. We own and manage some of these IT Systems, but also rely on third parties for a range of IT Systems and related products and services, including but not limited to cloud computing services. We and certain of our third- party providers also collect, store, transfer, process, and use business, personal, and financial data about our own business, clients, employees, business partners, and others, including information about individuals and proprietary information belonging to our business such as trade secrets. We face numerous and evolving cybersecurity risks that threaten the confidentiality, integrity, and availability of our IT Systems and data. These cybersecurity risks may arise from diverse threat actors, such as state- sponsored organizations and opportunistic hackers and hacktivists, as well as through diverse attack vectors, such as social engineering / phishing, malware (including ransomware), malfeasance by insiders, human or technological error, and as a result of malicious code embedded in open- source software, or misconfigurations," bugs" or other vulnerabilities in commercial software that is integrated into our (or our suppliers' or service providers') IT Systems, products or services. Additionally, hardware, applications, or services that we develop or procure from third parties may contain defects in design or manufacture or other problems that could compromise the confidentiality, integrity, or availability of our data or IT Systems. Cybersecurity threats and attacks, including computer viruses, malware, hacking, ransomware or other destructive or disruptive software, are constantly evolving and pose a risk to our IT Systems and data. Cybersecurity attacks are expected to accelerate on a global basis in frequency and magnitude as threat actors are becoming increasingly sophisticated in using techniques and tools- including artificial intelligence- that circumvent security controls, evade detection, and remove forensic evidence. As a result, we may be unable to detect, investigate, remediate, or recover from future attacks or incidents, or to avoid a material adverse impact to our IT Systems, data, or business. There can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls, or procedures, will be fully implemented, complied with, or effective in protecting our IT Systems and data, and our systems and processes may be unable to prevent material security breaches. Security breaches, improper use of our**

systems, and unauthorized access to our data and information by employees and others may pose a risk that data may be exposed to unauthorized persons or to the public. Such occurrences could adversely affect our business, results of operations, financial position, and reputation, and could result in litigation (including class actions) or regulatory investigations or enforcement actions. In addition, we make extensive use of third- party service providers, including providers that store, transmit and process data. These third- party service providers are also subject to malicious attacks and cybersecurity threats that could adversely affect our business, results of operations, financial condition, and reputation . Many of our services are based on sophisticated software, technology, ~~and~~ computing systems **, and other IT Systems** , and we may encounter delays when developing new technology solutions and services. We **and our third- party providers regularly experience cyberattacks and other incidents, and we expect such attacks and incidents to continue in varying degrees. In particular, we** have experienced ~~in the past and expect to continue to experience in the future~~ actual and attempted cyber- attacks of our IT ~~networks~~ **Systems** , such as through phishing scams ~~and~~ **,** ransomware **, exploitation of vulnerabilities in our IT Systems, and other methods of attack** . **Even** ~~Although~~ -- **though some of these attacks have been successful;** none of these actual or attempted cyber- attacks has had a material adverse impact on our operations or financial condition, **and** we cannot guarantee that any such incidents will not have such an impact in the future. The ~~technology solutions~~ **IT Systems** underlying our services have occasionally contained, and may in the future contain, undetected errors or defects when first introduced or when new versions are released. We may experience difficulties in installing or integrating our ~~technologies~~ **IT Systems** on platforms used by our customers. Our businesses are dependent on our ability to reliably process, record and monitor a large number of transactions. We settle funds on behalf of financial institutions, other businesses and consumers and process funds transactions from clients, card issuers, payment networks and consumers on a daily basis for a variety of transaction types. Transactions facilitated by us include debit card, credit card, electronic bill payment transactions, ACH payments, electronic benefits transfer (" EBT ") transactions and check clearing that supports consumers, financial institutions, and other businesses. These payment activities rely upon technology infrastructure that facilitates the verification of activity with counterparties, the facilitation of the payment and, in some cases, the detection or prevention of fraudulent payments. If any of our financial, accounting, or other data processing systems or applications **or other IT Systems** fail or experience other significant shortcomings, our ability to serve our clients and accordingly our results of operations could be materially adversely affected. Such failures or shortcomings could be the result of events that are beyond our control, which may include, for example, computer viruses, fires, electrical or telecommunications outages, natural disasters, **future** disease pandemics **or other public health crisis** , terrorist acts **, political instability,** or other unanticipated damage to property or physical assets **. Certain of these events may become more frequent or intense as a result of climate change. For more information, see our risk factor titled" Our operations, business, customers and partners could be adversely affected by climate change"** . Any such shortcoming could also damage our reputation, require us to expend significant resources to correct the defect, and may result in liability to third parties, especially since some of our contractual agreements with financial institutions require the crediting of certain fees if our systems do not meet certain specified service levels. There is also a risk that we may lose critical data or experience **IT** ~~system~~ **System** failures. We perform the vast majority of disaster recovery operations ourselves, though we utilize select third parties for some aspects of recovery. To the extent we outsource our disaster recovery, we are at risk of the vendor' s unresponsiveness in the event of breakdowns in our **IT** ~~systems~~ **Systems** . Our property ~~and~~ **,** business interruption **, and cybersecurity** insurance may not be adequate to compensate us for all losses or failures that may occur. We are similarly dependent on our employees **to maintain our IT Systems** . Our operations could be materially adversely affected if one or more employees cause a significant operational breakdown or failure, either intentionally or as a result of human error. Suppliers and third parties with which we do business could also be sources of operational risk to us, including relating to breakdowns or failures of such parties' own systems or employees. Any of these occurrences could diminish our ability to operate one or more of our businesses, or result in potential liability to clients, reputational damage and regulatory intervention or fines, any of which could materially adversely affect our financial condition or results of operations. Our ability to recruit, retain and...... financial condition or results of operations. We are subject to security breaches or other confidential data theft from our systems, which can adversely affect our reputation and business. As part of our business, we electronically receive, process, store and transmit a wide range of confidential information, including sensitive customer information and personal consumer data, such as names and addresses, social security numbers, driver' s license numbers, cardholder data and payment history records **, as well as proprietary information belonging to our business or to our business partners (collectively," Confidential Information")** . We also operate payment, cash access and electronic card systems. Attacks on **IT** ~~information technology systems~~ **Systems** continue to grow in frequency, complexity and sophistication, a trend we expect will continue. The objectives of these attacks include, among other things, gaining unauthorized access to systems to facilitate financial fraud, disrupt operations, cause denial of service events, corrupt data, and steal non- public information. Such attacks have become a point of focus for individuals, businesses, and governmental entities. Unauthorized access to our ~~computer~~ **or third- party IT** ~~systems~~ **Systems** ~~or databases~~ could result in the theft or publication ~~of confidential information~~ , the deletion or modification ~~of records~~ or **other compromise to the confidentiality, integrity or availability of Confidential Information and** could **disrupt** ~~otherwise cause interruptions in the~~ successful operations of our businesses. These risks increase when we transmit information over the Internet as our visibility in the global payments industry attracts hackers to conduct attacks on our systems. Our security measures may also be breached due to the mishandling or misuse of **Confidential** ~~information~~ **Information** ; for example, if such information were erroneously provided to parties who are not permitted to have the information, either by employees acting contrary to our policies or as a result of a fault in our systems. Actual or perceived vulnerabilities or data breaches may lead to claims against us, which may require us to spend significant additional resources to remediate by addressing problems caused by breaches and further protect against security or privacy breaches. Additionally, while we maintain insurance policies specifically for cyber- attacks, our current insurance policies may not be adequate to reimburse us for losses caused by security breaches, and we may not be able to collect fully, if at all, under these insurance policies. A significant security breach, such as loss of credit card numbers ~~and related~~ **or other Confidential** ~~information~~ **Information** , could have a material adverse effect on our reputation, expose us to significant liability and result in a loss of customers. Some of our **IT** ~~systems~~ **Systems** have experienced in the past and may experience in the future security breaches and, although they did not have a material adverse effect on our results of operations or reputation, there can be no assurance of a similar result in the future. We cannot assure you that our security measures will prevent security breaches or that failure to prevent them will not have a material adverse effect on our business, results of operations, financial condition, and reputation. Any breaches of network or data security at our customers, partners or vendors could have similar negative effects. Our ability to recruit,retain and develop qualified personnel is critical to our success and growth.All our businesses require a wide range of expertise and intellectual capital to adapt to the rapidly changing technological,social,economic and regulatory environments.In order to successfully compete and grow,we must recruit,retain and develop personnel who can provide the necessary expertise across a broad spectrum of intellectual capital needs.In addition,we must develop,maintain and,as necessary,implement appropriate succession plans to assure we have the necessary human resources capable of maintaining continuity in our business.The market for qualified personnel is competitive and we may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors.In addition,from time to time,there may be changes in our management team that may be disruptive to our business.If our management team,including new hires that we make,fails to work together effectively and to execute our plans and strategies on a timely basis,our business could be harmed.Our effort to retain and develop personnel may also result in significant additional expenses,which could adversely affect our profitability ~~,and may not have the desired effect~~ .We cannot assure that key personnel,including our executive officers,will continue to be employed or that we will be able to attract and retain qualified personnel in the future.Failure to recruit,retain or develop qualified personnel could adversely affect our business **,financial condition or results of operations.** Failure to comply with federal ~~and~~ **,** state **and foreign** laws and regulations relating to data privacy and security, or the expansion of current, or the enactment of new, laws or regulations relating to data privacy and security, could adversely affect our business, financial condition and operating results. While we are not a direct- to- consumer business, we do collect, process, store, use and share ~~some~~ personal data of our employees and business partners, which is governed by a variety of **U. S.** federal and state **and foreign** laws and regulations. Laws and regulations relating to data privacy and security are complex and rapidly evolving and subject to potentially differing interpretations. These requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or our practices. As we seek to expand our business, we are, and may increasingly become, subject to various laws, regulations, standards, and contractual obligations relating to data privacy and security in the jurisdictions in which we operate. **Certain states in the United States and most countries have adopted privacy and security laws that may apply to our business. These laws generally require companies to implement specific privacy and information security controls and legal protections to protect certain types of personal information and to collect or use it subject to disclosures. Additional compliance investment and potential business process changes may continue to be required as these laws and others go into effect. Further, in order to comply with the varying state laws around data breaches, we must maintain adequate security measures, which require significant investments in resources and ongoing attention. Additionally, our customers and business partners are imposing more stringent obligations on us in the form of contracts regarding privacy and information security. Even though we believe we and our vendors are generally in compliance with applicable laws, rules and regulations relating to privacy and data security, these laws are in some cases relatively new and the interpretation and application of these laws are uncertain.** Despite our efforts, our practices may not comply, now or in the future, with all such laws, regulations, requirements **,** and obligations. Any failure, or perceived failure, by us to comply with our posted privacy **and security- related** policies or with any current or future federal or state data privacy or security- related laws, regulations, regulatory guidance, orders, or other legal obligations relating to privacy or security could adversely affect our reputation, brand and business, and may result in claims, proceedings, or actions against us by governmental entities or others or other liabilities or require us to change our operations and / or cease using certain data sets ~~. Any such claim~~ , ~~proceeding or action could hurt our reputation, brand~~ -- **and** ~~and business, force us to incur significant expenses in defense of such proceedings, distract our management, increase our costs of doing business, result in a loss of customers and manufacturers, and~~ may ~~result in the imposition of monetary penalties and~~ otherwise adversely affect our financial condition and operating results. We may also be contractually required to indemnify and hold harmless third parties from the costs or consequences of non- compliance with any laws, regulations, or other legal obligations relating to privacy or security or any inadvertent or unauthorized use or disclosure of data that we store or handle as part of operating our business. Fraud by merchants or others could adversely affect our business, financial condition or results of operations. Under certain circumstances, we may be liable for certain fraudulent transactions and / or credits initiated by merchants or others. For instance, if we were to process payments for a merchant that engaged in unfair or deceptive trade practices, we may be subject to certain fines or penalties. Examples of merchant fraud include merchants or other parties knowingly using a stolen or counterfeit credit, debit or prepaid card, card number, or other credentials to record a false sales or credit transaction, processing an invalid card or intentionally failing to deliver the merchandise or services sold in an otherwise valid transaction. Criminals are using increasingly sophisticated methods to engage in illegal activities such as counterfeiting and fraud. A single significant incident of fraud, or increases in the overall level of fraud, involving our services, could result in reputational damage to us, which could reduce the use and acceptance of our solutions and services or lead to greater regulation that would increase our compliance costs. Failure to effectively manage risk and prevent fraud could increase our chargeback liability or cause us to incur other liabilities, and our insurance coverage may be insufficient or inadequate to compensate us. It is possible that incidents of fraud could increase in the future. Increases in chargebacks or other liabilities could adversely affect our business, financial condition or results of operations. We are subject to the credit risk that our merchants will be unable to satisfy obligations for which we may also be liable. We are subject to the credit risk of our merchants being unable to satisfy obligations for which we also may be liable. For example, as the merchant acquirer, we are contingently liable for transactions originally acquired by us that are disputed by the cardholder and charged back to the merchants. For certain merchants, if we are unable to collect amounts paid to cardholders in the form of refunds or chargebacks from the merchant, we bear the loss for those amounts. A default on payment obligations by one or more of our merchants could have a material adverse effect on our business. Our ability to adopt technology to changing industry and customer needs or trends may affect our competitiveness or demand for our products, which may adversely affect our results of operations. Changes in technology may limit the competitiveness of and demand for our services. Our businesses operate in industries that are subject to technological advancements, developing industry standards and changing customer needs and preferences. Our business strategy may not effectively respond to these changes, and we may fail to recognize and position ourselves to capitalize upon market opportunities. Also, our customers continue to adopt new technology for business and personal uses. We must anticipate and respond to these industry and customer changes in order to remain competitive within our relative markets. Our inability to respond to new competitors and technological advancements could impact all of our businesses. For example, the ~~ability~~ **inability** to adopt technological advancements surrounding POS technology available to merchants could have a material and adverse impact on our merchant acquiring business **. Our use of artificial intelligence and machine learning tools may subject us to additional risks and may adversely impact our reputation and the performance of our products, service offerings and business. We use machine learning, artificial intelligence, and automated decision making technologies, including proprietary artificial intelligence and machine learning algorithms throughout our business, and are making significant investments to continuously improve our use of such technologies. There are significant risks involved in developing, maintaining and deploying these technologies and there can be no assurance that the usage of such technologies will always enhance our products or services or be beneficial to our business, including our efficiency or profitability. Furthermore, our use of artificial intelligence and machine learning technologies may result in legal and regulatory risks and any resulting investigations or litigation could have an adverse impact on our business, financial condition, and results of our operations. A number of aspects of intellectual property protection in the field of artificial intelligence and machine learning are currently under development, and there is uncertainty and ongoing litigation in different jurisdictions as to the degree and extent of protection warranted for artificial intelligence and machine learning systems and relevant system input and outputs. If we fail to obtain protection for the intellectual property rights concerning our artificial intelligence and machine learning technologies, or later have our intellectual property rights invalidated or otherwise diminished, our competitors may be able to take advantage of our research and development efforts to develop competing products** . Consolidations in the banking and financial services industry could adversely affect our revenues by eliminating existing or potential clients and making us more dependent on a more limited number of clients. ~~In recent years, there~~ **There** have been a number of mergers and consolidations in the banking and financial services industry. Mergers and consolidations of financial institutions reduce our number of clients and potential clients, which could adversely affect our revenues. Further, if our clients fail or merge with or are acquired by other entities that are not our clients, or that use fewer of our services, they may discontinue or reduce their use of our services. It is also possible that the larger banks or financial institutions resulting from mergers or consolidations would have greater leverage to negotiate terms less favorable to us or could decide to perform in- house some or all of the services which we currently provide or could provide. Any of these developments could have a material adverse effect on our business, financial condition, and results of operations. There may be a decline in the use of cards as a payment mechanism for consumers or adverse developments with respect to the card industry in general. If the number of electronic and digital payment transactions of the type we process does not continue to grow, if there are other, more attractive emerging means of payments or if businesses or consumers discontinue adopting our services, it could have a material adverse effect on the profitability of our business, financial position, and results of operations. We believe future growth in the use of credit, debit and other electronic and digital payments will be driven by the cost, ease- to- use, and quality of products and services offered to customers and businesses. In order to consistently increase and maintain our profitability, businesses and consumers must continue to use electronic and digital payment methods that we process, including credit and debit cards. If consumers and businesses discontinue the use of credit, debit or prepaid cards as a payment mechanism for their transactions or if there is a change in the mix of payments between cash, alternative currencies and technologies, it could have a material adverse effect on our business, results of operations and financial condition. Changes in credit card association or other network rules or standards could adversely affect our business. In order to provide our transaction- processing services, several of our subsidiaries are registered with or certified by Visa, Discover and MasterCard and other networks as members or as service providers for member institutions. As such, we and many of our customers are subject to card association and network rules that could subject us or our customers to a variety of fines or penalties that may be levied by the card associations or networks for certain acts or omissions by us, acquirer customers, processing customers and merchants. Visa, Discover, MasterCard and other networks, some of which are our competitors, set the standards with which we must comply. The termination of Banco Popular' s or our subsidiaries' member registration or our subsidiaries' status as a certified service provider, or any changes in card association or other network rules or standards, including interpretation and implementation of the rules or standards, that increase the cost of doing business or limit our ability to provide transaction- processing services to or through our customers, could have an adverse effect on our business, results of operations and financial condition **. Additionally, we are subject to the PCI DSS, issued by the Payment Card Industry Security Standards Council. The PCI DSS contains compliance requirements regarding our security surrounding the physical and electronic storage, processing and transmission of cardholder data. If we or our service providers are unable to comply with the security standards required by PCI DSS, we may be subject to fines, restrictions, and expulsion from card acceptance programs, which would materially and adversely affect our business. Additionally, costs and potential problems and**

interruptions associated with the implementation of new or upgraded IT Systems such as those necessary to maintain compliance with the PCI DSS or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Any material interruptions or failures in our payment related systems could have a material adverse effect on our business, financial condition and results of operations . Changes in interchange fees charged by credit card associations and debit networks could increase our costs or otherwise materially adversely affect our business. From time to time, card associations and debit networks change interchange, processing, and other fees, which could impact our merchant acquiring and payment services businesses. Competitive pressures could result in our merchant acquiring and payment services businesses absorbing a portion of such increases in the future, which would increase our operating costs, reduce our profit margin, and adversely affect our business, results of operations and financial condition. We are subject to extensive government regulation and oversight. Failure to comply with existing and future rules and regulations in the jurisdictions in which we operate could materially adversely affect the operations of one or more of our businesses in those jurisdictions. Our business is subject to the laws, rules, regulations, and policies in the countries in which we operate, as well as the legal interpretation of such regulations by administrative bodies and the judiciary of those countries. The expansion of our business may also result in increased regulatory oversight and enforcement, as well as any claims by regulatory agencies and courts that we are required to obtain licenses to engage in certain business activity. Enforcement of, failure, or perceived failure to comply with laws, rules, regulations, policies, or licensing requirements could result in criminal or civil lawsuits, penalties, fines, regulatory investigations, forfeiture of significant assets, an outright or partial restriction on our operations, enforcement in one or more jurisdictions, additional compliance and licensure requirements, reputational damage and force us to change the way we or our users do business. Any changes in our or our users' business methods could increase cost or reduce revenue. The laws, rules, regulations, and policies in the markets in which we operate include, but are not limited to, privacy and user data protection, banking, money transmission, antitrust, anti- money laundering and the export, re- export, and re- transfer abroad of covered items. In addition, our operations in most of the countries where we operate are subject to risks related to compliance with the U. S. Foreign Corrupt Practices Act and other applicable U. S. and other local laws prohibiting corrupt payments to government officials and other third parties. Privacy and Data Protection Our business relies on the processing of data in multiple jurisdictions and the movement of data across national borders. Legal requirements relating to the collection, storage, handling, use, disclosure, transfer, and security of personal data continues to evolve, and regulatory scrutiny in this area is increasing around the world. Significant uncertainty exists as privacy and data protection laws may differ from country to country and may create inconsistent or conflicting requirements. Our ongoing efforts to comply with privacy, cybersecurity, and data protection laws may entail expenses, may divert resources from other initiatives and projects, and could limit the service we are able to offer. Enforcement actions and investigations by regulatory authorities related to data security incidents and privacy actions or investigations could damage our reputation and impact us through increased costs or restrictions on our business, and noncompliance could result in regulatory penalties and significant legal liability. Although we make reasonable efforts to comply with all applicable data protection laws and regulations, our interpretations and efforts may have been or may prove to be insufficient or incorrect. We also make public statements about our use and disclosure of personal information through our privacy policy, information provided on our website and other public statements. Although we endeavor to ensure that our public statements are complete, accurate and fully implemented, we may at times fail to do so or be alleged to have failed to do so. We may be subject to potential regulatory or other legal action if such policies or statements are found to be deceptive, unfair or misrepresentative of our actual practices. In addition, from time to time, concerns may be expressed about whether our products and services compromise the privacy of our customers and others. Any concerns about our data privacy and security practices (even if unfounded), or any failure, real or perceived, by us to comply with our posted privacy policies or with any legal or regulatory requirements, standards, certifications or orders or other privacy or consumer protection- related laws and regulations applicable to us, could cause our customers, riders and users to reduce their use of our products and services. Banking In general, financial institution regulators require their supervised institutions to cause their service providers to agree to certain terms and to agree to supervision and oversight by applicable financial regulators, primarily to protect the safety and soundness of the financial institution. We have agreed to such terms and provisions in many of our service agreements with financial institutions. We and our customers are also generally subject to U. S. federal, Puerto Rico and other countries' laws, rules and regulations that affect the electronic payments industry, including with respect to activities in the countries where we operate and due to our relationship with customers that are subject to banking and financial regulation, including Popular. Regulation of the electronic payment card industry has increased significantly in recent years. There is also continued scrutiny by the U. S. Congress of the manner in which payment card networks and card issuers set various fees. Banking regulators have been strengthening their examination guidelines with respect to relationships between banks and their third- party service providers, such as us. Any such heightened supervision of our relationship with our banking and financial services customers, including Popular, could have an effect on our contractual relationship with our customers as well as on the standards applied in the evaluation of our services. See " **Part I,** Item 1. Business- Government Regulation and Payment Network Rules- Regulatory Reform and Other Legislative Initiatives. " Export We are also subject to the Export Administration Regulations (" EAR "), which regulates the export, re- export and re- transfer abroad of covered items made or originating in the United States as well as the transfer of covered U. S.- origin technology abroad. There can be no assurance that we have not violated the EAR in past transactions or that our new policies and procedures will prevent us from violating the EAR in every transaction in which we engage. Any such violations of the EAR could result in fines, penalties or other sanctions being imposed on us, which could negatively affect our business, results of operations and financial condition. Some financial institutions refuse, even in the absence of a regulatory requirement, to provide services to companies operating in certain countries or engaging in certain practices because of concerns that the compliance efforts perceived to be necessary may outweigh the usefulness of the service relationship. Our operations outside the United States make it more likely that financial institutions may refuse to conduct business with us for this type of reason. Any such refusal could negatively affect our business, results of operations and financial condition. We and our subsidiaries conduct business with financial institutions and / or card payment networks operating in countries whose nationals, including some of our customers, engage in transactions in countries that are the target of U. S. economic sanctions and embargoes, including Cuba. As a U. S.- based entity, we and our subsidiaries are obligated to comply with the economic sanctions regulations administered by OFAC. These regulations prohibit U. S.- based entities from entering into or facilitating unlicensed transactions with, for the benefit of, or in some cases involving the property and property interests of, persons, governments, or countries designated by the U. S. government under one or more sanctions regimes. Various state and municipal governments, universities and other investors maintain prohibitions or restrictions on investments in companies that do business involving sanctioned countries or entities. Because we process transactions on behalf of financial institutions through the payment networks, we have processed a limited number of transactions potentially involving sanctioned countries and there can be no assurances that, in the future, we will not inadvertently process such transactions. Due to a variety of factors, including technical failures and limitations of our transaction screening process, conflicts between U. S. and local laws, political or other concerns in certain countries in which we and our subsidiaries operate, and / or failures in our ability to effectively control employees operating in certain non- U. S. subsidiaries, we have not rejected every transaction originating from or otherwise involving sanctioned countries, or persons and there can be no assurances that, in the future, we will not inadvertently fail to reject such transactions. Antitrust Due to our ownership of the ATH network and our merchant acquiring and payment services business in Puerto Rico, we are involved in a significant percentage of the debit and credit card transactions conducted in Puerto Rico each day. We have in the past been subject to regulatory investigations and any future regulatory scrutiny of, or regulatory enforcement action in connection with, compliance with U. S. state and federal antitrust requirements could potentially have a material adverse effect on our reputation and business. In ~~connection with any~~ **addition, we are subject to applicable antitrust requirements in each of the countries in which we operate. All of these laws and requirements may affect potential** acquisitions ~~,~~ in ~~addition to other~~ -- **the relevant jurisdictions** ~~U. S. federal requirements, we must also comply with antitrust and / or competition law requirements~~ . ESG Regulatory Developments The recent emphasis on environmental, social and other sustainability matters has resulted and may continue to result in the adoption of new laws and regulations, including new reporting requirements. **For example, various policymakers, including the SEC, have adopted (or are considering adopting) requirements for the disclosure of certain climate- related information or other environmental, social and governance (" ESG") disclosures.** Compliance with environmental, social and other sustainability laws, regulations, expectations or reporting requirements may result in increased compliance costs, as well as additional scrutiny. It is possible that other types of environmental and social regulations, for example regulations regarding the use of energy or water or regulations regarding human capital management matters, may also result in increased costs. Moreover, if we fail to comply with new laws, regulations, expectations or reporting requirements, or if we are perceived as failing, our reputation and business could be adversely impacted. Any reputational damage associated with ~~environmental, social and governance (~~ ESG ~~)~~ factors may also adversely impact our ability to recruit and retain employees and customers **. We are subject to a series of risks associated with scrutiny of environmental, social, and sustainability matters. Companies across industries are facing increasing scrutiny from a variety of stakeholders related to their ESG practices. For example, various groups produce ESG scores or ratings based at least in part on a company' s ESG disclosures, and certain market participants, including institutional investors and capital providers, use such ratings to assess companies' ESG profiles. Unfavorable perceptions of our ESG performance could negatively impact our business, whether from a reputational perspective, through a reduction in interest in purchasing our stock or products, issues in attracting / retaining employees, customers and business partners, or otherwise. Simultaneously, there are efforts by some stakeholders to reduce companies' efforts on certain ESG- related matters. Both advocates and opponents to certain ESG matters are increasingly resorting to a range of activism forms, including media campaigns and litigation, to advance their perspectives. To the extent we are subject to such activism, it may require us to incur costs or otherwise adversely impact our business. While we have engaged in, and expect to continue to engage in, certain voluntary initiatives (such as voluntary disclosures, certifications, or goals) to improve the ESG profile of our company and / or products or respond to stakeholder concerns, such initiatives may be costly and may not have the desired effect. Expectations around companies' management of ESG matters continue to evolve rapidly, in many instances due to factors that are out of our control. For example, our actions or statements that we may make based on expectations, assumptions, or third- party information that we currently believe to be reasonable may subsequently be determined to be erroneous or not in keeping with best practice. If we fail to, or are perceived to fail to, comply with or advance certain ESG initiatives (including the manner in which we complete such initiatives), we may be subject to various adverse impacts, including reputational damage and potential stakeholder engagement and / or litigation, even if such initiatives are currently voluntary. There are also increasing regulatory expectations for ESG matters. This and other stakeholder expectations will likely lead to increased costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Additionally, many of our customers, business partners, and suppliers may be subject to similar expectations, which may augment or create additional risks, including risks that may not be known to us** . Puerto Rico' s fiscal crisis could have a material adverse effect on our business and the trading price of our common stock. For the years ended December 31, **2023 and** 2022 ~~and 2021~~ , approximately **73 % and** 78 ~~% and 80~~ %, respectively, of our total revenues were generated from our operations in Puerto Rico. Some revenues that are generated from our operations outside Puerto Rico are dependent upon our operations in Puerto Rico. As a result, our financial condition and results of operations are highly dependent on the economic and political conditions in Puerto Rico, and could be significantly impacted by adverse economic or political developments in Puerto Rico, including adverse effects on the trading price of our common stock, our customer base, general consumer spending and the timeliness of the ~~Government~~ **government** ' s payments, thus increasing our ~~Government~~

government accounts receivable, and potentially impairing the collectability of those accounts receivable. As of December 31, ~~2022~~ **2023** , we had net receivables of $ ~~9~~ **11** . ~~4~~ **1** million from the Government and certain public corporations. A protracted government shutdown could negatively affect our financial condition. During any protracted federal government shutdown, the federal government may reduce or cut funding for certain welfare and disaster relief programs. Beneficiaries of certain federal programs, such as the Supplemental Nutrition Assistance Program (SNAP), obtain their benefits through ~~electronic benefits transfer (~~ EBT ~~)~~ accounts. A temporary or permanent reduction in federal welfare and relief programs could lead to a decrease in electronic benefit card volume. The effect of a protracted government shutdown may materially and adversely affect our revenues, profitability, and cash flows. Puerto Rico' s economy, including the ongoing financial crisis and the effects of potential natural disasters, including weather events connected to climate change **, or future disease pandemics or other public health crisis** , could have a prolonged negative impact on the countries **and markets** in which we operate and, as a result, could have a material adverse effect on our business and results of operations. Puerto Rico' s location in the Caribbean exposes the island to increased risk of hurricanes and other severe tropical weather conditions and natural disasters. Hurricanes and other natural disasters including earthquakes **and wildfires** , and their potential aftermaths, such as widespread power outages in Puerto Rico, damage to infrastructure and communications networks, and the temporary cessation and slow pace of reestablishment of regular day- to- day commerce, may severely impact the economies of Puerto Rico and the Caribbean more generally. These events have accelerated and could continue to accelerate the ongoing emigration trend of Puerto Rico residents to the United States. Prolonged delays in the repairs to the island' s infrastructures, decline in business volumes, insufficient federal recovery and rebuilding assistance and any other economic declines due to ~~hurricanes~~ **natural disasters** and their aftermaths may impact the demand for our services and could have a material adverse effect on our business and results of operations. **Additionally, future disease pandemics or any** ~~There are increasing and rapidly evolving concerns over the~~ **other** ~~risks~~ **public health crisis may materially adversely affect our business, results** of **operations** ~~climate change~~ and ~~related environmental sustainability matters~~ **financial condition, similar to or beyond those disruptions and operational consequences that we experienced in connection with the COVID- 19 pandemic** . ~~The physical risks~~ **Prolonged economic uncertainties relating to the residual impacts** of ~~climate change include rising average~~ **COVID- 19 could limit our ability to grow our business and negatively affect our operating results. Moreover, the** global ~~temperatures, rising sea~~ **electronic payments industry and the banking and financial services industries depend heavily upon the overall** levels ~~and~~ **of consumer, business** ~~an~~ **and government spending** ~~increase in the frequency and severity of extreme weather events and natural disasters~~ . **Adverse economic conditions** ~~Such events and disasters~~ , ~~including any~~ such **as** ~~events or disasters in Puerto Rico, the~~ **those caused by** ~~Caribbean or elsewhere, could disrupt our operations or~~ the **COVID- 19 pandemic,** ~~operations of customers or third parties on which we rely and~~ could result in ~~market volatility. We~~ **a decrease in consumers' use of banking services and financial service providers resulting in significant decreases in the demand for our products and services which** could **adversely affect** ~~also experience increased expenses resulting from strategic planning, litigation and changes to~~ our ~~technology,~~ **business and** ~~operations~~ - **operating** ~~, products and services, as well as reputational harm as a result~~ **results** ~~of negative public sentiment, regulatory scrutiny and reduced stakeholder confidence, due to our response to climate change or real or perceived vulnerability to climate change- related risks~~ . As a result of Puerto Rico' s high cost of electricity and governmental financial crisis, businesses may be reluctant to establish or expand their operations in Puerto Rico and the Caribbean, or might consider closing operations currently in such locations. If companies in the financial services and related industries decide not to commence new operations or not to expand their existing operations in Puerto Rico, or consider closing operations in Puerto Rico, the demand for our services could be negatively affected. Our operations, business, customers and partners could be adversely affected by climate change. **There are increasing and rapidly evolving concerns over the risks of climate change and related environmental sustainability matters.** Our operations, business, customers and partners could be adversely affected by climate change. ~~There are increasing and rapidly evolving concerns over the risks of climate change and related environmental sustainability matters.~~ The physical risks of climate change ~~including~~ **include** rising average global temperatures, rising sea levels and an increase in the frequency and severity of extreme weather events and natural disasters. Such events and disasters could disrupt our operations or the operations of customers or third parties on which we rely and could result in market volatility. Additionally, we may face risks related to the transition to a low- carbon economy. We could experience increased expenses resulting from strategic planning, litigation and changes to our technology, operations, products and services, access to energy and water, as well as reputational harm as a result of negative public sentiment, regulatory scrutiny and reduced stakeholder confidence, due to our response to climate change or real or perceived vulnerability to climate change- related risks. Changes in consumer preferences, travel patterns and legal requirements could increase expenses or otherwise adversely impact our business, customers and partners. ~~The ongoing COVID- 19 pandemic has had, and may continue to have, a negative impact on the global economy, which in turn could have a material adverse impact on our business, results of operations and financial condition. The COVID- 19 pandemic continues to evolve, with pockets of resurgence and the emergence of variant strains contributing to continued uncertainty about its scope, duration, severity, trajectory and lasting impact. The effects of the COVID- 19 pandemic on our business and financial condition could include, but are not limited to, the following: (i) payment processing risks associated with disruptions to merchant activity and business failures including chargeback risk; (ii) adverse effects on revenue streams for certain lines of business in the Business Solutions segment (including core banking, network services, IT consulting, cash and item processing); (iii) reduced transactional revenue in our Payment Services- Latin America segment; (iv) additional regulatory requirements; (v) changes to normal operations; (vi) impairments in our ability to timely deliver key projects; (vii) continuing negative effects of general macroeconomic conditions on consumer confidence; (viii) significant reductions or volatility in demand for one or more of our products; and (ix) reduced demand from consumers, stemming from the concern of the risk of contracting COVID- 19, resulting in loss of profits. These factors may prevail for a significant period of time and may materially and adversely affect our business, results of operations~~

~~and financial condition. The impact of these disruptions could have accounting consequences, such as impairments of tangible and intangible long- lived assets, and could affect our ability to operate effective internal control over financial reporting and execute expansion plans or invest in product development. In addition, new pandemics may emerge in the future that could have similar negative effects on macroeconomic conditions generally and our business, results of operations and financial condition.~~ We are exposed to risks associated with our presence in international markets, including global political, social and economic instability. Our financial performance and results of operations may be adversely affected by general economic, political, and social conditions and uncertainty in the ~~emerging~~ **international** markets in which we operate. Many countries in Latin America have suffered significant political, social and economic crises in the past, including ~~most recently~~ as a result of the COVID- 19 pandemic and the related restrictions imposed to mitigate its impact, as well as the resulting macroeconomic slowdown, and these events may occur again in the future. Instability in Latin America has been caused by many different factors, including (i) exposure to foreign exchange variation, (ii) significant governmental influence over local economies; (iii) substantial fluctuations in economic growth; (iv) instability in the banking sector and high inflation levels or domestic interest rates; (v) wage, price or exchange controls, or restrictions on expatriation of earnings; (vi) changes in governmental economic or tax policies or unexpected changes in regulation which may restrict the movement of funds or results in the deprivation of contract or property rights; (vii) imposition of trade barriers; (viii) terrorist attacks and other acts of violence or war; (ix) high unemployment; and (x) overall political, social, and economic disruptions. Any of these events in the markets in which we operate could result in a material adverse impact on our customers and our business. Failure to protect our intellectual property rights and defend ourselves from potential intellectual property infringement claims may diminish our competitive advantages or restrict us from delivering our services, which could result in a material and adverse impact on our business operations. Our trademarks, proprietary software, and other intellectual property, including technology / software licenses, are important to our future success. Limitations or restrictions on our ability to use such marks or a diminution in the perceived quality associated therewith could have an adverse impact on the growth of our businesses. ~~We also rely on proprietary software and technology, including third party software that is used under licenses.~~ It is possible that others will independently develop the same or similar software or technology, which would permit them to compete with us more efficiently ~~. If any of the third- party software or technology licenses are terminated or otherwise determined to be unenforceable, then we would have to obtain a comparable license, which may involve increased license fees and other costs~~ . Unauthorized parties may attempt to copy or misappropriate certain aspects of our services, infringe upon our rights, or to obtain and use information that we regard as proprietary. Policing such unauthorized use of our proprietary rights is often very difficult, and therefore, we are unable to guarantee that the steps we have taken will prevent misappropriation of our proprietary software / technology or that the agreements entered into for that purpose will be effective or enforceable in all instances. Misappropriation of our intellectual property or potential litigation concerning such matters could have a material adverse effect on our results of operations or financial condition. Our registrations and / or applications for trademarks, copyrights, and patents could be challenged, invalidated, or circumvented by others and may not be of sufficient scope or strength to provide us with maximum protection or meaningful advantage. Managing any such challenges, even if they lack merit, could: (i) be expensive and time- consuming to defend; (ii) cause us to cease making, licensing, or using software or applications that incorporate the challenged intellectual property; (iii) require us to redesign our software or applications, if feasible; (iv) divert management' s attention and resources; and (v) require us to enter into royalty or licensing agreements in order to obtain the right to use necessary technologies. The laws of certain foreign countries in which we do business or contemplate doing business in the future may not protect intellectual property rights to the same extent as do the laws of the United States or Puerto Rico. Adverse determinations in judicial or administrative proceedings related to intellectual property or licenses could prevent us from selling our services and products or prevent us from preventing others from selling competing services, impose liability costs on us, or result in a non- favorable settlement, all of which could result in a material adverse effect on our business, financial condition and results of operations **. Assertions by third parties of infringement or other violations by us of their intellectual property rights, whether or not correct, could result in significant costs and harm our business and operating results. Third parties may in the future assert claims of infringement, misappropriation or other violations of intellectual property rights against us. They may also assert such claims against our customers or reseller partners, whom we typically indemnify against claims that our products and services infringe, misappropriate, or otherwise violate the intellectual property rights of third parties. If we do infringe a third party' s rights and are unable to provide a sufficient workaround, we may need to negotiate with holders of those rights to obtain a license to those rights or otherwise settle any infringement claim as a party that makes a claim of infringement against us may obtain an injunction preventing us from shipping products containing the allegedly infringing technology. As the number of products and competitors in our market increase and overlaps occur, claims of infringement, misappropriation and other violations of intellectual property rights may increase. Any claim of infringement, misappropriation or other violation of intellectual property rights by a third party, even those without merit, could cause us to incur substantial costs defending against the claim and could distract our management from our business. Future assertions of patent rights by third parties, and any resulting litigation, may involve patent holding companies or other adverse patent owners who have no relevant product revenues and against whom our own patents may therefore provide little or no deterrence or protection. There can be no assurance that we will not be found to infringe or otherwise violate any third- party intellectual property rights or to have done so in the past. Any events of such nature could seriously harm our business, financial condition, and results of operations. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our ordinary shares. We expect that the occurrence of infringement claims is likely to grow as the market for our products and solutions grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this**

could further exhaust our financial and management resources. We incorporate technology and components from third parties into our products, and our inability to obtain or maintain rights to the technology could harm our business. We incorporate technology and software from third parties into our products. We cannot be certain that our vendors and licensors are not infringing the intellectual property rights of third parties or that the vendors and licensors have sufficient rights to the software and technology in all jurisdictions in which it may sell our products. If we are unable to obtain or maintain rights to any of this software or technology because of intellectual property infringement claims brought by third parties against our vendors and licensors or against us, or if we are unable to continue to obtain such software and technology or enter into new agreements on commercially reasonable terms, our ability to develop and sell products, subscriptions and services containing such software and technology could be severely limited, and our business could be harmed. Further, disputes with vendors and licensors over uses or terms could result in the payment of additional royalties or penalties by us, cancellation or non- renewal of the underlying license or litigation. Any such event could have a material and adverse impact on our business, financial condition, and results of operation. Additionally, if we are unable to obtain necessary software or technology from third parties, we may be forced to acquire or develop alternative software and technology, which may require significant time, cost and effort and may be of lower quality or performance standards. This would limit or delay our ability to offer new or competitive products and increase our costs. If alternative software or technology cannot be obtained or developed, we may not be able to offer certain functionality as part of our products, subscriptions and services. As a result, our margins, market share and results of operations could be significantly harmed. Our use of" open source" software could subject our proprietary software to general release, negatively affect our ability to offer our products and subject us to possible litigation. We have used " open source " software in connection with the development and deployment of some of our software products, and we expect to continue to use open source software in the future. Companies that incorporate open- source software into their products have, from time to time, faced claims challenging the use of open source software and compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open- source software or claiming noncompliance with open source licensing terms. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, we cannot guarantee that we will be successful, that all open source software is reviewed prior to use in our products, that our developers have not incorporated open source software into our products that we are unaware of or that they will not do so in the future. In addition to risks related to license requirements, use of certain open- source software carries greater technical and legal risks than does the use of third- party commercial software. To the extent that our products depend upon the successful operation of open- source software, any undetected errors or defects in open source software that we use could prevent the deployment or impair the functionality of our systems and injure our reputation. In addition, the public availability of such software may make it easier for others to compromise our products. Any of the foregoing risks could materially and adversely affect our business, financial condition, and results of operations. Confidentiality arrangements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information. We have devoted substantial resources to the development of our technology, business operations and business plans. In order to protect our trade secrets and proprietary information, we rely in significant part on confidentiality arrangements with our employees, licensees, independent contractors, advisors, suppliers, reseller partners, and customers. Further, despite these efforts, these arrangements may not be effective to prevent disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Unauthorized parties may also attempt to copy or reverse engineer certain aspects of our technologies that we consider proprietary. In addition, if others independently develop equivalent knowledge, methods, and know- how, we would not be able to assert trade secret rights against such parties. Monitoring unauthorized uses and disclosures is difficult, and we do not know whether the steps we have taken to protect our proprietary information will be effective . If EVERTEC Group does not comply with the terms of its preferential tax exemption grant, it may be subject to reduction of the benefits of the grant, tax penalties, other payment obligations or full revocation of the grant, which could have a material adverse effect on our financial condition, results of operations and our stock price. EVERTEC Group has a tax exemption grant under the Tax Incentive Act No. 73 of 2008 from the Government of Puerto Rico. Under this grant, EVERTEC Group will benefit from a preferential income tax rate of 4 % on industrial development income, as well as from tax exemptions with respect to its municipal and property tax obligations for certain activities derived from its data processing operations in Puerto Rico. The grant has a term of 15 years effective as of January 1, 2012 with respect to income tax obligations and July 1, 2013 and January 1, 2013 with respect to municipal and property tax obligations, respectively. The grant contains customary commitments, conditions, and representations that EVERTEC Group is required to comply with in order to maintain the grant. The more significant commitments include: (i) maintaining at least 750 employees in EVERTEC Group' s Puerto Rico data processing operations during 2012 and at least 700 employees for the remaining years of the grant, (ii) investing at least $ 200. 0 million in building, machinery, equipment or computer programs to be used in Puerto Rico during the effective term of the grant (to be made over four year capital investment cycles in $ 50. 0 million increments), (iii) an additional best efforts capital investments requirement of $ 75. 0 million by December 31, 2026 (to be made over four year capital investment cycles in $ 20. 0 million the first three increments and $ 15. 0 million the last increment); and (iv) 80 % of EVERTEC Group employees must be residents of Puerto Rico. Failure to meet the requirements could result, among other things, in reductions in the benefits of the grant, tax penalties, other payment obligations or revocation of the grant in its entirety, which could have a material adverse effect on our financial condition and results of operations. The enactment of legislation implementing changes in tax legislation or policies in different geographic jurisdictions including the United States could materially impact our business, financial condition and results of operations. We conduct business and file income tax returns in several jurisdictions. Our consolidated effective income tax rate could be materially adversely affected by several factors, including: changing tax laws, regulations and treaties, or the interpretation thereof (such as the recent United States Inflation Reduction Act which, among other changes, introduced a 15 % corporate minimum tax on certain United States corporations and a 1 % excise tax on certain stock redemptions by United States corporations, which the U. S. Treasury indicated may also apply to certain stock redemptions by a foreign corporation funded by certain United States affiliates); tax policy initiatives and reforms ~~under consideration~~ (such as those related to the Organization for Economic Co- Operation and Development' s (" OECD ") Base Erosion and Profit Shifting, or BEPS, project and other initiatives); the practices of tax authorities in jurisdictions in which we operate; the resolution of issues arising from tax audits or examinations and any related interest or penalties. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends, royalties and interest paid. We are unable to predict what tax reforms may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices in jurisdictions in which we operate, could increase the estimated tax liability that we have expensed to date and paid or accrued on our Consolidated Statement of Financial Position, and otherwise affect our future results of operations, cash flows in a particular period and overall or effective tax rates in the future in countries where we have operations, reduce post- tax returns to our stockholders and increase the complexity, burden and cost of tax compliance. We are exposed to **fluctuations in** inflation, which could negatively affect our business, financial condition and results of operations. The markets in which we operate have ~~recently~~ experienced historically high levels of inflation. As inflation rates continue to increase or **if they** persist for a prolonged period of time, ~~it~~ **they** may continue to affect our expenses, including, but not limited to, **increased** employee compensation expenses and benefits as well as increased general administrative costs. 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. In** the event inflation **remains elevated or** continues to increase, we may seek to increase the sales prices of our products and services in order to maintain satisfactory margins. Any attempts to offset cost increases with price increases may result in reduced sales, increase customer dissatisfaction or otherwise harm our reputation. Moreover, to the extent inflation has other adverse effects on the market, it may adversely affect our business, financial condition and results of operations. Acquisitions, strategic investments, partnerships, or alliances could be difficult to identify, pose integration challenges, divert the attention of management, disrupt our business, dilute shareholder value, and adversely affect our business, financial condition and results of operations. We may in the future seek to acquire or invest in businesses, joint ventures, products and platform capabilities, or technologies that we believe could complement or expand our products and platform capabilities, enhance our technical capabilities, or otherwise offer growth opportunities **. For example, in November 2023, we completed a the Sinqia Transaction, pursuant to which, among other things, Sinqia became a wholly- owned subsidiary of Evertec BR** . Any such acquisition or investment may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable opportunities, whether or not the transactions are completed, and may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products and platform capabilities, personnel, or operations of the acquired companies, particularly if we are unable to retain the key personnel of the acquired company, their software is not easily adapted to work with our existing platforms, or we have difficulty retaining customer, vendors and other relationships of any acquired business due to changes in ownership, management, or otherwise. These transactions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be available for development of our existing businesses. Any such transactions that we are able to complete may not result in any synergies or other benefits we had expected to achieve, which could result in substantial impairment charges. In addition, we may not be able to find and identify desirable acquisition targets or business opportunities or be successful in entering into agreements with any particular strategic partner. We expect that certain of our competitors, many of which have greater resources than we do, will compete with us in acquiring complementary businesses or products. This competition could increase prices for potential acquisitions that we believe are attractive. Also, acquisitions are often subject to various regulatory approvals. If we fail to receive the appropriate regulatory approvals, we may not be able to consummate an acquisition that we believe is in our best interests and may incur significant costs. These transactions could also result in transaction fees, dilutive issuances of our equity securities, incurrence of debt or contingent liabilities, and fluctuations in quarterly results and expenses. Further, if the resulting business from such a transaction fails to meet our expectations, our business, financial condition and results of operations may be adversely affected, or we may be exposed to unknown risks or liabilities. We may acquire businesses located primarily or entirely outside the United States which could increase our current exposure to international operations located in the Caribbean and Latin America including currency exchange fluctuations, regulatory and organizational complexity, and varying economic, climatic and geopolitical circumstances. **We may not realize the anticipated benefits of our merger with Sinqia, which may adversely affect our financial condition and, operating results. In November 2023, we completed a business combination with Sinqia. We believe this complementary acquisition will enhance our growth strategy, diversify our business, expand our addressable markets, increase our product offerings and drive synergies over time. Achieving these benefits will depend, in part, on our ability to integrate Sinqia' s business successfully and efficiently. Moreover, the successful integration of the Sinqia business will require significant management attention, and may divert the attention of management from our business and operational issues. If we are not able to successfully complete these integrations in an efficient and cost- effective manner, the anticipated benefits of this merger may not be realized fully, or at all, or may take longer to realize than expected, and the value of our common stock may be affected adversely. In addition, the actual integrations may result in additional and unforeseen expenses, including increased legal, accounting and compliance costs. If we do not successfully manage these issues and the other challenges inherent in integrating an**

acquired business, then we may not achieve the anticipated benefits, of the merger within our anticipated timeframe or at all and our revenue, expenses, operating results, financial condition and stock price could be materially adversely affected. Risks Related to Our Securities, Corporate Structure and Governance Future sales or the possibility of future sales of a substantial amount of our common stock may depress the price of shares of our common stock **.** We may sell additional shares of common stock in subsequent public offerings or otherwise, including financing acquisitions. Our amended and restated certificate of incorporation authorizes us to issue 206, 000, 000 shares of common stock, of which ~~64~~ **65** , ~~847~~ **450** , ~~233~~ **799** are outstanding as of December 31, ~~2022~~ **2023** . All of these shares, other than the ~~11~~ **866** , **616** ~~654, 803~~ shares held by our officers and directors **as of December 31** , **2023** are freely transferable without restriction or further registration under the Securities Act. We cannot predict the size of future issuances of our common stock or the effect, if any that future issuances and sales of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including any shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock. We are a holding company and rely on dividends and other payments, advances, and transfers of funds from our subsidiaries to meet our obligations and pay any dividends. We have no direct operations or significant assets other than the ownership of 100 % of the membership interest of Holdings, which in turn has no significant assets other than ownership of 100 % of the membership interest of EVERTEC Group. ~~Because~~ **Given that** we conduct our operations through our subsidiaries, we depend on those entities for dividends and other payments to generate the funds necessary to meet our financial obligations, and to pay any dividends with respect to our common stock. Legal and contractual restrictions in our existing secured credit facilities and other agreements which may govern future indebtedness of our subsidiaries, as well as the financial condition and operating requirements of our subsidiaries, may limit our ability to obtain cash from our subsidiaries. We are prohibited from paying any cash dividend on our common stock unless we satisfy certain conditions. The secured credit facilities also include limitations on the ability of our subsidiaries to pay dividends to us. The earnings from, or other available assets of, our subsidiaries may not be sufficient to pay dividends or make distributions or loans or enable us to pay any dividends on our common stock or other obligations. Our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares. Provisions of our amended and restated certificate of incorporation, and amended and restated bylaws may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our Board. These provisions include: • prohibiting cumulative voting in the election of directors; • authorizing the issuance of “ blank check ” preferred stock without any need for action by stockholders (as further described below); • prohibiting stockholders from acting by written consent unless the action is taken by unanimous written consent; and • establishing advance notice requirements for nominations for election to our Board or for proposing matters that can be acted on by stockholders at stockholder meetings. Our issuance of shares of preferred stock could delay or prevent a change in control of us. Our Board has authority to issue shares of preferred stock. Our Board may issue preferred stock in one or more series, designate the number of shares constituting any series, and fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The existence of the foregoing provisions ~~,~~ could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of us, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition. The market price of our common stock may be volatile. The market price of our common stock may fluctuate significantly in response to a number of factors, some of which may be beyond our control. These factors include the perceived prospects for or actual operating results of our business; changes in estimates of our operating results by analysts, investors or our management; our actual operating results relative to such estimates or expectations; actions or announcements by us, our agents, or our competitors; litigation and judicial decisions; legislative or regulatory actions; and changes in general economic or market conditions. In addition, the stock market in general has from time to time experienced extreme price and volume fluctuations. These market fluctuations could reduce the market price of our common stock for reasons unrelated to our operating performance. From time to time we are subject to various legal proceedings which could adversely affect our business, financial condition or results of operations. We are involved in various litigation matters from time to time. Such matters can be time-consuming, divert management’ s attention and resources and cause us to incur significant expenses. Our insurance or indemnities may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. If we are unsuccessful in our defense in these litigation matters, or any other legal proceeding, we may be forced to pay damages or fines, enter into consent decrees or change our business practices, any of which could adversely affect our business, financial condition or results of operations. We continue to incur significant costs as a result of operating as a public company, and our management is required to devote substantial time to compliance with our public company responsibilities and corporate governance practices. We are subject to the reporting requirements of the Exchange Act, the Sarbanes- Oxley Act, the Dodd- Frank Act, the listing requirements of the **New York Stock Exchange (The"** NYSE **")** and other applicable securities laws and regulations. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. Our management and other personnel devote a substantial amount of time to compliance with these requirements. Moreover, these rules and regulations have increased and will continue to increase our legal and financial compliance costs and make some activities more time- consuming and costly. We cannot predict or estimate the amount of additional costs we will incur as a public company or the specific timing of such costs. Furthermore, if we are unable to satisfy our obligations as a public company or the specific timing of such costs, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation. **Short sellers of our stock may be manipulative and may drive down the market price of our common stock. Short selling is the practice of selling securities that the seller does not own, but rather has borrowed or intends to borrow from a third party with the intention of buying identical securities at a later date to return to the lender. A short seller hopes to profit from a decline**

in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. It is therefore in the short seller' s interest for the price of the stock to decline, and some short sellers publish, or arrange for the publication of, opinions or characterizations regarding the relevant issuer, often involving misrepresentations of the issuer' s business prospects and similar matters calculated to create negative market momentum, which may permit them to obtain profits for themselves as a result of selling the stock short. As a public entity, we may be the subject of concerted efforts by short sellers to spread negative information in order to gain a market advantage. In addition, the publication of misinformation may also result in lawsuits, the uncertainty and expense of which could adversely impact our business, financial condition, and reputation. There are no assurances that we will not face short sellers' efforts or similar tactics in the future, and the market price of our stock may decline as a result of their actions. Risks Related to Our Indebtedness Our leverage could adversely affect our ability to raise additional capital, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk and prevent us from meeting our obligations with respect to our substantial indebtedness, and we and our subsidiaries may be able to incur significant additional indebtedness, which could further increase such risks. ~~We are leveraged.~~ As of December 31, ~~2022~~ **2023** , the total principal amount of our indebtedness was approximately $ ~~435~~ **993** . ~~0~~ **5** million. Our degree of leverage could have a significant impact on us, including (i) increasing our vulnerability to adverse economic, industry or competitive developments; (ii) requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, reducing our ability to use our cash flow for other purposes, including for our operations, capital expenditures and future business opportunities; (iii) exposing us to the risk of increased interest rates because our borrowings are predominantly at variable rates of interest; (iv) making it difficult for us to satisfy our indebtedness obligations generally, including complying with restrictive covenants and borrowing conditions, our noncompliance with which could result in an event of default under the agreements setting forth the terms of such indebtedness; (v) restricting us from making strategic acquisitions or causing us to make non- strategic divestitures; (vi) limiting our ability to obtain additional debt or equity financing for working capital, capital expenditures, business development, debt service requirements, acquisitions and general corporate or other purposes; and (vii) limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage to competitors who may be less highly leveraged. We and our subsidiaries may be able to incur substantial additional indebtedness in the future, some of which may be secured. In addition to the $ ~~174~~ **194** . 0 million which was available for borrowing under our revolving credit facility as of December 31, ~~2022~~ **2023** , the terms of the secured credit facilities enable us to increase the amount available under the term loan and / or revolving credit facilities if we are able to obtain loan commitments from banks and satisfy certain other conditions. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we face would increase. Further, borrowings under our secured credit facilities are at variable rates of interest and are exposed to market risk due to the floating interest rates. Our results of operations, cash flows and financial position could be affected adversely by significant fluctuations in interest rates from current levels. If we are unable to comply with covenants in our debt instruments that limit our flexibility in operating our business or obligate us to take action such as deliver financial reports, we may default under our debt instruments and our indebtedness may become due. The agreement setting forth the terms of the secured credit facilities contains, and any future indebtedness we incur may contain, various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability and our subsidiaries' ability to, among other things: (i) incur or guarantee additional indebtedness; (ii) pay dividends or other distributions on, or repurchase or make distributions in respect of (or agree not to pay dividends or other distributions on, or repurchase or make distributions in respect of) our capital stock; (iii) make investments; (iv) sell assets; (v) grant (or agree not to grant) liens on our assets; (vi) consummate a consolidation, merger or similar transaction; (vii) enter into transactions with our affiliates; (viii) make payments in respect of certain indebtedness or modify the documents governing such indebtedness; and / or; (ix) modify our organizational documents. We are also required under the secured credit facilities to maintain compliance with a maximum total net leverage ratio at the end of each fiscal quarter. As a result of these covenants, we are limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. A breach of any of these covenants could result in a default under our secured credit facilities and other material agreements, including as a result of cross default provisions. Upon the occurrence of an event of default under the secured credit facilities, the lenders can cease making revolving loans to us and could elect to declare all amounts outstanding under the secured credit facilities to be immediately due and payable and terminate all commitments to extend further credit. Such actions by those lenders could also cause cross defaults under our other indebtedness. If any such debt is accelerated and we are unable to repay the amounts outstanding thereunder, the lenders under any such secured credit facilities could proceed against the collateral securing such indebtedness. We have pledged a significant portion of our assets as collateral under the secured credit facilities. If the lenders under the secured credit facilities accelerate the repayment of borrowings, the proceeds from the sale or foreclosure upon such assets will first be used to repay debt under our secured credit facilities and we may not have sufficient assets to repay our unsecured indebtedness thereafter. As a result, our common stock could be negatively impacted. ~~29~~